Open Budget Survey 2019

Questionnaire

Hungary

April 2020

INTERNATIONAL BUDGET PARTNERSHIP
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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 2019

Source:
n/a

Comment:
The government did not publish a pre-budget statement. We evaluated FY 2019 since at the time of completing the survey the government still had time to publish the PBS for FY 2020.

The below documents were published before submitting the EBP for FY 2019 but their contents did not satisfy the requirements of a PBS.
The government published an outlook for 2017-2021 in December 2017, well before submitting the EBP for FY 2019. The document describes the economic and budgetary trends for the upcoming years based on the existing policies. There is no information about the policies planned in the upcoming budget for FY 2019. The document is part of the EU's medium term budgetary framework that requires the government to make biannual economic and budget forecasts.
http://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf

The second document is a resolution by the government that determines as a plan the main expenditure and revenue items for the upcoming years. Unfortunately nothing is known about the intended policies, no explanation is given about the yearly changes of the items, hence the expenditures and revenues cannot be evaluated. It serves rather to ease the planning of budgetary institutions and less to inform the public about budgetary policies and initiate a debate about them. The document is for FY 2019 and was published on 22 January 2019 (after the cut-off date of the research).
http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085

The government published a technical document for the budgetary institutions for planning the upcoming budget for FY 2019. In it the government describes the assumptions that must be used for planning each institutions own budget and the deadlines for submitting the plans to the Ministry of Finance. It does not contain the new policies planned in the upcoming budget.
http://ngmszakmaiteruletek.kormany.hu/download/d/f0/32000/2019_TT_180518.pdf

Peer Reviewer
Opinion: Agree
Comments: The government published in December 2017 a document which satisfies the content of the PBS for FY 2017-21 although it does not have the same function. It does not have a role in the budgeting process, it does not focus on the current year, it is not published in advance, and thus there is no way to receive comments and reviews from the legislator or from the public. URL: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf

Government Reviewer
Opinion: Disagree
Suggested Answer: In the Hungarian pactice, the PBS is not one single document, but a set of document. The guideline does not require that it must be a single document.

Researcher Response
Even assessing the mentioned documents as a unit the intended policies are missing. The documents describe only the current situation and give a forecast for the macroeconomic indicators, but not for the intended policies of the government or the budgetary plans. We agree with the peer reviewer as these documents currently do not have a role in the budgeting process. in our evaluation the Convergence Programme (CP) is a yearly update to the European Comission about the macroeconomic and budgetary trends. Its publication date is determined by it, and not by the domestic budgetary process. The document only includes the information necessary for the Comission to evaluate the medium-term budgetary goals. The planned policies or functional distribution of the expenditures are only discussed in the EBP, no information is provided about these in the CP. The CP does not include these information. Its publication date is fixed to 30 April and do not depend on the submission of the EBP: in some years they are published almost at the same day, while in other years there could be a month between them. Due to these reasons the document is not fully part of the Hungarian budget cycle.

IBP Comment
In light of the researcher's description of the role and function of the 2017-2021 outlook, as well as the Convergence Programme, IBP is in agreement with their existing response and comment.

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:
n/a

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

Peer Reviewer
Opinion: Agree
Comments: The budgeting strategy for the FY 2019-23 is presented in the document "Hungary Convergence Program" but this document was published much later after the Budget of the referring year had been enacted. source: https://ec.europa.eu/info/sites/info/files/2019-european-semester-convergence-programme-hungary_hu.pdf

Government Reviewer
Opinion: Disagree
Suggested Answer: a. At least four months in advance of the budget year, and at least one month before the Executive's Budget Proposal is introduced in the legislature
Comments: In the Hungarian pactice, the PBS is not one single document, but a set of document. Firstly, the Ministry of Finance has published a document "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021" in December 2017 which presents the executive's economic and fiscal policy plans for the forthcoming budget year, and includes macroeconomic forecasts, priorities and the major revenue and expenditure policies, detailed estimates for the upcoming budget; and multi-year revenue and expenditure projections. See: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf Secondly, on 22/01/2019 there was publishe a government's resolution on the planned revenues, expenditures and debt for years 2019-2021. See: http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085 Thirdly, the Convergence Programme of Hungary 2018-2022 which prepared one month before EBP present information on the government's macroeconomic projection, expenditure policies and priorities, see chapter 3.1-3.4 https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We agree that the cited documents were published. However the documents only include information about the already approved policies, but miss the planned policies. In this sense it can only serve as a baseline projection for the upcoming budget. This role is not utilized because the budget proposal does not explain the macroeconomic differences between the cited documents and the budget proposal. The ministries have to explain the differences in the expenditures and revenues between the cited resolution and the budget proposal but these explanations are not always meaningful. The timeliness of the documents are different, because the first two was published about 4 months before the submission of the EBP, while the Convergence Programme 1 month before the submission. The included information also differs because the administrative classification only included in the resolution, while the more up-to-date Convergence Programme only contains the data in economic classification. As the peer reviewer stated in question PBS-1 these documents do not have a role in the budgeting process. They are published to satisfy the EU's medium-term budgetary framework's requirements.

IBP Comment
IBP is in agreement with the researcher and peer reviewer. The cited 2017-2021 framework and Convergence Programme would not qualify as a PBS, while the government resolution on planned revenues, expenditures, and debt was released after the research cutoff date of 31 December 2018.

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree
Comments: The document which presents the budgeting strategy for the FY 2019 was published in April 2019 source: https://ec.europa.eu/info/sites/info/files/2019-european-semester-convergence-programme-hungary_hu.pdf

Government Reviewer
Opinion: Disagree
Suggested Answer: The Ministry of Finance has published the macroeconomic and budgetary outlook ("MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021") in December 2017. https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf On 22/01/2019 there was published a government's resolution on the planned revenues, expenditures and debt for years 2019-2021. See: http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085 The the Convergence Programme of Hungary 2018-2022 was published in April 2018. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The Outlook was published about 5-6 months before the submission of the EBP as part of the EU medium-term budgetary framework. This requires the governments to update the macroeconomic forecast and budget estimates twice a year. The main objection that it does not explain the planned policies or the expected changes in the budget, only publishes the estimates as a baseline scenario. Due to the too early publication its forecast deviates from the numbers in the EBP. The Convergence Program is the other document for the European Commission, that is the yearly update of the outlook. It is published on 30 April each year, and depending on the submission of the EBP this can be a month earlier or the same date as the submission. This document also omits the planned policies and additionally the expenditures are only shown in economic classification, not by ministries or functional classification. In our view the legislation cannot prepare to the contents of the EBP by scrutinizing the Convergence Programme.

IBP Comment
Based on the researcher's findings in PBS-1, IBP is in agreement that a PBS was not produced prior the research cutoff date for the survey. Per the guidelines for this question, the response is therefore left blank.

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:
n/a

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The date of publication can be found on the webpage where these document are published.

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: Disagree
Suggested Answer: The macroeconomic and budgetary outlook ("MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021") can be found here: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf The government's resolution on the planned revenues, expenditures and debt for years 2019-2021 is published here: http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085 The Convergence Programme of Hungary 2018-2022 was published here. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The Macroeconomic Outlook and the government's resolution is published too early to be considered Pre-Budget Statement as they were published 4-5 months before the submission of the EBP. The resolution was published a little later than the cut-off date of the research (31 December 2018). It is an indicative document for the budget planning of the ministries, but the year-to-year changes are not explained in this document or in the outlook, so the causes can only be guessed. The Convergence Programme is mainly for the European Commission for its yearly budgetary update. It omits several elements of the Pre-Budget Statement like the priorities of the proposed budget, the functional or administrative classification of the expenditures or the planned new policies.

IBP Comment
Based on the researcher's findings in PBS-1, IBP is in agreement that a PBS was not produced prior the research cutoff date for the survey. Per the guidelines for this question, the response is therefore left blank.

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 and Word (.doc/.docx) 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 published or not produced, therefore its machine readability cannot be assessed.

Answer:
d. Not applicable

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: c. No

Researcher Response

We did not assess the cited documents as Pre-Budget Statement due to the reasons described at question PBS-1 and PBS-2.

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:
c. Produced for internal purposes/use only

Source:

Comment:
We based our answer on other published documents (the economic and fiscal outlook, the government's resolution on the main budgetary amounts) that these forecasts must use some assumptions about the upcoming policies.

Peer Reviewer
Opinion: Disagree
Suggested Answer: a. Produced but made available online to the public too late (published after the acceptable time frame)
Comments: A document which satisfies the content of PBS for FY2017-23 is published in December 2017 source: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf A document which satisfies the content of the PBS, with the title "Hungary`s Convergence Program" is published in April 2019. source: https://ec.europa.eu/info/sites/info/files/2019-european-semester-convergence-programme-hungary_hu.pdf

Government Reviewer
Opinion: Disagree
Suggested Answer: e. Not applicable (the document is publicly available)
Comments: The documents are publicly available.

Researcher Response
We disagree with the reviews bacause the Convergence Programme is a yearly update to the European Comission about the macroeconomic and budgetary trends. Its publication date is determined by it, and not by the domestic budgetary process. The document only includes the information necessary for the Comission to evaluate the medium-term goals, so for example the already approved policies. The planned policies or functional distribution of the expenditures are only discussed in the EBP. The general government policy is to reveal the new policies at the submission of the EBP, and as a consequence the documents published before that do not include any information about the planned policies or any information that could guide the expectations about the EBP.

IBP Comment
Please see IBP's comment on question PBS-1.

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 other published documents (the economic and fiscal outlook, the government's resolution on the main budgetary amounts)

that these forecasts must use some assumptions about the upcoming policies.

Source:
Macroeconomic and fiscal outlook
http://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf

The government's resolution on the planned revenues, expenditures and debt for years 2019-2021
http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: not applicable

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 2019 State Budget" or "Guidelines for the Preparation of Annual Plan and Budget for 2018/19."

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
Comments: The documents produced by the government are not PBS as they were issued after the referring budget was in force.

Government Reviewer
Opinion: Disagree
Suggested Answer: The title of the first document is macroeconomic and budgetary outlook: "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021" See: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf The title of the second document is a government's resolution on the planned revenues, expenditures and debt for years 2019-2021("1005/2019. (I. 22.) Korm. határozat a központi költségvetés költségvetési bevételeinek és költségvetési kiadásainak, valamint költségvetési egyenlegének és az államadósságnak a 2019–2021. évekre tervezett összegéről") See: http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085 The title of the third document is Convergence Programme of Hungary 2018-2022. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We did not assess the cited documents as Pre-Budget Statement due to the reasons described at question PBS-1, PBS-2, PBS-4 and PBS-6.

IBP Comment
Based on the previous comments from the researcher and IBP, "n/a" is retained as the response for PBS-7.

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes
Comments: The document "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021" in December 2017 can be considered as citisen version, because it presents the government's economic and fiscal policy plans in a user friendly manner. It contains nontechnical presentation of the evolution of public finances. See: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf

Researcher Response
The cited document is the recommended Pre-Budget statement, not a simplified version of it. While it includes some user-friendly parts, it still is a document for interested readers.

IBP Comment
The researcher is correct that the document cited by the government reviewer is the same version of the 2017-2021 outlook originally mentioned, and not a simplified version. The existing response of "b" is maintained.

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 2019

Source:

Comment:
The latest EBP until 31 December 2018 is for FY 2019.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:
13/6/2018

Source:
The EBP on the webpage of the Parliament:
http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=iWUHBZQZ&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The date can be seen in the row 'Benyújtva' on the Parliament's webpage.

Peer Reviewer
Opinion: Agree
Comments: The EBP was submitted on: 13th June 2018 Source: https://www.parlament.hu/irom41/00503/00503.htm

Government Reviewer
Opinion: Agree

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 <u>while the legislature is still considering it and before the legislature approves (enacts) it</u>. 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:
http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=iWUHBZQZ&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The date of publication is not stated on the webpage explicitly, but the Parliament has legal obligation to upload and publish all submitted documents immediately. The first version of the EBP was submitted on 13 June 2018, while the supplements were added on 22 June 2018, however these information are not stated on the webpage.
The date of submission is in the row 'Benyújtva'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05/09/2018. 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:
13/6/2018

Source:
The EBP on the webpage of the Parliament:
http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=iWUHBZQZ&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The date of publication is in the row 'Benyújtva'. This is date of publishing the first version of the EBP, the supplements were added on 22 June 2018.

Peer Reviewer
Opinion: Agree
Comments: The date of the submission of the EBP is 13th June 2018

Government Reviewer
Opinion: Agree

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 webpage on the day of submission.
The addition of the supplements is not stated on the webpage explicitly, but we found a news article mentioning the addition of the supplements.,URL https://www.portfolio.hu/gazdasag/adozas/negy-abra-arrol-mire-kolt-szivesen-a-kormany.289836.html.

Source:
News article mentioning the date of the addition of supplements for EBP:
https://www.portfolio.hu/gazdasag/adozas/negy-abra-arrol-mire-kolt-szivesen-a-kormany.289836.html

Comment:
"A kormány pénteken beterjesztette a 2019-es költségvetés fejezeti köteteit" means the government submitted to the Parliament the supplements for the EBP for FY 2019 on Friday (that is 22 June 2018 - researcher's comment).

Peer Reviewer
Opinion: Agree
Comments: On the website of the Parliament are available all the documents discussed by the assembly and the date of the publication is available.

Government Reviewer
Opinion: Agree
Comments: The submission of the EBP and the internet link of EBP were also annonced on the webpage of Ministry of Finance:
https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/hirek/a-kormany-benyujtotta-a-biztonsagos-novekedes-koltsegveteset

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:
http://www.parlament.hu/irom41/00503/00503.htm

Source:
The EBP on the webpage of the Parliament:
http://www.parlament.hu/irom41/00503/00503.htm

Comment:
The documents are available in two versions: the first part list 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: Agree

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 and Word (.doc/.docx) 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 published or not produced, 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: Agree

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: Agree

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 2018-19, 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/503. számú törvényjavaslat Magyarország 2019. évi központi költségvetéséről

Source:
n/a

Comment:
„T/503. számú törvényjavaslat Magyarország 2019. évi központi költségvetéséről" (Bill on the Central Budget of Hungary for FY 2019)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets.

Answer:
a. Yes

Source:
The simplified version of the EBP among the supplements of the EBP:
http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf

Comment:
The Ministry included a simplified version of the EBP at the end of the supplements. The document describes the distribution of revenues and expenditures, and illustrates some of the aspects of the budget: http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf
This is a change since the last OBS as the Ministry amended the two graphs with additional information about some of the policies. However we did not evaluate the document as Citizens' Budget in the survey (in questions CB), for several reasons.
First is the lack of dissemination, because the government did not make any effort to disseminate it (for example the document is at the end of a 500-page-long document).
Second, its contents are not enough to provide a fair entry point for the interested readers. The published document includes the distribution of the revenues and expenditures, two charts about already accepted policies, a chart about the increasing funds for investments and a chart about the increasing revenues. It does not explain why the EBP is called "The budget of safe growth", what the government does to sustain the current GDP-growth, what are the new policies and how the increase of personal income tax exemptions and decrease of social contributions contribute to the government's economic and demographic goals. Additionally the choice of charts may be fine for it, some of them are misleading when they exaggerate the increase or decrease. The reference for additional information is also missing for the more interested readers.

Peer Reviewer
Opinion: Disagree
Suggested Answer: a. Yes

Comments: At the end of the EBP is presented a summary of the revenues and expenses, social contribution tax and company tax and the effect of the increasing of the minimum salary. The title of the document is "Citizens Budget", although the simplified information doesn't give a comprehensive and objective picture about the EBP. For example does not present at all details related to public debt, reliable information about programs and is not a self contained document as the reader does not get an understanding about the major parts of the EBP.

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes
Comments: The Government published citizens budget together with the annual budget The link is the follow:
https://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf

Researcher Response
We agree that the cited document was published alongside the EBP. After consulting with the IBP about the international practices we accepted it as Citizen's Budget and reviewed the answer to yes. The dissemination is insufficient because publishing only a link is not a proper way to inform the citizens about the document.

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 2019

Source:
n/a

Comment:
The latest EB until 31 December 2018 is for FY 2019.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:
20/7/2018

Source:
The EB on the webpage of the Parliament:
http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=iWUHBZQZ&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The date of approval is in the section „Szavazások az irományról" in the row „önálló indítvány elfogadása". It is 20 July 2018.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree
Comments: It was also annonced on website of Ministry of Finance: https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/hirek/az-orszaggyules-elfogadta-a-jovo-evi-koltsegvetest

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 EB in the Hungarian Journal: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
Under the title „2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről".

Comment:
The EB was published on 31 July 2018, less than two weeks after the approval by the Parliament.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:
31/7/2018

Source:
The EB in the Hungarian Journal: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
Under the title „2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről".

Comment:
The date is shown at the top of the page of the Hungarian Journal.

Peer Reviewer
Opinion: Agree
Comments: The EB was published on 31st July 2018.

Government Reviewer
Opinion: Agree

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:
We used the date of publication of the Hungarian Journal in which the EBP was published.

Source:
The EB in the Hungarian Journal: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
Under the title „2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről".

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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/MK18123.pdf

Source:
The EB in the Hungarian Journal: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
The EB is under the title „2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről".

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 and Word (.doc/.docx) 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 published or not produced, therefore its machine readability cannot be assessed.

Answer:
c. No

Source:
n/a

Comment:
The EB is only available in pdf format and no supplemental data files are published alongside it.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: Agree

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:
2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről

Source:
The EB in the Hungarian Journal: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf

Comment:
"2018. évi L. törvény Magyarország 2019. évi központi költségvetéséről" (Act L in 2018 on the Central Budget of Hungary for FY 2019)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:
n/a

Comment:
There is no other version of the EB than the one published in the Hungarian Journal.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes

Comments: The EB deviate from the EBP only insignificantly because of the huge majority of the ruling parties in the Hungarian Az elfogadott költségvetés, csak kismértékben tér el a benyújtott költségvetéstől. A magyar parlament összetétele alapján a kormánypárt dominanciája miatt a költségvetés nem változik. Így a benyújtott javaslat és az elfogadott törvény a polgárok költségvetése kapcsán nem változik. A magyar közlöny a költségvetésnek csak egy részét tartalmazza.

Researcher Response
We agree that the EB does not differ significantly from the EBP. However it is worth summarizing the main aspects of the approved budget to inform the citizens how the tax rules and policies will change during the budget year. Apart from this the EBP is for the budget formulation stage, while the Enacted Budget is for the budget approval stage, so different parts of the budget cycle.

IBP Comment
In light of the researcher's "Response to Review," the existing response of "b" is maintained.

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 2019

Source:
n/a

Comment:
Similarly to the EBP and EB we evaluated FY 2019 for CB.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf

Comment:
The EBP contained a supplement called „Polgárok költségvetése” (Citizens’ Budget) that visualized the revenues and expenditures of the budget and briefly summarized some of the policies of the government. However the document was neither actively disseminated, nor provide enough information about the main aspects of the EBP fory 2019.
On the dissemination:
The document attached to the end of a 500-page-long document or listed among many other documents (http://www.parlament.hu/irom41/00503/adatok/fejezetek/fejezetek.html) with little chance that anyone would occasionally find it.
We only found one article mentioning it and no indication from the government about actively advertising the document:
https://www.portfolio.hu/gazdasag/adozas/negy-abra-arrol-mire-kolt-szivesen-a-kormany.289836.html
On the contents:
According to international guides the Citizens' Budget should provide an entry point for the EBP and creating interest towards it. The published document includes the distribution of the revenues and expenditures, two charts about already accepted policies, a chart about the increasing funds for investments and a chart about the increasing revenues. It does not explain why the EBP is called "The budget of safe growth", what the government does to sustain the current GDP-growth, what are the new policies and how the increase of personal income tax exemptions and decrease of social contributions contribute to the government's economic and demographic goals. Additionally the choice of charts may be fine for it, some of them are misleading when they exaggerate the increase or decrease. The reference for additional information is also missing for the more interested readers.

Peer Reviewer
Opinion: Agree
Comments: Similarly to the EBP, the document with the title Citizens Budget is available on the website of the Parliament although it presents only the revenues and the incomes of the Enacted Budget, some details related to the change of the minimum salary and of the contribution of the employers. Also it is presented the positive effects of the initiatives of the government to combat grey economy. There is no information about state debt, major programs spending, the distribution of spending by function, major program, revenues by sources, the division of spending across levels of government etc.

Government Reviewer
Opinion: Disagree
Suggested Answer: e. Not applicable (the document is publicly available)
Comments: The CB is publicly available on internet (https://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf) and give a general overview of how public money is raised and spent. In terms of revenue, it presents the most important tax policy measure of the Government and its impact. Regarding expenditure side, CB give a detailed information on the main develepment programs and investments that which implement the government's economic policy of stimulating economic growth and enhancing social security. .

Researcher Response
We agree that the cited document was published alongside the EBP. After consulting with the IBP about the international practices we accepted it as Citizen’s Budget and reviewed the answer to "e". The dissemination is insufficient because publishing only a link is not a proper way to inform the citizens about the document.

IBP Comment
Per the researcher's "Response to Review," the response has been revised from "d" to "e."

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:
The government intended the cited document as Citizens’ Budget but that document did not satisfy the requirements of a CB. Without the active dissemination of the document we did not accept it as CB.

Source:
"Polgárok költségvetése" (Citizens' Budget) among the supplements of the EBP:
http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The CB was produced, thus the question not applicable.

Researcher Response
After consulting with the IBP about the international practices we accepted the recommended document as Citizen's Budget despite the poor dissemination and revised the answer to "not applicable."

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 2018 should be entered as 05/09/2018. 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:
22/06/2018

Source:

Comment:

Peer Reviewer
Opinion:

Government Reviewer
Opinion:

IBP Comment
Per the researcher's "Response to Review" on CB-2a and CB-2b, the response "22/06/2018" was added to this indicator.

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:
The document was published alongside the supporting documents of the EBP so, the publication date is 22 June 2018.
The recommended date is the date of publishing the approved budget in the Official Journal of Hungary.

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The Government published as a part of the Executive Budget Proposal on 31/7/2018.

Researcher Response
After consulting with the IBP about the international practices we accepted the recommended document as Citizen's Budget despite the lack of active dissemination. The document was published alongside the supporting documents of the EBP so, the publication date is 22 June 2018. The recommended date is the date of publishing the approved budget in the Official Journal of Hungary.

IBP Comment
In light of the researcher's "Response to Review," the response has been revised from "n/a" to the existing text.

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:
http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf

Source:

Comment:

Peer Reviewer
Opinion:

Government Reviewer
Opinion:

IBP Comment
Per the researcher's "Response to Review" on CB-2a and CB-2b, the response "http://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf" was added to this indicator.

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 2018 People's Guide" or "2019 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:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The CB was produced and published on internet. The title is Citizens Budget (in Hungarian:"POLGÁROK KÖLTSÉGVETÉSE").

Researcher Response
After consulting with the IBP about the international practices we accepted the recommended document as Citizen's Budget despite the lack of active dissemination. The title of the document is Citizens' Budget (in Hungarian: "Polgárok Költségvetése").

IBP Comment

Per the researcher's "Response to Review," the response is revised from "n/a" to "Polgárok Költségvetése."

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:
n/a

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018

Source:
n/a

Comment:
The lates IYRs until 31 December 2018 referred to FY 2018.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 IYRs are published monthly and about 20 days after the end of period covered.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05 September 2018. If the document is not published or not produced, please mark this question "n/a."

Answer:
The IYR for November 2018: 21 December 2018
The IYR for October 2018: 21 November 2018
The IYR for September 2018: 25 October 2018
The IYR for August 2018: 24 September 2018
The IYR for July 2018: 21 August 2018
The IYR for June 2018: 23 July 2018
The IYR for May 2018: 20 June 2018

Source:
IYR for November 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-november-vegi-helyzeterol
IYR for October 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-oktober-vegi-helyzeterol
IYR for September 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-szeptember-vegi-helyzeterol
IYR for August 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-augusztus-vegi-helyzeterol
IYR for July 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-julius-vegi-helyzeterol
IYR for June 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-junius-vegi-helyzeterol
IYR for May 2018: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2018-majus-vegi-helyzeterol

Comment:
The dates of publications are indicated in the announcements of the In-Year Reports on the webpage of the Ministry of Finance.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 the announcements of the In-Year Reports on the webpage of Ministry of Finance.

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
http://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf

Source:
IYR for November 2018: http://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for October 2018: http://www.kormany.hu/download/1/43/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for September 2018: http://www.kormany.hu/download/f/1e/71000/Monitoring_09_szeptv%C3%A9ge_20181016.pdf
IYR for August 2018: http://www.kormany.hu/download/3/e7/71000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for July 2018: http://www.kormany.hu/download/b/72/71000/Monitoring_07_j%C3%BAlv%C3%A9ge_20180814.pdf
IYR for June 2018: http://www.kormany.hu/download/a/0f/61000/Monitoring_06_j%C3%BAnv%C3%A9ge_20180716.pdf
IYR for May 2018: http://www.kormany.hu/download/c/59/61000/T%C3%A1j%C3%A9koztat%C3%B3.pdf

Comment:
The URLs lead to the documents themselves.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 and Word (.doc/.docx) 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 published or not produced, therefore their machine readability cannot be assessed.

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

Source:
The data on the webpage of the Treasury: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/
Date on the webpage of Debt Management Agency: http://www.akk.hu/hu/oldal/kiadvanyok#havi-monitoring

Comment:
The tables on the webpage of the Treasury are the monthly balance sheets of the central budget in Excel format. The data related to monthly government debt is available on the webpage of the Debt Management Agency, for example http://www.akk.hu/uploads/lr4DXEr2.xls.
The main data are available in machine readable format, but the additional data included in the IYRs are not.
No link references these data sources on the webpage of Ministry of Finance, hence they can be only found with prior knowledge.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes, all of the numerical data are available in a machine readable format
Comments: According to our opinion all data are available on the webpage of the Treasury and on the webpage of Debt Management Agency: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/ http://www.akk.hu/hu/oldal/kiadvanyok#havi-monitoring

Researcher Response
I agree that the main data tables are available on the mentioned webpages. The data for the detailed tables like „Egyéb központosított bevételek alakulása" (on page 4), the VAT related data („"Általános forgalmi adó bevétel alakulása") (on page 5) or the detailed data for revenues and expenditures for interest on debt („A kamategyenleg összetétele") (on page 18) cannot be found in any excel published in the mentioned webpages.
The page numbers were taken from the monthly report for October 2018:
https://www.kormany.hu/download/1/43/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf

IBP Comment
In light of the researcher's "Response to Review," the existing response of "b" is maintained.

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: Agree

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 2018.”

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 2018. november végi helyzetéről"

Source:
IYR for November 2018: http://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for October 2018: http://www.kormany.hu/download/1/43/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for September 2018: http://www.kormany.hu/download/f/1e/71000/Monitoring_09_szeptv%C3%A9ge_20181016.pdf
IYR for August 2018: http://www.kormany.hu/download/3/e7/71000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
IYR for July 2018: http://www.kormany.hu/download/b/72/71000/Monitoring_07_j%C3%BAlv%C3%A9ge_20180814.pdf
IYR for June 2018: http://www.kormany.hu/download/a/0f/61000/Monitoring_06_j%C3%BAnv%C3%A9ge_20180716.pdf
IYR for May 2018: http://www.kormany.hu/download/c/59/61000/T%C3%A1j%C3%A9koztat%C3%B3.pdf

Comment:
The title follows the format „Report on State of the Central Budget at the end of [month] 2018”.
IYR for November 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. november végi helyzetéről
IYR for October 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. október végi helyzetéről
IYR for September 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. szeptember végi helyzetéről
IYR for August 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. augusztus végi helyzetéről
IYR for July 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. július végi helyzetéről
IYR for June 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. június végi helyzetéről
IYR for May 2018: Részletes tájékoztató az államháztartás központi alrendszerének 2018. május végi helyzetéről

Peer Reviewer

Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:
Flash report for IYR for October 2018:
http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/a-novekvo-adobevetelek-biztositjak-az-allamhaztartas-stabilitasat
Flash report for IYR for September 2018:
http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/a-dinamikus-gazdasagi-novekedes-is-tamogatja-a-hianycel-elereset
Flash report for IYR for August 2018:
http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/az-allamhaztartas-helyzete-valtozatlanul-a-stabilitast-tukrozi

Comment:
There are no other versions of the IYRs. The Ministry creates flash reports and announcements from the IYRs. The Flash Reports are short, brief summaries of the IYRs containing only the main numbers and published well before the IYRs. The flash reports does not have a standatd title. The announcements are summaries of the IYRs for the media.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes
Comments: On monthly basis a short announcement on the current size of deficit, main tax revenues and expenditures are published on the website of the Ministry of Finance. For September of 2018: https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/a-dinamikus-gazdasagi-novekedes-is-tamogatja-a-hianycel-elereset. Then the Ministry of Finance published a detailed monthly reports on state of the central budget that serve also to inform citizens on budgetary process in a user friendly manner. It contains nontechnical presentation of the evolution of public finances. They also incorporate many visual elements to help non-specialist readers to understand the information. Report on State of the Central Budget at the end of September 2018:
https://www.kormany.hu/download/f/1e/71000/Monitoring_09_szeptv%C3%A9ge_20181016.pdf.

Researcher Response
The recommended flash report is a preliminary report for the media with the main numbers. In itself it is only an announcement to the media about the state of the central budget but the listing of the main revenue items does not tell much if it is good or not. It misses the context or the expected estimates if the current state allows for further expenditures or on the contrary the government has to cut the spending. The explanation is a good guidance for the professionals, but they wait until the monthly report is published to evaluate the state of the budget.

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 2018

Source:
n/a

Comment:
Until 31 December 2018 the latest MYR should be for FY 2018.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 a publicly available document that could be treated as Mid-Year Review. The IYR for June 2018 does not substitute the MYR.

Peer Reviewer
Opinion: Disagree
Suggested Answer: d. The MYR is not released to the public, or is released more than three months after the midpoint
Comments: The June IYR presents the aggregated numbers of the revenues, expenditures and liabilities, but it does not give a comprehensive overview about the state of implementation of the budget and policies, on a ministry or department levels. The analyzes of the activities of the government for the I. half year period, was created by the State Audit Office. This document was created for the Budgeting Committee but it is available by the public as well. https://asz.hu/storage/files/files/Publikaciok/Elemzesek_tanulmanyok/2018/kt_elemzes_20180828.pdf?ctid=1237 The document created by the State Audit Office proves that Mid Year Report must had been prepared although it is not available for the public. The document was published in 2018 August

Government Reviewer
Opinion: Agree
Comments: It is important to see that the Hungarian budgetary framework is determined by the EU fiscal framework. The timetable and regulations of the European Semester affect what documents are prepared and when are published. In the European Semester the first assessment of the current year budgetary position is prepared in the convergence program in April. See: https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf In addition, monthly reports provide update information on implementation of the budget, and discuss how the deficit goal expected to meet.

Researcher Response
The State Audit Office is independent from the government, so its, the Budgeting Committee's or the Fiscal Council's documents cannot be evaluated as Mid-Year Review. The cited document only refers to data provided by the Ministry of Finance, but those are not forecasts, so it is only plausible that the Ministry of Finance creates a Mid-Year Review. The government has a legal obligation to evaluate the gross government debt expected at the end of the year and inform the Budgeting Committee of the Parliament about it, but no public information is available about the fulfillment of this obligation. The EU fiscal framework differs from the domestic budgetary cycle, but in April only the first quarter of the budget year can be evaluated that cannot be assessed as mid-year. The Convergence Programme is too early in the budget implementation to identify any budgetary trends. Apart from this the document is about general budgetary policy than line item level analysis and assessing potential revenue or expenditure risks.

IBP Comment

Per follow-up communication with the peer reviewer, their response is revised to the following: Review: Agree Comment: The June IYR presents the aggregated numbers of the revenues, expenditures and liabilities, but it does not give a comprehensive overview about the state of implementation of the budget and policies, on ministry or department levels. The State Audit Office published on their website an analyzes of the activities of the government for the I. half year period. N based of which report was done the analysis is not available. This analyzes was created for the Budgeting Committee, but it is available for the public as well. The document was published in 2018 August https://asz.hu/storage/files/files/Publikaciok/Elemzesek_tanulmanyok/2018/kt_elemzes_20180828.pdf?ctid=1237 IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:

Source:
n/a

Comment:

Peer Reviewer
Opinion:

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
Comments: The date of the publication is written on the document created by the State Audit Office. This document is an analyses for the Budget Committee about the budget of the first half year. The date of this publication is august, for this reason the Mid Year Budget must had been prepared before that. Source: https://asz.hu/storage/files/files/Publikaciok/Elemzesek_tanulmanyok/2018/kt_elemzes_20180828.pdf?ctid=1237

Government Reviewer
Opinion: Agree

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:

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 and Word (.doc/.docx) 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 published or not produced, therefore its machine readability cannot be assessed.

Answer:
d. Not applicable

Source:
n/a

Comment:

Peer Reviewer
Opinion: Disagree
Suggested Answer: d. Not applicable
Comments: The document published by the State Audit Office is an analyzes for the Fiscal Council, created as a pdf document.

Government Reviewer
Opinion: Agree
Comments: It is important to see that the Hungarian budgetary framework is determined by the EU fiscal framework. The timetable and regulations of the European Semester affect what documents are prepared and when are published. In the European Semester the first assessment of the current year budgetary position is prepared in the convergence program in April. See: https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf In addition, monthly reports provide update information on implementation of the budget, and discuss how the deficit goal expected to meet.

Researcher Response
We agree with the government that the Convergence Programme is aligned to the EU's European Semester. It may be evaluated as a first assessment of the budget year, but too early in the current fiscal year to identify budgetary trends as it only contains the first quarter of the year. No additional supplement is published for the Convergence Programme that contains machine readable data.

IBP Comment
Per follow-up communication with the peer reviewer, their response is revised to the following: Review: Agree Comment: Not applicable In light of the researcher's "Response to Review," the existing response of "d" is maintained.

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:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: c. Produced for internal purposes/use only
Comments: It is important to see that the Hungarian budgetary framework is determined by the EU fiscal framework. The timetable and regulations of the European Semester affect what documents are prepared and when are published. In the European Semester the first assessment of the current year budgetary position is prepared in the convergence program in April. In addition, monthly reports provide update information on implementation of the budget, and discuss how the deficit goal expected to meet. At the mid-year a report on budgetary processes, deficit and debt reduction is produced for Fiscal Council, but it is not published.

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:
According to our collected information the Ministry treats the report provided to the Committee of Budget of the Parliament as Mid-Year Review. The document is not available to the public anywhere. Based on the contents of the document it is mostly a summary of the state of the government debt and its projected trajectory until the end of the year, but lacks information about the trajectory of the budget. For this reason we did not treat the document as Mid-Year Review.

Source:
n/a

Comment:

Peer Reviewer
Opinion: Disagree
Suggested Answer:

Government Reviewer
Opinion: I choose not to review this question
Comments: We do not review this question because we do not consider

IBP Comment
Per follow-up communication with the peer reviewer, their response is revised to the following: Review: Agree Comment:

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 2017/18" or "Mid-Year Report on the 2018 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: Agree
Comments: It is important to see that the Hungarian budgetary framework is determined by the EU fiscal framework. The timetable and regulations of the European Semester affect what documents are prepared and when are published. In the European Semester the first assessment of the current year budgetary position is prepared in the convergence program in April. See: https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf In addition, monthly reports provide update information on implementation of the budget, and discuss how the deficit goal expected to meet.

Researcher Response
It is true that the EU framework uses a different timetable for the budget document than the Hungarian budget cycle. Consequently the Convergence Programme could only evaluate the budgetary trends until April that is not enough for a Mid-Year Review. Another objection that it describes the general, mid-term budgetary policies and trends and omits the line item level analysis that could identify the risks for the rest of the year.

IBP Comment
In light of the researcher's "Response to Review," the existing response of "n/a" is maintained.

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:
n/a

Comment:

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree
Comments:

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 2017

Source:
n/a

Comment:
The latest YER published until 31 December 2018 is for FY 2017.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
Act CXCV on the State Budget: https://net.jogtar.hu/jogszabaly?docid=A1100195.TV
The submitted YER on the webpage of the Parliament: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=rUsblcJ4&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D1671

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" show that the YER was submitted to the Parliament on 28 September 2018.

Peer Reviewer
Opinion: Agree
Comments: The YER is submitted on 28th September 2018 and the enacted YER is published on 6th December 2018

Government Reviewer
Opinion: Agree

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:
28/9/2018

Source:
The submitted YER on the webpage of the Parliament: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=rUsblcJ4&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D1671

Comment:
On the webpage of the Parliament the row „Benyújtva" shows that the YER was submitted to the Parliament on 28 September 2018.
The Parliament must publish every submitted document immediately on its webpage, so the dates of submission and publications are the same.

Peer Reviewer
Opinion: Agree
Comments: The YER is published on the website of the Parliament on 28th September 2018

Government Reviewer
Opinion: Agree

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 checked the webpage of the Parliament on the day of submission.

Source:
n/a

Comment:
The submission was also reported on the webpage of Ministry of Finance: http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/az-orszaggyules-elott-a-tavalyi-zarszamadas

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
http://www.parlament.hu/irom41/01671/01671.html

Source:
The YER on the webpage of the Parliament:
http://www.parlament.hu/irom41/01671/01671.html

Comment:
The link includes the YER and their supplements in two versions: the first group of links includes each document individually, while the second group includes the document edited into ten volumes.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 and Word (.doc/.docx) 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 published or not produced, therefore its machine readability cannot be assessed.

Answer:
c. No

Source:
The YER on the webpage of the Parliament:
http://www.parlament.hu/irom41/01671/01671.html

Comment:
All the documents are in pdf format.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: b. Yes, some of the numerical data are available in a machine readable format
Comments: At the webpage of the Hungarian State Treasury there are numerical data on monthly basis on central government balance-sheet in a machine readable format: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/ The balance sheet that corresponds to December 2017 contains the consolidated yearly revenue and expenditure data of central government, so it can be considered as a data suppliement to the year end report of Ministry of Finance issued on January 2018.

Researcher Response
We would choose the data about the execution of the budget that contains the data in a similar structure that is in the Year-End Report. http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/a-2017-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3739/ This is only a minimum, because the YER contains much more tables and data than this. Moreso, the monthly numbers may change by the time the YER is prepared, so minimal differences may be between the two. For the above reasons we did not consider the recommended files as part of the YER.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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: Agree

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 2018" or "Annual Report 2017 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/1671. számú törvényjavaslat a Magyarország 2017. évi központi költségvetéséről szóló 2016. évi XC. törvény végrehajtásáról

Source:
The YER on the webpage of the Parliament:
http://www.parlament.hu/irom41/01671/01671.html

Comment:
"T/1671. számú törvényjavaslat a Magyarország 2017. évi központi költségvetéséről szóló 2016. évi XC. törvény végrehajtásáról" (Bill No. T/1671 on the Execution of Act XC of 2016 on the Central Budget of Hungary for FY 2017)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:
n/a

Comment:
No other version of the YER is published.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree
Comments: The monthly report issued in 23 of January 2018 can be considered as a citizen version of End-Year Review of 2017 budget, since it shows the progress in implementing the budget with actual income and expenditure figures . https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag/hirek/reszletes-tajekoztato-az-allamhaztartas-kozponti-alrendszerenek-2017-evi-elozetes-fobb-penzugyi-folyamairol

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 2017

Source:
n/a

Comment:
The latest AR published until 31 December 2018 is for FY 2017.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
Act CXCV on the State Budget: 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: Agree

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 2018 should be entered as 05/09/2018. If the document is not published or not produced, leave this question blank.

Answer:
5/10/2018

Source:
The Audit Report on the webpage of the Parliament: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=rUsblcJ4&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D1671%26p_alsz%3D1

The announcement of the Audit Report on the webpage of the State Audit Office: https://asz.hu/hu/kiemelt-jelentesek/lezarult-a-2017-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 the submitted documents immediately.
On the webpage of the State Audit Office the date of publication of the announcement is in the upper right corner.

Peer Reviewer
Opinion: Agree
Comments: The date of the publication of the AR is 5th October 2018

Government Reviewer
Opinion: Agree

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 webpage of the Parliament and the State Audit Office. According to both the webpage of the Parliament and the State Audit Office the Audit Report was published and submitted to the Parliament on 5 October 2018.

Source:
The Audit Report on the webpage of the Parliament: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=rUsblcJ4&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D1671%26p_alsz%3D1

The announcement of the Audit Report on the webpage of the State Audit Office: https://asz.hu/hu/kiemelt-jelentesek/lezarult-a-2017-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 the submitted documents immediately.
On the webpage of the State Audit Office the date of publication of the announcement is in the upper right corner.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
http://www.parlament.hu/irom41/01671/01671-0001.pdf

Source:
The AR on the webpage of the State Audit Office: https://asz.hu/storage/files/files/jelentes/2018/18275.pdf?ctid=762

The AR on the webpage of the Parliament: http://www.parlament.hu/irom41/01671/01671-0001.pdf

Comment:
The version on the webpage of the Parliament also contains a supplement about the macroeconomic and budgetary trends.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 and Word (.doc/.docx) 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 published or not produced, therefore its machine readability cannot be assessed.

Answer:
c. No

Source:
n/a

Comment:
The document is only available in pdf format

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: Agree

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 2017. évi központi költségvetése végrehajtásának ellenőrzéséről

Source:
n/a

Comment:
„Jelentés Magyarország 2017. évi központi költségvetése végrehajtásának ellenőrzéséről” (Report on the Audit of the Execution of the Central Budget for FY 2017)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.internationalbudget.org/opening-budgets/citizens-budgets/.

Answer:
b. No

Source:
News article on the year-end report on the webpage of the State Audit Office:
https://www.aszhirportal.hu/hu/hirek/itt-az-asz-zarszamadasi-jelentese-es-makrogazdasagi-elemzese
The announcement in an English news summary on the webpage of the State Audit Office:
https://www.aszhirportal.hu/en/news/40-en

Comment:
The State Audit Office did not publish any other version of the document. There was an announcement for the media as a summary of the main findings of the report, but simplified version of the document was not made. Based on our meeting with the SAO the institution intends to simplify the language of the AR in order to make it comprehensible to all the audiences.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree
Comments: .

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.orcamentofederal.gov.br). Researchers should include details about all of the relevant websites and/or portals that they 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/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Information related to government debt on the webpage of Debt Management Agency:
Monthly reports on the government debt:
http://www.akk.hu/hu/oldal/kiadvanyok#havi-monitoring
http://www.akk.hu/en/page/publications#monthly-report-on-debt-transactions
Statistics on the government debt:

http://www.akk.hu/en/page/statistics#central-government-debt-deficit-financing

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:
http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?
p_auth=7b4YwDBh&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-
1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_iromany.irom_lekerd_egysz%3FP_CKL%3D41%26P_PARAM%3DI%26P_CIM%3Dk%C3%B6lts%C3%A9gvet%C3%A9s%C3%A9r%C5%91l%26P_FOTIP%3Dnull%26P_TIP%3DNULL

Reports of the State Audit Office on the EBP and YER:
https://asz.hu/jelentesek/velemeny-magyarorszag-koltsegveteserol
https://asz.hu/jelentesek/jelentes-magyarorszag-koltsegvetese-vegrehajtasanak-ellenorzeserol
Analyses about the budgetary trends can be found among the 'Analyses':
https://asz.hu/publikaciok/tanulmanyok-2018-ev

The monthly reports are published among the news on the webpage of Ministry of Finance:
http://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/allamhaztartasert-felelos-allamtitkarsag
Other budget documents on the webpage of Ministry of Finance:
http://ngmszakmaiteruletek.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

Government Reviewer
Opinion: Agree

GQ-1b. On these websites/portals, can revenue and/or expenditure data for the current fiscal year be downloaded as a consolidated file (or set of files)? If yes, please provide the necessary links in the comment/citation.

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 revenue and/or expenditure information for the current fiscal year; (b) consolidated files that contain 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 data on the execution of the central budget on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Monthly balance sheets on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Budgetary data in functional classification on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/files/funkcion%C3%A1lis%20m%C3%A9rlegek/Funkcion%C3%A1lis%20m%C3%A9rlegek_20170912.xls

Comment:
The webpage of the Treasury published monthly data on the execution of the budget both in pdf and xls formats. These files follow the structure of the actual state of the Appendix 1 of the enacted budget. These files are the most comprehensive source for following the monthly budgetary data and we evaluated these as satisfying for answer A. In the previous survey the files were only available in pdf format, so we did not evaluate them as useful files. Now that they are available in xls format, they are satisfying the requirements.

http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

The monthly balance sheets are available in xls format, but their structures are simplified compared to Appendix 1 of the enacted budget. We did not treat this as totally satisfying data source.
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

The budgetary data are also available in functional classification, although the used classification is not totally compatible with the international COFOG standard. The file does not contain the latest available data, so we did not treat this as fully satisfying data source.
http://www.allamkincstar.gov.hu/files/funkcion%C3%A1lis%20m%C3%A9rlegek/Funkcion%C3%A1lis%20m%C3%A9rlegek_20170912.xls

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

GQ-1c. On these websites/portals, can consolidated revenue and/or expenditure data be downloaded for multiple years in consistent formats? If yes, please provide the necessary links and details in the comment/citation.

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

Source:
Monthly data on the execution of the central budget on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Monthly balance sheets on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Budgetary data in functional classification on the webpage of the Treasury:
http://www.allamkincstar.gov.hu/files/funkcion%C3%A1lis%20m%C3%A9rlegek/Funkcion%C3%A1lis%20m%C3%A9rlegek_20170912.xls

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.
http://www.allamkincstar.gov.hu/files/funkcion%C3%A1lis%20m%C3%A9rlegek/Funkcion%C3%A1lis%20m%C3%A9rlegek_20170912.xls

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

The monthly data on the execution of the central budget are only available for FY 2017 and 2018. Technically and for international comparison we accepted it as multiple years of data, but for reasonable comparison the government should publish multiple years of data for at least medium-term (like 3-4 years).

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes, both revenue and expenditure data can be downloaded for multiple years in consistent formats
Comments: Every month all information both on revenue and expenditures is published on the webpage of the Government (more precisely Ministry of Finance) for the current and previous year. It occurs that a new revenue or expenditure item is added in or removed from the balance sheet, but the report explain the changes to help the comparision between years. In additional, budgetary balance sheets are available for many years back on the website of the Treasury that show expenditure by functions and revenue by sources. Consolidated revenue and expenditure data can be also found on the website of the Parliament in the End Year Report and the Executive Budget proposal.

Researcher Response
The monthly data published in the In-Year Reports only details the revenues, the majority of the expenditures are aggregated into a few lines. All expenditure of the Ministries and other institutions are presented as "Expenditures of central budgetary institutions". The data files are available here: http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/ The file of the functional expenditures was last

updated in March 2019 according to the filename, and before that in 2017. We included the URL for the previous file since that was available at the cut-off date of the research. The file contain the data in functional classification up to 2018 for the enacted budgets and up to 2015 for the outcomes. The current file presents the data up to 2019 and 2017 respectively. The data is very useful, but based on the ad hoc updates its publication is not an established practice yet and the most recent data is not available in a timely manner. Because the latest update was done after the cut-off date of the research we evaluated the previous version of the file and it did not include up-to-date data.

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:
The monthly in-year reports contain charts, but there are no separate visualizations / infographics that could be treated as in international best practices.
Example of the charts in the monthly IYR:
http://www.kormany.hu/download/d/cb/81000/Monitoring_2018_20190116.pdf

Peer Reviewer
Opinion: Disagree
Suggested Answer: a. Yes
Comments: Info graphics are not available but some tables are visualized by charts which helps to analyze the data.

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes
Comments: The monthly reports on budgetary processes - issued by Ministry of Finance - contain charts and tables for better understanding of revenues and expenditures and provide detailed data on the budget. Please see:
https://www.kormany.hu/download/e/8b/41000/monitoring_12_december_20180115.pdf

Researcher Response
As the question refers to data access and analysis we interpreted it as a tool/infographics where the user can find the information he is looking for. This can be either an interactive tool like the one below or a chart that is detailed enough to analyse the data in details. We think the examples in the reviews are basic charts whose goal is to provide evidence for the statements in the text. http://amipenzunk.hu/#/~/koltsegvetesi-kiadasok

IBP Comment
In light of the researcher's "Response to Review," the existing response of "b" is maintained.

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://www.kenyalaw.org/lex//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:
2011. évi CXCV. törvény az államháztartásról (Act No. CXCV of 2011 on the public finance)
https://net.jogtar.hu/jogszabaly?docid=A1100195.TV

Magyarország Alaptörvény (Fundamental Law of Hungary)
https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV

Comment:
The cited law contains the main rules for public finance and auditing. The law 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".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

GQ-3. Are there additional laws 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:
2011. évi CXII. törvény az információs önrendelkezési jogról és információszabadságról (Act CXII of 2011 on information self-determination and freedom of information)
https://net.jogtar.hu/jogszabaly?docid=A1100112.TV

Comment:
There is no specific law regulating citizens participation or budgetary/government transparency. The cited law is about access to information.

Peer Reviewer
Opinion: Agree
Comments: The Act CLXXXI of 2007 on transparency of investments financed from public resources (2007. évi CLXXXI. törvény a közpénzekből nyújtott támogatások átláthatóságáról) defines mostly personnel conditions but does not give guidelines regarding public information of the use of public resources. Source: https://net.jogtar.hu/jogszabaly?docid=A0700181.TV

Government Reviewer
Opinion: Agree

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/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: Magyarország Alaptörvénye
URL: https://net.jogtar.hu/jogszabaly?docid=A1100425.ATV
36. cikk (2)
In English: Fundamental Law of Hungary
URL: http://www.kormany.hu/download/f/3e/61000/TheFundamentalLawofHungary_20180629_FIN.pdf
Article 36 (2)

Comment:
Appendix 1 of the EBP lists all the expenditures and revenues by institutions and chapter-administered appropriations. The revenues are shown at the institutions if it is the institutions own revenue or as separate appropriations if the revenue is a central revenue. The budget of each institutions are separated to "Működési költségvetés" (Operational budget) and "Felhalmozási költségvetés" (Capital expenditures), while the chapter-administered appropriations are collected under "Fejezeti kezelésű előirányzatok".

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 34. The 27 institutions spend around 560 billion HUF (1.6% of GDP), while institutions with similar or smaller budget are shown separately like "Országos Sportegészségügyi Intézet" on page 35 that spends 6.5 billion HUF. The Fundamental Law of Hungary 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: Agree

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/irom41/00503/T_503_fokotet.pdf
page 267

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/irom41/00503/T_503_fokotet.pdf
page 268

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/irom41/00503/T_503_fokotet.pdf
page 283

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/irom41/00503/T_503_fokotet.pdf
page 284

In Hungarian: A kormányzati funkciók osztályozásának kategóriái (COFOG)
In English: COFOG – Classification of the Functions of the Government
URL: https://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4

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 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. 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: Agree

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/irom41/00503/T_503_fokotet.pdf
page 267

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/irom41/00503/T_503_fokotet.pdf
page 268

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/irom41/00503/T_503_fokotet.pdf
page 283

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/irom41/00503/T_503_fokotet.pdf
page 284

In Hungarian: A kormányzati funkciók osztályozásának kategóriái (COFOG)
In English: COFOG – Classification of the Functions of the Government
URL: https://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4

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%A9rlegek/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.
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: Agree

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.

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/irom41/00503/T_503_fokotet.pdf
page 264

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/irom41/00503/T_503_fokotet.pdf

page 265

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/irom41/00503/T_503_fokotet.pdf
page 280

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/irom41/00503/T_503_fokotet.pdf
page 281

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 captal ("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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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/irom41/00503/T_503_fokotet.pdf
page 264

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/irom41/00503/T_503_fokotet.pdf
page 265

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/irom41/00503/T_503_fokotet.pdf
page 280

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/irom41/00503/T_503_fokotet.pdf
page 281

Comment:
The economic classification of the expenditures are cash-flow based, hence for example the consumption of fixed capital cannot be included. The Hungarian version shows separately the investments and refurbishments, but merges the grants, subsidies and social benefits to current and capital expenditures. This means the row of current subsidies ("Egyéb működési célú kiadások") includes among other items the pensions, subsidies to corporations and grants to other budgetary institutions on one line item.
The presented version is more aggregated than the IMF GFSM structure. 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
- Wages
- Social contributions and social tax related to wages
- Use of goods and services
- Monetary transfers (this consists of monetary social benefits, subsidies and grants to households)
- Other current expenditures (this includes any other transfers to corporations, international organizations or other budgetary institutions)
- Investments
- Refurbishments
- Other capital expenditures (this includes all kinds of transfers for capital expenditures for all sectors)
Revenues
- Current transfers from other budgetary institutions
-Capital transfers from other budgetary institutions
- Current transfers from outside the government
- Capital transfers from outside the government
-Income taxes
- Social contributions and social tax related to wages
- Taxes related to wages and employment
- Taxes on capital structures
- Taxes on products and services
- Other taxes
- Current revenues (this includes fees for governmental services)
- Capital revenues

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, the economic classification is compatible with international standards.
Comments: The economic classification of the revenues and expenditures corresponds to IMF GFSM structure with some deviations. As the economic classification covers cash-flow based data, consumption of fixed capital is not included, but capital expenditures related non-financial assets (capital formation including renewals) are included in the expenditure side and receipts from sale of non-financial assets on the revenue side. These are definite subjects of budgeting process, and not the consumption of fixed capital. Nevertheless budgetary units calculate consumption of fixed capital in their double-entry book-keeping system. Groups of revenues and expenditures are compatible with GFSM classification.

Researcher Response
Reassessing the question the misunderstanding is stemming from the different interpretation of the question. Strictly speaking the presented tables are not the statistically defined, accrual-based economic classification, but a cash flow statement like the structure on page 42 of the GFS Manual. Because it is cash-flow based the non-monetary transactions are not defined in the Hungarian presentation. The consolidated expenditures present the compensation of employees, the purchase of goods and services, the social benefits and all the other expenditures in one row for the current expenses, and the investments, refurbishments and all the other capital expenses in one row. The interest expenditures, subsidies and grants (as payments to enterprises or other general government units, international organizations) are not highlighted. The purchases of financial and nonfinancial assets are also not separated. As a summary the presented table is a cash-flow statement and the main elements can be identified, but in details it is more aggregated than the GFS structure. GFS Manual: https://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf

IBP Comment
To maintain consistency across survey countries, the existing response of "b" is preserved.

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 detaille. (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/irom41/00503/T_503_fokotet.pdf
pp. 38-105

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).
Below that the institutions administered by that Ministry and Chapter-administered appropriations are listed. The budgets of the institutions are further broken into economic-classified expenditures. 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 law 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf

page 1416

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. On the right hand side of the table under the title "Kiadások" only a handful of appropriations are shown individually, most of the institutions (for example all the Ministries) are aggregated to one row called "Költségvetési szervek kiadásai".

Peer Reviewer
Opinion: Agree
Comments: The table from pg 1415-1416 presents the expenditures and the revenues by their function for five years, although they are presented on an aggregate such as primarily income and primarily expenditure.

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, multi-year expenditure estimates are presented by only one of the three expenditure classifications.
Comments: The Convergence Program of Hungary must be taken into consideration as "any supporting budget documentation". This document shows the multi-year expenditure estimate by ECONOMIC classification.

Researcher Response
The recommended table is in economic classification, but the estimates are presented only as percent of GDP that only give a broad understanding for the structure of the budget and the reader has to calculate the absolute numbers if he wants to compare them. Due to these we did not consider it as presentation of the expenditures. Also the Convergence Program is not a supporting document to the EBP, because it was not part of the document package submitted to the Parliament as EBP. It was published a month earlier and for the purpose of complying with the EU budgetary framework.

IBP Comment
IBP is in agreement that the table provided on page 1415-1416 does not provide expenditures in sufficient detail to comprise any of the three classifications in question 7. The existing response of "d" is maintained.

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 (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1416

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. On the right hand side of the table under the title "Kiadások" only a handful of appropriations are shown individually, most of the institutions (for example all the Ministries) are aggregated to one row called "Költségvetési szervek kiadásai".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The Convergence Program of Hungary must be taken into consideration as "any supporting budget documentation". This document shows the multi-year expenditure estimate by ECONOMIC classification.

Researcher Response
The recommended table is in economic classification, but the estimates are presented only as percent of GDP that only give a broad understanding for the structure of the budget and the reader has to calculate the absolute numbers if he wants to compare them. Due to these we did not consider it as presentation of the expenditures.

IBP Comment
Per IBP's comment on question 7, the existing response of "None of the above" is maintained.

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 detaille. (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 (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1416

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") and 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 "Uniós 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: Agree

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/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A költségvetési törvényjavaslat 1. melléklete
In English: Appendix 1 of the EBP
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

Comment:
The individual tax revenues are presented in two main tables. In the balance sheet the revenues are collected by types, like revenues from corporations ("Gazdálkodó szervek befizetései"), taxes on consumption ("Fogyasztáshoz kapcsolt adók"), revenues from households ("Lakosság befizetései"). In some cases non-tax revenues are also included in these groups. 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") or the insurance tax ("Baleseti adó") 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 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 53, but the other mentioned taxes are on pages 65 and 66. The tax revenues of the National Cultural Fund is shown on page 64. 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A költségvetési törvényjavaslat 1. melléklete
In English: Appendix 1 of the EBP

URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

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/irom41/00503/T_503_II_fejezeti.pdf
pp. 1306-1308

In Hungarian: XIX. Uniós fejlesztések
In English: Chapter XIX Investments related to transfers from the European Union
URL: https://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
page 861

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 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 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, while the revenues of EU's transfers are listed in a table by main operative programs.
The uncategorized nature is true for the revenues of the budgetary institutions. 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: Agree

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 (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1416

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 amd 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 revenues 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: Agree

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 (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1416

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 ("Szociális hozzájárulási adó") is also shown separately. These account for more than two-third of the total revenues, but only presents the most important revenue sources. It 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: Disagree
Suggested Answer:
a. Yes, multi-year estimates for individual sources of revenue accounting for all revenue are presented.
Comments: According to our calculation, the other revenue which are presented in aggregated way is significantly less than 3 percent of the all revenue (appr. 0.07%). This means that for only an insignificant part of the revenue the individual source are not estimated separately.

Researcher Response
In the cited table the other centralised revenues („Egyéb központosított bevételek") line includes taxes and fees alike, and amount to about 3% of the total revenue. The other mixed line is revenues of governmental institutions („Költségvetési szervek bevételei") with an amount of 7.5% of the total revenues. While the source is presented, the broad type or category of the revenue cannot be identified. For example what percent of the mentioned revenue is service fee, fine, tax or other kind of revenue.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "b" is maintained.

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.

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:
a. Yes, all 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/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 299

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1263-1266

Comment:
The table about the evolution of the gross debt shows the composition of the debt by currency denomination and type of debt (like loans, T-bill, bonds). The gross debt is shown in the line called "A központi költségvetés bruttó adóssága mindösszesen". The debt is published for the end of year 2017, 2018 and 2019.
The sum of interests payment is shown for example in the balance sheet of the central budget in the line "Kamatkiadások", while the interests received in the row "Kamatbevételek".
The net new borrowing requirement is used to be published in the Debt Management Agency's Yearly Outlook but in 2018 this information was missing from the document. It only provides a guidance that the net new borrowing requirement is based on the cash-flow based balance of the central budget. We also used this balance as a proxy for the net new borrowing requirement, noting that the cash movements of the net EU transfers may influence it. The balance is published in several tables of the EBP, for example in the last block of the balance sheet of the government ("Egyenlegek pénzforgalmi szemléletben").

The Yearly Outlook of the Debt Management Agency for 2019:
In Hungarian:
http://www.akk.hu/uploads/mn0Glgwq.pdf
In English:
http://www.akk.hu/uploads/lwZ91Qrg.pdf

Peer Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, two of the three estimates related to government borrowing and debt are presented.
Comments: The amount of net new borrowing required during the budget year is not explicitly presented in the EBP neither in the table at pg 299 nor at narrative part on pg. 1261-1267. The total debt and the method of calculation of the interest is clearly presented in the EBP.

Government Reviewer
Opinion: Agree

Researcher Response

We agree with the peer reviewer that the net new borrowing requirement is not explicitly stated and our finding is only a proxy for it. After consulting with IBP about the international practices the deficit may be used as an estimate for the net borrowing requirement.

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 amount of net new borrowing required during the budget year
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/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 299

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1263-1266

Comment:
The table about the evolution of gross debt shows the central government's total debt burden at the end of the budget year.
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. We used the cash-flow based balance of the central budget as a proxy for it.

Peer Reviewer
Opinion: Disagree
Suggested 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

Government Reviewer
Opinion: Agree

Researcher Response
We agree with the peer reviewer that the net new borrowing requirement is not explicitly stated and our finding is only a proxy for it. After consulting with IBP about the international practices the deficit may be used as an estimate for the net borrowing requirement.

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:
b. Yes, the core information is presented for the composition of the total debt outstanding.

Source:
In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 299

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: https://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1263-1266

Comment:
The balance sheet of the central budget explicitly presents the interest payments in the row "Kamatkiadások", although for the total cost of debt the revenue from interests ("Kamatbevételek") ought to be subtracted. The interest rates for each debt element/type or as an aggregated rate are not published in the EBP.
The composition of the debt divides the debt by currency denomination and type of debt (like loan, T-bill, bond).
The maturity profile is not presented completely in the EBP, although the amount of T-bills can provide some information about it.

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:
http://www.akk.hu/hu/oldal/statisztika#a-kozponti-koltsegvetes-adossaganak-lejarati-szerkezete
In English:
http://www.akk.hu/en/page/statistics#maturity-profile-of-the-central-government-debt-annual-and-quarterly-figures

The ownership of securitized debt by the different sectors:
In Hungarian:
http://www.akk.hu/hu/oldal/statisztika#a-befektetoi-szektorok-masodpiaci-allampapir-pozicioja
In English:
http://www.akk.hu/en/page/statistics#main-investor-groups-net-buying-position-in-the-secondary-market

The ownership of loans
In Hungarian:
http://www.akk.hu/hu/oldal/statisztika#a-kozponti-koltsegvetes-adossaga
In English:
http://www.akk.hu/en/page/statistics#central-government-gross-debt

Peer Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements.
Comments: The maturity profile with the final payment date of the loans and remaining interestare not presented in the EBP.

Government Reviewer
Opinion: Agree

Researcher Response
We agree with the peer reviewer that interest rates can only be calculated as the ratio of interest expenditures, and total outstanding debt and the maturity profile can only be separated as short term – long term debt. We used these proxies for the required information with the comment that the data on the Debt Management Agency's website should be included in the EBP because they are more informative. The proxies are enough to give a broad picture about the debt, but not for detailed analysis.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The current response of "b" is maintained.

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 are presented in the Executive's Budget Proposal:

Answer:
Interest rates on the debt
Maturity profile of the debt
Whether the debt is domestic or external

Source:
In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
Page 299

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1263-1266

Comment:
The core components of the debt information are published, but nothing beyond it.

Peer Reviewer
Opinion: Disagree
Suggested Answer: Interest rates on the debt Whether the debt is domestic or external

Government Reviewer
Opinion: Agree

Researcher Response
We agree with the peer reviewer that interest rates can only be calculated as the ratio of interest expenditures, and total outstanding debt and the maturity profile can only be separated as short term – long term debt. We used these proxies for the required information with the comment that the data on the Debt Management Agency's website should be included in the EBP because they are more informative. The proxies are enough to give a broad picture about the debt, but not for detailed analysis.

IBP Comment
Per the comment on Q14, the existing response is maintained.

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/irom41/00503/T_503_fokotet.pdf
page 259

In Hungarian: Az általános indokolás – A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2019. évben – I. A kormányzat gazdaságpolitikája
In English: The General Justification – The Main Features of the Economic Policy of the Government in 2019 – 1. The economic policy of the government
URL: https://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 217-219

Comment:
The cited table presents all the main macroeconomic assumptions for the budget.
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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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/irom41/00503/T_503_fokotet.pdf
page 259

Comment:
The cited table presents all the main macroeconomic assumptions for the budget.
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.
Investment rate as percent of GDP - "Beruházási hányad (a GDP %-ában)"
Consumption of households - "Háztartások fogyasztása"
Export of products and services - "Termékek és szolgáltatások exportja"
Import of products and services - "Termékek és szolgáltatások importja"
Balance of current account - "Folyó fizetési mérleg egyenlege"
Exchange rate of EURHUF and EURUSD -"HUF/EUR árfolyam" and "HUF/USD árfolyam"
Change in employment (in %) - "Foglalkoztatottak számának növekedése, %"
Change in gross average wage (in %) - "Bruttó átlagkereset növekedése, %"

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
In Hungarian: 1. számú keretes írás: érzékenységvizsgálatok – pozitív és negative forgatókönyvek

In English: Box 1 Sensitivity analyses – positive and negative scenarios
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1397-1398

Comment:
The EBP contains a brief sensitivity analysis in the discussion of the macroeconomic assumptions. in the cited box the scenarios and their assumptions are discussed, but their effect on the budget deficit or individual revenue/expenditure items are not included.

A more detailed version of the analysis was published in the Convergence Programme submitted to the European Commission:
https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf
On pages 61-62 the effects of the different scenarios were presented for some of the main budgetary items. 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: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements.
Comments: The EBP includes a sensitivity analysis (pg: 1396-1410, Macroeconomic effects and medium term prognostication - Makrogazdasagi folyamatok es kozeptavu elorejelzesek) although the effects on the GDP growth, inflation rate or interest rates are sporadically mentioned in the narrative.

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements.
Comments: The Convergence Program of Hungary 2018-22 contains a sensitivity analysis (Chapter 4) and long-term sustainability of public finances (in Chapter 5). The Chapter 4 presents the effect of two scenarios (acceleration of wage dynamics, a slower growth of external demand) not only on different macroeconomic parameter but on taxes, interest expenses and balance of budget. The Chapter 5 shows the effect of changes in GDP growth and interest rate to debt level. It does not matter, in fact, that the publication of it was a month before the submission of EBP, since sensitivity can not change during such a short time period.

Researcher Response
We agree with the government reviewer that the Convergence Program includes the sensitivity analysis for the budgetary effects and that the sensitivity does not change in a month. We did not consider the Convergence Program as part of the EBP because of the earlier publication, the omission of any reference for it in the EBP and that the macroeconomic sensitivity analysis was included in the EBP, so we concluded that the relevant parts of the Convergence Programme had been inserted into the EBP's narrative discussion. We evaluated the sensitivity analysis as information for bdugetary data. As the peer reviewer claims the analysis only refers to macroeconomic data (like GDP growth, inflation rate) even in the narrative. The effect on expenditures, revenues or debt is not included.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The guidelines for Q16 are looking for the effects *of* different rates of inflation, real GDP growth, and interest on budgetary indicators, rather than effects *on* inflation, interest rates, etc. The existing response of "d" is maintained.

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:
d. No, information that shows how new policy proposals affect expenditure is not presented.

Source:
In Hungarian: Az általános indokolás

In English: The General Justification
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 213-232

Comment:
The ongoing or new policies are briefly discussed on page 215 in the paragraph starting with “Ezért 2019-ben is folytatjuk az adócsökkentés politikáját.” and detailed a little bit more on pp. 221-226. The government describes the policies but does not disclose any of their effects. The new policies are mixed with the already adopted policies effective from 2019 like the yearly increase of the tax exemption for parents with 2 children or the decrease of social contribution tax.
In the narrative discussion there is not any kind of discussion about the effects of the policies either financially or in kind. For examples the subsidies for house purchase of households with 3 or more children only describes the amount of the subsidy (10 million HUF) and the interest rate of the subsidised loan (3%) but nothing is presented about the estimated number of households or the allocated expenditures.
Furthermore the policies are not summarized or separated to the new (proposed in the EBP) policies and the already existing ones.
In the last survey at least minimal information was presented for the new policies, but this time even ad-hoc elements or the proposed policies explicitly cannot be identified. This changed the answer to 'd'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information that shows how some but not all new policy proposals affect expenditure is presented.
Comments: The EBP discusses the new taxpolicy measures in the General Justification of the EBP, and it shows the budgetary effect of each measure in detail, see table on page 300-301 on the document: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf The effect of increase of the tax exemption for parents with 2 children and effect of the decrease of social contribution tax is explained also in Citizen Budget. The Chapter Justifications give very detailed information on the budgetary effects, for example on subsidies on house purchase one can find the planned expenditures along with a narrative discussion: https://www.parlament.hu/irom41/00503/adatok/fejezetek/42.pdf In additional, the convergence programme also shows the impact of new measures on budget balance, see page 35-36. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We found the table on pp. 300-301 as tax and other exemptions that is mainly about already existing exemptions. It is not necessary that a new policy should be a tax exemption, it can be a direct expenditure as well. The medium-term effects of the policies in the Convergence program should be enough, but that only includes the already existing policies, not the new policies introduced in budget year 2019. For example the vouchers for pensioners for Christmas 2017 and Easter 2018 surely not a relevant policy for the budget for FY 2019.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 213-232

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/irom41/00503/T_503_II_fejezeti.pdf
pp. 1269-1293

In Hungarian: Főbb adó és járulékkedvezmények
In English: Main tax and social contribution exemptions
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 300-301

Comment:
The government describes briefly the policies on page 215 of the General Justification and later provides a little more detail about them on pp. 225-226. The problem is that the new policies and the already adopted policies effective from 2019 are mixed together and cannot be separated. For example the increase of personal income tax exemption for families with two children is an already adopted change, just it would be effective from 1 January 2019. This is mixed together in the discussion with new policy proposals like the increase of limit for the simplified corporate tax called "kisvállalati adó".
The effect of new policy proposals is not even presented at the narrative discussion of the revenue items. For example on page 1275 it is stated that the estimate for VAT took into consideration the decrease of the VAT on milk, but the effect is not mentioned.
This means a change from the previous survey from 'c' to 'd'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information that shows how some but not all new policy proposals affect revenues are presented.
Comments: The EBP discusses the expenditure connected to the planned development policy in the General Justification of the EBP, and in more detail in the Chapter Justifications. The budgetary effect of each measure of development policy is presented in Citizen Budget. In additional, the convergence programme also shows the impact of new measures on budget balance, see page 35-36.
https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
As in the case for expenditures in question 17 the narrative description does not contain numerical estimates for the planned new policies. The Convergence Program shows the impact of policies on the revenues, but those are already effective policies. They may affect the estimates for budget 2019, but cannot be considered as new policies introduced in the EBP for BY 2019.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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:
In Hungarian: A költségvetési törvényjavaslat 1. melléklete
In English: Appendix 1 of the EBP
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105
In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)
In English: The functional expenditures of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 280

Comment:
The EBP presents the expenditures for the previous year in functional and economic classification. 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 detaille. (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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

Comment:
Appendix 1 of the EBP does not contain any information about the previous year.

Some of the expenditures that can be treated as programs are listed in the balance sheet of the central government.
For example the subsidy for public media (“Közszolgálati műsorszogláltatás támogatása”), consumer price subsidy (“Szociálpolitikai menetdíj támogatás”), housing subsidies (“Lakásépítési támogatások”) are listed separately, but their total amount is clearly less than two-third of the total expenditures.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)
In English: The functional expenditures of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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Comment:
The data for FY 2018 were not updated. The main numbers are the same as in the Enacted Budget for FY 2018, because there was not any supplemental budget for FY 2018.
The data could have been updated with the shifting of funds. However those changes are not legal modifications and adopted by the legislature, so the legally approved numbers remained unchanged during the year.
The balance sheet for the enacted budget for FY 2018 is published in the monthly reports of the Hungarian State Treasury.
The bilingual files are available and the numbers in the column "2018. évi előirányzat" are the same during the year:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)
In English: The functional expenditures of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 280

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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: Agree

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 detaille. (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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

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.
No data is presented for BY-2 at program level.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi alrendszer funkcionális kiadásai (pénzforgalmi szemléletben)
In English: The functional expenditures of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
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Comment:
None of the tables in the EBP presents data for BY-2 that could reflect the actual outcomes for that year.
It is to be noted that at the time of tabling the EBP the actual outcomes are available in other documents, however not in the form of the Year-End Report, hence the outcomes are not approved by the legislature or audited by the State Audit Office.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Three years prior to the budget year (BY-3).
Comments: The macroeconomic and budgetary outlook (document with title "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017- it is in our view 2021") "a supporting document"- presents the BY-3 data (for year 2016) on revenue and expenditure. See: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf In additional, the Audit Report on 2016 was available, and several member of parlament from the opposition side had referred to this data in the debate on the budget proposal (as the last factual data at their disposal)).

Researcher Response
We agree with the government reviewer that the data is available in other documents (like the mentioned ones). We assessed only the documents published as EBP for the question and those did not contain the actual outcomes for any year. The questionnaire's „unity" requirement necessitates that all the relevant information shall be available in one place.

IBP Comment
IBP is in agreement that the documents cited by the government reviewer do not comprise parts of the EBP package. The existing response of "d" is maintained.

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 budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 280

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 one line called "Egyéb közhatalmi bevételek". These are broad categories, but contain all the revenues.

The balance sheet of the central budget presents the revenues in more special categories. It classifies the revenues by revenues from corporations ("Gazdálkodó szervek 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 bevéetlei"). 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: Agree

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

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 "2018. évi előirányzat".
Many of the taxes are presented in separate line like VAT ("Általános forgalmi adó"), corporate tax ("Társasági adó"), personal income tax ("Személyi jövedelemadó") or even minor taxes like tax for small enterprises ("Kisvállalati adó").
The non-tax revenues are detailed similarly. 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 dividens 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
Comments: The income from public assets, as it is presented on an aggregate level, it is not possible to track it by administrative unit, and to identify

that which public asset is utilized.

Government Reviewer
Opinion: Agree

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 budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 276

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 2018, because there was not any supplemental budget for FY 2018.

The balance sheet for the enacted budget for FY 2018 is published in the monthly reports of the Hungarian State Treasury. The EB did not include this table.
The bilingual files are available and the numbers in the column "2018. évi előirányzat" are the same during the year:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/koltsegvetes_merleg_1/222/

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, revenue estimates for BY-1 have been updated from the original enacted levels.
Comments: The mid-term Macroeconomic and budget outlook (as "supporting document") which provides basis for the EBP gives the expected outcomes for 2018. The convergence programme which prepared together with EBP and serve as supporting document give the BY-1 updated data on revenue see Table 2 page 79. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We agree that the recommended documents contain the updated revenue estimates for BY-1 (that is for 2018). However they are not supporting documents of the EBP because they were published at different time and different place. It is very important for budget transparency to make the necessary data available in one place. This is required by the questionnaire's „unity" requirement. In practice these documents were not part of the set of documents submitted to the Parliament as EBP.

IBP Comment
IBP is in agreement that the documents cited by the government reviewer do not comprise parts of the EBP package. The existing response of "b" is maintained.

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 budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 280

Comment:
The summary tables only show the estimates for BY-1 (in the column “2018. évi előirányzat”) and BY (in column “2019. évi előirányzat”). The data for budget year minus 2 is not shown anywhere in the EBP. The audited numbers for FY 2017 were not available at the time of tabling the EBP, but preliminary outcomes could have been included as reference.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, revenue estimates for BY-2 and prior years are presented by category.
Comments: As the researcher noted preliminary data for 2017 was available for the public even if not in EBP but in one of the supporting documents. The report on the implementation of budget for 2017 presented preliminary data on revenue realized in 2017, from which BY-2 estimates could be inferred easily on revenue categories (taxes and non-tax revenue).
https://www.kormany.hu/download/e/8b/41000/monitoring_12_december_20180115.pdf Since the deviation of the preliminary data from the actual outcome (audited data) on revenue are insignificant, as one can see the Audit Report on 2016 and previous years.

Researcher Response
The recommended documents contain the revenue estimates by category. However we considered only the set of documents that were submitted to the Parliament as EBP and the mentioned documents were not among them. We agree that the deviation between the preliminary data and the audited data is minimal, but for budget transparency the relevant aspect is to make the data instantly comparable with the proposed estimates. This is required by the questionnaire’s „unity” requirement.

IBP Comment
IBP is in agreement that the documents cited by the government reviewer do not comprise parts of the EBP package. The existing response of "b" is maintained.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

Comment:
The most recent estimates for individual revenue sources are for FY 2018 presented in the balance sheet of the central budget in the column “2018. évi előirányzat”. For previous years neither the actual outcome nor the original/updated estimates were presented.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 38-105

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 280

Comment:
There is no data for actual outcome in the EBP for any year. The tables only present estimates for FY 2018, that is BY-1.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Three years prior to the budget year (BY-3).
Comments: Audit report on 2016 "as supporting document" provided information to the public on BY-3 revenue data.

Researcher Response
We agree that the latest audited data available at the time of submitting the EBP for FY 2019 was the Audit Report on 2016. However the Audit Report on 2016 is a different budget document, not a supporting budget document of the EBP for BY 2019. We considered only the set of documents submitted to the Parliament as EBP when evaluated the question. For the budget transparency one requirement is the „unity" that is making the necessary information available in one place as stated in the questionnaire's methodology. In this case the data must be included in the document package published as EBP.

IBP Comment
IBP is in agreement that the document cited by the government reviewer is not part of the EBP package. The existing response of "d" is maintained.

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.

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 budget
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 276-277

In Hungarian: A központi költségvetés bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 299

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1263-1266

Comment:
The balance sheet of the central budget presents the interest payments on the debt. On page 276 the line "Kamatbevételek" shows the amount of interest received and on page 277 the line "Kamatkiadások" shows the amount of interest paid. The estimates for BY-1 is shown in the column "2018. évi előirányzat".

The evolution of gross debt presents the amount and composition of the debt. The column "2017. XII. 31-i állomány" is the factual stock at the end of 2017, while the other two columns are estimations for the end of 2018 and 2019. The amount of total debt is shown in the line "A központi költségvetés bruttó adóssága mindösszesen".The table presents the total debt by currency denomination and type (loans, T-bills, bonds).

The narrative discussion does not include any additional information about the core elements for the previous years. It details the line items individually and sporadically mentions the previous year's estimate for comparison.

The Debt Management Agency publishes the data for the previous years, but these are not included in the EBP. Previously the net borrowing requirement was included in the Yearly Outlook of the Debt Management Agency, but recently it omitted the data, only estimated it with the cash-flow balance of the budget.

There are still core elements that are missing from even the data published by the Agency. For example the interest rates are available for each securitized debt instrument (for example T-bills, bonds), but not for loans. The interest rates are not published even in aggregated way.

The Yearly Outlook of the Debt Management Agency for 2018:
In Hungarian:
http://www.akk.hu/uploads/Gn1884wa.pdf
In English:
http://www.akk.hu/uploads/Y79ggRw0.pdf

The maturity profile of the debt is available here:
In Hungarian:
http://www.akk.hu/hu/oldal/statisztika#a-kozponti-koltsegvetes-adossaganak-lejarati-szerkezete

In English:
http://www.akk.hu/en/page/statistics#maturity-profile-of-the-central-government-debt-annual-and-quarterly-figures

The ownership of securitized debt by the different sectors:
In Hungarian:
http://www.akk.hu/hu/oldal/statisztika#a-befektetoi-szektorok-masodpiaci-allampapir-pozicioja
In English:
http://www.akk.hu/en/page/statistics#main-investor-groups-net-buying-position-in-the-secondary-market

The ownership of loans
In Hungarian:
http://www.akk.hu/hu/oldal/statisztika#a-kozponti-koltsegvetes-adossaga
In English:
http://www.akk.hu/en/page/statistics#central-government-gross-debt

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 debt 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 bruttó adósságának alakulása 2017-2019 között
In English: The evolution of the gross debt of the central government between 2017 and 2019
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 299

Comment:
The most recent data is for FY 2017, that is BY-2. The data is in the column "2017. XII. 31-i állomány".
The data is the same as in the Debt Management Agency's statistics. The data is in the row "Mindösszesen".
In Hungarian:
http://www.akk.hu/hu/statisztika/allamadossag-finanszirozas/a-kozponti-koltsegvetes-adossaga
In English:
http://www.akk.hu/en/statistics/central-government-debt-deficit-financing/central-government-gross-debt
The figures are also the same as the ones published by the Hungarian National Bank (responsible for monetary statistics).
In Hungarian:
https://www.mnb.hu/letoltes/adossag-hu-1.xlsx
In English:
https://www.mnb.hu/letoltes/adossag-en-1.xlsx
In the excel file on the worksheet ÁKK MNB bridge ("ÁKK MNB átvezetés") in the row "Total gross debt of the central government maintained by the ÁKK".

Peer Reviewer
Opinion: Agree

Government Reviewer

Opinion: Agree

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.

Answer:
d. No, information related to extra-budgetary funds is not presented.

Source:
In Hungarian: T/2052 A Nemzeti Média- és Hírközlési Hatóság 2019. évi egységes költségvetéséről
In English: Bill No. T/2052 on the budget for FY 2019 of the National Media and Infocommunications Authority
URL: http://www.parlament.hu/irom41/02052/02052.pdf

In Hungarian: I. Országgyűlés – Társadalmi szervezetek és media támogatása - 11. cím: Közszolgálati médiaszolgáltatás támogatása
In English: Chapter I. National Assembly – Support of social organizations and media – Article 11 Support of public media
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
page 349

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 healthcare 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").
The only real budgetary fund in Hungary is the Media Services and Support Trust. 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 9 October 2019 and approved by it on 13 November 2018. 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. Since this fund was omitted we changed the answer from the previous survey from 'c' to 'd'.

In order to provide a full picture about public use of funds it is worth considering the inclusion of the educational foundations of the National Bank of Hungary.
The Eurostat views these foundations as part of the general government and a consequence they could be included in the EBP as well as extra-budgetary expenditures.
In the 19. Comment section:
https://ec.europa.eu/eurostat/cache/metadata/en/gov_10q_ggfa_esms.htm
The letter to the President of Central Statistical Office by the Eurostat:
https://ec.europa.eu/eurostat/documents/1015035/8683865/Advice-2018-HU-Statistical-classification-of-the-MNB%27s-foundations-and-their-subsidiaries-Letter-3.pdf/38ba80d1-2949-4248-bc2c-6e62874f5048

Peer Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.
Comments: Based on the information available on the website of the State Treasury, currently there are 5 extra budgetary funds: Labour Market Fund; Central Nuclear Financial Fund; Miklós Wesselényi Flood and Inland Waters Protection Indemnity Fund Innovation Fund for Research and Technology; National Cultural Fund; Source: http://www.allamkincstar.gov.hu/en/main/extra_budgetary_funds The EBP presents Extra Budgetary Funds on the following sections: URL: http://www.parlament.hu/irom41/00503 Balance of the central subsystem (A központi alrendszer mérlege) - EBP, pp: 275 Narrative presentation of the purpose or policy rationale for the extra-budgetary fund are presented as follow: - Labour Market Fund - EBP. pp: 1337-1343 - Central Nuclear Financial Fund - EBP. pp: 1353 -1361 - Miklós Wesselényi Flood and Inland Waters Protection Indemnity Fund - Not presented in the EBP as it was terminated in 2017. - Innovation Fund for Research and Technology - EBP, pp: 1247 - 1257 - National Cultural Fund - EBP. pp: 1363 - 1369 - Bethlen Gábor Fund - EBP. pp: 1345 - 1351 - Not listed on the website of the State Treasury Extra budgetary funds are not separately presented in the EBP but more as individual chapters.

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.
Comments: If the researcher's answer is accepted in relation with Media Services and Support Trust, one can speak about extra-budgetary fund in Hungary. In this case, the proposed answer c is relevant, because the budget of the trust was submitted to and approved by Parliament in November 2018, which implies the information on this fund was available to the public. The statement of purpose and method of financing of the Trust can be found in appendix 4 of the Law on Media Services and Mass Media: http://njt.hu/cgi_bin/njt_doc.cgi?docid=133252.361900 and http://njt.hu/cgi_bin/njt_doc.cgidocid=211215.360659 The report on expenditure and income realized in 2017 was published here: http://njt.hu/cgi_bin/njt_doc.cgi?docid=211214.360657 As for educational foundations of National Bank of Hungary, mentioning of them is totally irrelevant. They are not extra budgetary funds, they are non-profit institutions with legal personality. Investigation of them by the Eurostat does not mean at all that they are part of the comprehensive governmental sector in statistical sense. The relevant information on these Foundations will be part of the central bank's reports, and not of the budgetary documents.

Researcher Response
The information about the Media Services and Support Trust was published months after the EBP had been approved. This means it was not part of the budget documents published as EBP, so the EBP did not contain any information about the Trust and the legislation decided about the EBP without this knowledge. The foundations were proposed to provide a comprehensive picture about the use of public funds. In the questionairre's methodology comprehensiveness is one of the budget documents' requirements. For example the expenditures for education may seem low for the readers and decision-makers without the foundations, but they might see it otherwise if they knew about the additional expenditures. We evaluated the Labour Market Fund, Central Nuclear Financial Fund and the other listed funds as intra-budgetary funds, because they operate within the same rule set as the ministries and other chapters.

IBP Comment
IBP is in agreement with the researcher's comment and "Response to Review." As information on the Media Services and Support Trust was not presented in the EBP or its supporting documents, the existing response of "d" is maintained.

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 szemlélet) (közgazdasági osztályozás szerint)
In English: Consolidated expenditures of the central government (cash-flow based) (by economic classification)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 281

In Hungarian: A központi alrendszer konszolidált funkcionális kiadásai (pénzforgalmi szemlélet)
In English: Consolidated functional expenditures of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 284

In Hungarian: Az államháztartás konszolidált kiadásai (pénzforgalmi szemlélet) (közgazdasági osztályozás szerint)
In English: Consolidated expenditures of the general government (cash-flow based) (by economic classification)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 265

In Hungarian: Az államháztartás konszolidált funkcionális kiadásai (pénzforgalmi szemlélet)
In English: Consolidated functional expenditures of the general government (cash-flow based)
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 268

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.

Peer Reviewer
Opinion: Agree
Comments: The consolidated tables present the figures for the central government and the general government. The extra-budgetary funds are presented as separate chapters of the central budget.

Government Reviewer
Opinion: Agree

IBP Comment
In light of the "d" response for Q33, the response for this question is revised from "a" to "b," as the guidelines call for information on the consolidation of budgetary and extra-budgetary activities.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 47

In Hungarian: 2. melléklet A helyi önkormányzatok általános működésének és ágazati feladatainak támogatása
In English: Appendix 2 The supports for the general operation and sectoral tasks of local governments
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 106-157

In Hungarian: 3. melléklet A helyi önkormányzatok kiegészítő támogatásai
In English: Appendix 3 Supplemental supports for the local governments
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 168-174

In Hungarian: 8. melléklet Egyes személyes gondoskodást nyújtó szociális, gyermekvédelmi közfeladatot ellátó intézmény fenntartóját megillető támogatások
In English: Appendix 8 Subsidies for maintainers of institutions providing personal care for social, child protection purposes as public tasks
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 193-205

In Hungarian: IX. Helyi önkormányzatok támogatásai
In English: Chapter IX Supports of the local governments
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
pp. 429-438

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/irom41/00503/T_503_fokotet.pdf
page 305

Comment:
The appropriations for local governments are presented in Chapter IX Support of the local governments in appendix 1. The details of the supports are discussed in further appendices (for example what amount and for what goal is subsidised). These appropriations are mostly 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, 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. 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 or other local governments. 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: Agree

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 is 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: Általános indokolás – 3. A kormány által prioritásként kezelt főbb területek és fontosabb változások
In English: The General Justification – 3. Prioritized areas of the Government and their notable changes
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 221-225

Comment:
The government describes the policies in certain categories, like point 'a' is about the policies related to families, point 'b' about policies related to labour, but these categories do not make up a whole distribution. Since the costings of the proposed and entering to effect policies are not described, there is no presentation how the policies would affect certain groups.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
N/A

Comment:
The government did not include alternative displays in the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer

Opinion: Agree

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.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 94-95

In Hungarian: XLIII. fejezet Az állami vagyonnal kapcsolatos bevételek és kiadások – 2. cím Az állami vagyonnal kapcsolatos kiadások - 2/2. alcím: Társaságokkal kapcsolatos kiadások
In English: Chapter XLIII Revenues and expenditures related to public assets – Article 2 Expenditures related to public assets - 2/2 Expenditures related to corporations
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1312-1315

Comment:
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").
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.") is under Prime Minister's Office on page 52. The Paks II nuclear power plant is a governmental investment, but executed through a corporation. The Ministry of Foreign Affairs provides support for the Eximbank for interest rate subsidy ("Eximbank Zrt. kamatkiegyenlítése") on page 69, while the Cabinet of the Prime Minister provide support for the corporation responsible for supervising tobacco concessions ("A Nemzeti Dohánykereskedelmi Nonprofit Zrt. működtetése").
Another case is the subsidy to the public railway company that receives funds from both appropriations: once as a revenue for the supported railway tickets for certain social groups ("Szociálpolitikai menetdíj kedvezmények") on page 91 and as a support for its operational costs ("Vasúti személyszállítási közszolgáltatások költségtérítése") on page 67.
While all the transfers to public corporations are presented in the EBP as legally required, not all of them can be easily identified or presented in a transparent way (for example in a summary table).

Peer Reviewer
Opinion: Agree
Comments: The transfers for public corporations are detailed in the narrative part and are fully presented. Although the transfers to state owned public corporations are not collected under this section. In this way it gives a distorted picture of the transfers to public corporations.

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, estimates of all transfers to public corporations are presented, along with a narrative discussion.
Comments: According to Hungarian laws, the budget must include all transfers to public corporation, only with this legal base it is possible to transfer any support. Narrative discussion of this transfers can be found in the General Justification and in the Justification of the chapters.

Researcher Response
As stated in the comment all the transfers are included in the EBP and we agree that it is required to form a legal base for the transfers. We chose the answer because not all of the transfers can be identified easily. In our view the government review confirms this since it also stated that the information were available only in the narrative discussion and that is burdensome to look through all of it.

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:
d. No, information related to quasi-fiscal activities is not presented.

Source:
In Hungarian: Origo.hu: Sikerek a magyar nagyvállalat stratégiájának első évében
URL: http://www.origo.hu/itthon/20170601-mvm-interju-bentzik-reka.html

In Hungarian: 444.hu: Az MVM fő sajtósa az Origónak adott benyalós PR-interjúban véletlenül elárulta az igazságot a CÖF támogatásáról
URL: https://444.hu/2017/06/02/az-mvm-fo-sajtosa-az-origonak-adott-benyalos-pr-interjuban-veletlenul-elarulta-az-igazsagot-a-cof-tamogatasarol

In English: Huge donation from state coffers for the government's favorite NGO
URL: https://english.atlatszo.hu/2017/06/21/huge-donation-from-state-coffers-for-the-governments-favorite-ngo/

Comment:
The government engages in quasi-fiscal activities but these are not presented in the EBP.
For example the energy company owned by the state, called MVM, has a social responsibility program that supports civil organizations. All the supports provided through the program are approved by the National Communication Office, a budgetary institution under the control of the government. Hence the program is not independent from the government and in practice disguised spending of public funds. This nature of the program is proved by the first two cited articles in which the communication director of the MVM confirmed the governmental approval.
It is unknown how much the state corporations spend on public tasks in similar ways and without approval of the legislature.
Since the EBP does not present any information about quasi-fiscal activities, but there is at least one case, we chose answer 'd'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: e. Not applicable/other (please comment).
Comments: In our view there are no the quasi-fiscal activities. All state subsidy is presented in EBP. For example the state owned transport companies provides services at lower prices (to students and pensioners), but the compensation for this services are included in the budget as subsidies. The same is relevant for the case of Eximbank interest-subsidies export loans, as the State Budget finances this interest component, and not the Eximbank by generating losses. The example of state owned energy company (MVM) supports to civil organizations are irrelevant. No evidence has been revelled on the accusation that this kind of supports were approved by any state organization or that spending was covered from the budgetary sources.

Researcher Response
The quasi-fiscal activities does not have to involve budgetary sources, since they are spent from the company's budget, but for public goals. The statement was made by the communication director of the MVM, so we accepted it as she was the representative of the company. We also disagree with the statement that all the subsidies are presented in the budget. 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 tarif reduction). The resolution of the government clearly stated that the source of this policy would be the accumulated reserves at the company. The resolution: 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/ This solution is also true for the standard energy tariff reduction. In this case the energy authority declares the standard energy tarifs for the households and the energy companies have to sell at that price. When the international prices are lower, this causes no problem for the companies, but when they are higher, the company owners have to finance this loss.

IBP Comment
In light of the researcher's "Response to Review," the existing response of "d" is maintained.

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.
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

The corporations owned by the government is included in the Year-End Report, but we did not consider it as part of the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some core elements or some financial assets.
Comments: Since there are information from statistics of National Bank of Hungary "as supporting document" on the total value of different financial assets held by the government, it can be said that some (even if not all) information is available, See: https://www.mnb.hu/letoltes/ahtszla-en-1.xlsx

Researcher Response
We agree that the National Bank of Hungary published the information but in our answer we only considered the documents submitted to the

Parliament as EBP. The reason for this was the survey's „unity" requirement that requires the governments to make all the relevant information available in one place as good budget transparency practice.

IBP Comment
IBP is in agreement that the document cited by the government reviewer is not part of the EBP package. The existing response of "d" is maintained.

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 állami vagyonnal kapcsolatos bevételek - 1/1. alcím: Ingatlanokkal és ingóságokkal kapcsolatos bevételek
In English: Chapter XLIII Revenues and expenditures related to public assets – Article 1 Revenues related to public assets - 1/1 Revenues related to real estates and goods
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1306-1307

Comment:
The EBP contains only information about the changes in the nonfinancial assets held by the government. 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. In most cases only the expected revenues are described, but for example at the Nemzeti Eszközkezelő it is also mentioned it has planned with selling of 150 real estates.
The stock of nonfinancial assets is not included in the EBP and only available in other sources. One of it is the act CXCVI on National Assets, the other is the National Inventory.
Since the listing of the assets is a core information and that is not included at leas partially, we chose answer 'd' that is a change from the previous survey's 'c'.
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: Országleltár
In English: National Inventory
URL: http://www.orszagleltar.gov.hu/faces/UI-fooldal?_adf.ctrl-state=n02i1aggm_3

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, information is presented, but it excludes some nonfinancial assets.
Comments: As the researcher has stated that there are some information about nonfinancial assets held by the government in other sources. (the act CXCVI on National Assets, the National Inventory), so the proposed answer must be "c".

Researcher Response
We agree that the information is available on other website. In assessing the question we considered only the documents submitted to the Parliament as EBP. The reason for this is the questionnaire's „unity" requirement that requires the governments to make available all the relevant information in one place as good budget transparency practice.

IBP Comment
IBP is in agreement that the document cited by the government reviewer is not part of the EBP package. The existing response of "d" is therefore maintained.

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.

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 does not disclose any information about arrears. The Hungarian State Treasury publishes a monthly report about arrears by institutions and composition on its website:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/koltsegvetesi_szervek_tartozasai/tartozas_uj_mind_ossz_201901.PDF
The liabilities of budgetary institutions to actors outside the general government is shown in the rightmost column of the line "Egyéb tart. állomány összesen".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1286-1288

Comment:
In the cited section of the EBP the government discusses the standard guarantee programs and the estimated expenditures to each of them. The aim of the guarantees are described or can be guessed from the name of the program, but other information about the guarantees like the stock, default rate are omitted.
On the webpage of the Ministry of Finance there is 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 file is available here:
http://www.kormany.hu/download/7/73/01000/%C3%9Cvegzsebt%C3%A1bla%20-%202017%2003%2031.xlsx#!DocumentBrowse
Since not all the guarantees are presented in the EBP, and the presentation does not include all the core information we chose answer 'c'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: 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: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1379-1380

In Hungarian: Az államháztartás mérlege (2018-2022)
In English: Balance sheet of the general government (2018-2022)
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1416

Comment:
The only long-term projection in the EBP is the 50-year demographic projection used by the Pension Insurance Fund. The macroeconomic and fiscal tables only present the data up to BY+3 years.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, the core information is presented to assess the government's future liabilities and the sustainability of its finances over the longer term.
Comments: The convergence programme which prepared together with EBP and serves as supporting document contains assessment of sustainability of public finances in chapter 5. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The long-term sustainability of public finance in the Convergence Programme discusses mainly pension expenditures and the general government debt as % of the GDP. We did not consider the Convergence Programme as part of the EBP because the survey methodology requires the „unity" of budget documents that means all the relevant information shall be made available in one place. The other reason is that parts of the Convergence Programee were also inserted in the narrative discussion of the EBP, so we concluded those were the only information relevant to the EBP.

IBP Comment
IBP is in agreement that the document cited by the government reviewer is not part of the EBP package. The existing response of "c" is maintained.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 289-295

In Hungarian: XIX. Uniós fejlesztések
In English: Chapter XIX Developments financed from EU funds
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
pp. 853-901

Comment:
The donor assistance mainly consists of the development funds received from the European Union. On page 861 the revenues and related expenditures are listed by operative programmes. The received funds are shown in the column "Bevétel". Another summary table can be found on page 289 where the expenditure ("Kiadás") and the funds from the EU ("Uniós bevétel") are shown in separate tables.
The narrative discussion also presents the programmes and the sub-level programmes, their goals and the available funds. Other indicators, like performance indicators, are not included.
Beside the EU Funds the budget does not receive any significant donor assistance.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 300-301

In Hungarian: XLII. fejezet A költségvetés közvetlen bevételei és kiadásai
In English: Chapter XLII Direct revenues and expenditures of the budget
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
page 1277

Comment:
The EBP presents the foregone revenues for many tax exemptions in cited summary table. The first column presents the lower, the upper bound 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. For example at the estimate of the personal income tax the discussion describes the change of the tax exemption for families with two children and describes the total exemption, but does not provide further information (like the intended beneficiaries or the purpose of the tax exemption). This additional information is mainly defined in other documents like the appropriate law or governmental press releases.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, the core information is presented for all tax expenditures.
Comments: The core information on tax expenditures are given in the appendix of the EBP on page 300-301.
http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf

Researcher Response
In the cited table of the government review only the estimate of the foregone revenue is included, while the intended beneficiaries can be guessed from the name of the tax exemption, but only in some cases. The statement of purpose for the policies were not included in the EBP, so not all core information were included in the EBP.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
page 102-104

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 item, 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, the Health Insurance Fund and social contributions as its revenue. These revenues finance broadly the linked purposes like pensions and healthcare services.
Similar revenue is the fund received from selling CO2 quotas that has to finance “green” expenditures supporting efforts against global warming. The revenue and the linked expenditures are planned as the same amount, but at the implementation it cannot be followed if the revenues were really spent for that goal.
Previously (in FY 2015) the government used a separate table for the Investment Fund that tied the investment expenditures to the revenues from selling public assets. This time there was no similar approach.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, estimates of all earmarked revenues are presented, but a narrative discussion is not included.
Comments: The researcher statement on "The rules of earmarked revenues are not very strong." cannot be relevant on the issue, the estimates of all earmarked revenues are defined. The researcher doesnot say what earmarked reveunes are not presented. The fact is that all earmarked revenues are presented.

Researcher Response
All the revenues are presented, but it cannot be identified which revenues are tied to which expenditures. The Pension Insurance Fund or the Health Insurance Fund can be a good example where this connection can be identified, but this cannot be said about the revenue from selling CO2 quotas and the connected renewable energy expenditures. We chose the answer because these connections are not obvious in all the cases.

IBP Comment
IBP accepts the researcher's "Response to Review." The existing response of "c" is maintained.

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 2019. évben – II. Az államháztartás célja és keretei – 1. Költségvetés-politikai keretek
In English: The General Justification – Main characteristics of the economic policy of the government, the state of the budget in 2019 – II. Goals and settings of the state finances – 1. Settings of the budgetary policy
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 219-220

Comment:
The government describes the general goals of the budget, like maintaining financial stability while reducing budget deficit and the state debt. It also declares goals according to the government's strategy, but these goals are rather policies and measures.
For example at the first bullet point the government declares its goal to tackle demographic challenges by increasing the subsidies of families, increasing the fertility rate and supporting the childcare. But it omits what demographic challenges it identified and for what reason the government deems this problem important. One can assume the government implicitly fears the aging society and the pension scheme problems it may cause, but does not say so explicitly. Others may assume it is simply a nationalistic approach, because the decreasing population may lead to the extinction of Hungarians.
The other points are more confusing, since they list for example the simplification of tax system by reducing the number of taxes and the continuation of the wage programmes at budgetary institutions. These are also policies or tools because the ultimate goals may be to increase the investors' confidence in Hungary and attract foreign investments, while the latter may be related to provide sufficient public services.
We only treated the demographic challenges as a clear goal of the government, but even that is rather vague and misleading.

Peer Reviewer
Opinion: Agree
Comments: The general goals of the government are presented in The General Justification (EBP, URL: http://www.parlament.hu/irom41/00503/; pp. 219-220) although most of them are rather policies. A more detailed presentation is in the Chapter justification of the EBP where are presented the goals and expected results, the available resources to fulfill these goals, and the action which should be taken in order to achieve the targets (EBP, URL: http://www.parlament.hu/irom41/00503/; pp. 327-1392) Although these are policy goals of the chapters (administrative units)

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for the budget year are presented, along with a narrative discussion.
Comments: The goals of the Government are included both in the General Justification and in more detail each budgetary item is linked to the goals and priorities of the Government's social or economic policy in the Justification of chapters. In additional, the convergence programme also shows how the proposed budget is linked to the goals. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
As the peer reviewer did, we also found the general „goals" in the General Justification to be policies instead of clear, measurable goals. Consequently it is not discussed how the budget or the new policies support the achievement of the goals. According to our assessment the justification are policy-driven, so the new or effective policies determine the goals, and that makes hard to identify the general goals of the government. We agree that specific goals can be found in the Chapter Justifications, but not in all of the chapters.

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:
c. Yes, information that shows how the proposed budget is linked to some but not all of the government's policy goals for a multi-year period is presented.

Source:
In Hungarian: Az általános indokolás – A kormány gazdaságpolitikájának fő vonásai, az államháztartás alakulása a 2019. évben – II. Az államháztartás célja és keretei – 1. Költségvetés-politikai keretek
In English: The General Justification – Main characteristics of the economic policy of the government, the state of the budget in 2019 – II. Goals and settings of the state finances – 1. Settings of the budgetary policy
URL: http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf
pp. 219-220

Comment:
The narrative discussion only mentions goals for FY 2019.
Some of the goals may be interpreted as long-term goals like "A nyugdíjasok erkölcsi és anyagi megbecsülése érdekében a nyugdíjak vásárlóerejének megőrzése mellett annak biztosítása, hogy a nyugdíjasok részesüljenek az elért gazdasági növekedésből" which means maintaining the real value of pensions and providing additional funds based on the economic growth. However this long-term commitment is defined in law, hence the government do not have much choice in this question.
Clearly defined multi-year policy goals are not presented in the EBP.

Peer Reviewer
Opinion: Agree

Government 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 a multi-year period is presented.
Comments: The EBP contains a midterm outlook that presents the government's economic and fiscal policy plans for the forthcoming budget years, and shows how the proposed budget is linked to the main government's policy goals for a multi-year period. See page 1395-1416 on http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf The General Justification of the EBP also contain many reference to the multi-year program of the government, for example on Modern Cities Program, Carrier programs for different segments of public servants. See: page 221-225 http://www.parlament.hu/irom41/00503/T_503_fokotet.pdf

Researcher Response
The mid-term outlook in the EBP describes the main goals on page 1411 like the reduction of government debt and budget deficit along with the increase of subsidies to families, strenghtening the labur-based economy, improving the innovation capacity, ensuring the security of the country and carrying out policies for Hungarians in neighbouring countries. The other parts of the cited section evaluates the macroeconomic situation and the assumptions made for some of the major line items in the mid-term budget forecast. While the mid-term goals are listed and provide a good starting point, the policies linked to each goal are missing. For example a separate table on pp. 1419-1420 of the EBP lists all the expenditures for Hungarians in neighbouring countries, the information are not linked to the goals and it is only by chance that the table was inserted nearby the pages listing some of the general mid-term goals. Based on the cited section, only the multi-year goals could be identified but the policies to achieve them are not.

IBP Comment
In light of the information cited by the government reviewer in the General Justification of the EBP (pp. 221-225), the response is revised from "d" to "c" for the purposes of cross-country consistency.

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: XII. Agrárminisztérium – 6. cím Mezőgazdasági középfokú szakoktatás intézményei
In English: Chapter XII Ministry of Agriculture – Title 6 Secondary vocational schools of agriculture
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
pp. 535-537

Comment:
The chapter-level narrative discussions generally present the allowed number of employees for each institution. For example in the case of the secondary vocational schools of agriculture the allowed number of employees is 4.432 persons as shown in the column "Átlagos statisztikai állományi létszám (fő)" on page 537. This mainly explains the expenditure of compensation of employees and social contributions.
For other cases there are sporadic information about nonfinancial data on inputs. For example this same title mentions that about 20 thousand students attend the secondary schools of the Ministry. The data is only mentioned without any context, like is it increasing or decreasing compared to the previous years, so it cannot be assessed if the proposed expenditures are in line with this data.
Systematically only the number of employees are presented in the EBP.

Peer Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, nonfinancial data on inputs are provided for each program within all administrative units (or functions).
Comments: The EBP gives a narrative description by administrative units (called chapters) where are presented in general the followings: I. Defining, listing and quantifying goals and expected results II. Resources available to meet the targets in 2019 III. The way to reach the targets URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf pp. 327 - 1392

Government Reviewer
Opinion: Agree

Researcher Response
The structure of the chapters follow the order listed in the peer reviewer's comment, but in most of the cases there are no measurable input data for the goals or expenditures. The resources sections describe the number of employees by institutions and the available financial funds for reaching the general goals stated in the first section. No other input data is described why exactly that much fund is necessary for a given expenditure.

IBP Comment
As the number of employees for BY 2019 is presented for each administrative unit (in the column "Átlagos állományi létszám"), the response is revised from "c" to "b" to ensure consistency across survey countries.

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: XI. Miniszterelnökség – 4. jogcím Nemzeti Olimpiai Központ beruházás támogatása fejezeti kezelésű előirányzat alakulása
In English: Chapter XI Cabinet of the Prime Minister – Title 4 Evolution of the chapter-administered appropriation of the support of the investment of National Olympic Centre
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
page 470

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. For example the cited example is about building a centre stadium in Hungary and the description is only about that it will be a highest UEFA category stadium with capacity of 65 thousand attendees. This is the only type of description that can be found in the narrative discussion of the EBP, thus there is no numerical data on the results.
This is a change from the previous survey from 'c' to 'd'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, nonfinancial data on results are presented for some programs and/or some administrative units (or functions).
Comments: In the Justification of chapters a narrative discussion describes the aim of the appropriations, frequently referring to the expected results. For example in chapter of Ministry of Human Resources the justification describe that extra 65.3 million forint will be used for "Providing a free textbook package from 1-9. grade for all students". See page 938

Researcher Response
We did not evaluate the proposed comment as nonfinancial data. The narrative discussion does not mention that the extra funds are only required for the 9th grade because the policy to provide free textbooks to students is introduced gradually, and a higher class is added each year to the program. The other comment is that the number (or percent) of students are not stated and that makes the evaluation of the program difficult. In our view data could be the number of new students receiving free textbooks, so the amount of additional funds can be validated as a correct estimation. This description is too general to confirm the additional funds.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The aim of providing free textbooks for all students in grades 1-9 does not contain enough details on e.g., the number of expected beneficiaries. The existing response of "d" is maintained.

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: XIV. Belügyminisztérium - Rendőrség
In English: Chapter XIV Ministry of Interior – Police departments
URL: http://www.parlament.hu/irom41/00503/T_503_I_fejezeti.pdf
pp. 646-647

Comment:
At the beginning of each chapter-level discussion the Ministry defines the goals of its activities. The description in most cases is very general and a repetition of the activities defined in different laws. These lists do not contain any quantifiable targets.
In some cases the narrative discussion of the institutions mentions vague performance targets. In the case of police departments the line "a halálos áldozatok számában az EU által 2010-hez képest 2020-ra kitűzött 50%-os csökkenés időarányos megvalósítása" means the reduction of number of mortal victims of traffic accidents by 50% by 2020 relative to 2010. The base of reduction is not quantified, nor the last available status, thus this

target cannot be assessed . More likely this point was listed as a legal obligation of the police department.
There are no systemic performance targets throughout the EBP, and compared to the previous survey we did not find any sporadic information that could be evaluated as performance indicator.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 for 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: XX. Emberi Erőforrások Minisztérium – 20/20 Társadalmi kohéziót erősítő tárcaközi integrációs szociális programok
In English: Chapter XX Ministry of Human Capacities – 20/20 Social programs for strengthening social cohesion
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1024-1029

In Hungarian: XX. Emberi Erőforrások Minisztérium – 20/39-47 Megváltozott munkaképességű munkavállalók foglalkoztatásának támogatása
In English: Chapter XX Ministry of Human Capacities – 20/39-47 Employment programs for disabled persons
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1102-1104

In Hungarian: XX. Emberi Erőforrások Minisztérium – 20/59 Társadalmi felzárkózást segítő programok
In English: Chapter XX Ministry of Human Capacities – 20/59 Programs for social integration
URL: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1110-1119

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.

Most of these programs are administered by the Ministry of Human Capacities and shown separately like in the cited examples but there are other expenditures in the EBP that are not shown separately. This latter includes 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. 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.

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

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, estimates of all policies that are intended to benefit directly the country's most impoverished populations are presented, but a narrative discussion is not included.
Comments: The subsidies are not presented consistently but they are listed under the chapter to which it belongs. The annex 1 of the EBP presents under each chapter among many other items, also the extraordinary transfers. For example in the chapter of the Ministry of Human Resources all the institutions coordinated by this ministry and their goals are presented. Among other goals are presented also those transfers from which benefit the most poorest segments of the society.

Researcher Response
We agree that all the subsidies are presented in the relevant chapters and also accept that the narrative discussion describes the aim of the transfers, so they can be identified. We missed an easily available table or other organised structure where these transfers were made clear. Many of the transfers are general, so all households can receive it and in these cases it is unknown what percentage is given to the poorest ones. For example the general subsidy for families („Családi pótlék”) is planned with 300 billion HUF (about 1% of the GDP), but according to other researches it is an important revenue source for the poorest households. On the other hand there is also a tax exemption for families with a similar amount that mainly benefits the households with higher income. It would be inappropriate to handle any of them exclusively as transfer to the poorest households, but the households benefits from these. In our view the current presentation makes transparent only part of the transfers.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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
URL: http://ngmszakmaiteruletek.kormany.hu/download/d/f0/32000/2019_TT_180518.pdf
page 2

Comment:
The timetable contains information primarily to the budgetary institutions.
First the owners of the chapters have to send their preliminary budgets to the Ministry of Finance by 24 May 2018. The Ministry tables the main volume of the budget, the Government discusses it at the end of May, then send it for approval to the Fiscal Council. After the opinion of the Council is received the Government submit the proposal to the Parliament by 12 June. In parallel the owners of the chapters send the narrative discussion to

the Ministry by 15 June and the Ministry edit it and submit it to the Parliament by 22 June.
The necessary information is included in the timetable.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 made publicly available a macroeconomic and budgetary outlook in December 2018. It included a macroeconomic forecast, but the document was prepared about 4-5 months before the submission of the EBP, hence it may differ from the one in the EBP. Also the document only describes the current fiscal outlook and the already adopted policies but does not mention the policies planned in the EBP. Because the document is too early to the EBP and does not explain the budgetary proposals of the EBP, hence we did not evaluate it as Pre-Budget Statement.

Link to the document:
In Hungarian:
http://www.kormany.hu/download/9/59/81000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202018%20december.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, information beyond the core elements is presented for the macroeconomic forecast.
Comments: In our view two documents fulfill the function of a PBS in this aspect: The macroeconomic and budgetary outlook (document with title "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021") in December presents updates on macroeconomic forecast beyond the core elements. See:
https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf In addition, the convergence programme in April provides wide range of information for macroeconomic

forecast (consumption, investment, export-import, labor market trens, ect.) on page 10-31. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response

We agree that the cited document contains a macroeconomic forecast for multi-year period. There are slight deviations from the macroeconomic forecast in the EBP, so it is not assured the forecast in the cited document was used to determine the main budgetary numbers. Apart from this the cited document was published 4-5 months before the submission of the EBP and did not contain any information about the policies planned in the upcoming budget. For these reasons we did not consider it as a Pre-Budget Statement because based on the document no debate can be held about the budget priorities. The Convergence Programme could serve this purpose as it was published about a month before submitting the EBP and contained an updated macroeconomic forecast. However the aggregated budgetary data in it and the lack of planned policies does not allow to determine the government's intentions.

IBP Comment

IBP is in agreement that the Macroeconomic and Budgetary Outlook and Convergence Programme do not meet the standards of a PBS based on the researcher's comments and discussion in Section 1 of the survey. The existing response of "d" is maintained.

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 made publicly available a macroeconomic and budgetary outlook in December 2018. The document was prepared about 4-5 months before the submission of the EBP. It only describes the current fiscal outlook and the already adopted policies but does not mention the policies planned in the EBP. Because the document is too early to the EBP and does not explain the budgetary proposals of the EBP, hence we did not evaluate it as Pre-Budget Statement.

Link to the document:
In Hungarian:
http://www.kormany.hu/download/9/59/81000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202018%20december.pdf

Another document published before the EBP is the mid-term budgetary numbers determined by the government in a resolution. Its appendix details the expenditure and revenue numbers for each chapter for the next three years. Beside the numbers the document does not explain the yearly changes of the numbers or the intended policies. The document was published in January 2019, after the cut-off date of the research.
In Hungarian:
http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085

Peer Reviewer

Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, the core information is presented for the government's expenditure policies and priorities.
Comments: The macroeconomic and budgetary outlook (document with title "MAKROGAZDASÁGI ÉS KÖLTSÉGVETÉSI ELŐREJELZÉS 2017-2021") presents core information on the government's expenditure policies and priorities See: https://www.kormany.hu/download/2/87/41000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202017%20december%20%281%29.pdf The convergence programme presents information on the government's expenditure policies and priorities, see chapter 3.1-3.4 https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The main objection against these documents that they do not include the budget priorities and planend policies of the upcoming EBP. We found the first cited document too early to consider it as Pre-Budget Statement since it was published about 4-5 months before submitting the EBP. Even if we had accepted it the government's priorities cannot be determined from the data because about 65% of the expenditures are aggregated to one line, hence the structure between the ministries or functions cannot be identified. The Convergence Programme could be more useful in this sense but the expenditure items are presented by economic classification and in percent of GDP, so only the broad changes could be identified. Unfortunately neither document described the planned policies, so the Parliament could not debate the expenditure priorities or formulate an opinion about it before the submission of the EBP.

IBP Comment
IBP is in agreement that the Macroeconomic and Budgetary Outlook and Convergence Programme do not meet the standards of a PBS based on the researcher's comments and discussion in Section 1 of the survey. The existing response of "d" is maintained.

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 two documents before the EBP. The macroeconomic and budgetary outlook in December 2018 and a resolution about mid-term budgetary numbers in January 2019.
The budgetary outlook included a fiscal outlook for 2017-2022 and in the narrative discussion it described the main budgetary factors for the outlook. However the discussion included only the already adopted policies and no information about the planned policies in the EBP or this year. In this sense the outlook provides a no-change baseline scenario for the budget, but do not reveal the government's plans. The document was published about 4-5 months before the submission of the EBP. Because the document is too early to the EBP and does not explain the budgetary proposals of the EBP, hence we did not evaluate it as Pre-Budget Statement.

Link to the document:
In Hungarian:
http://www.kormany.hu/download/9/59/81000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A

9s%202018%20december.pdf

The resolution is a mid-term budgetary numbers determined by the government. Its appendix details the expenditure and revenue numbers for each chapter for the next three years. Beside the numbers the document does not explain the yearly changes of the numbers or the intended policies. It is rather a guidance for the institutions because based on the chapter level numbers the institutions can plan earlier their budgets. As the document does not include the planned policies we did not evaluate it as Pre-Budget Statement.
In Hungarian:
http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, the core information is presented for the government's revenue policies and priorities.
Comments: The convergence programme which prepared 1 month before EBP and can be considered as Pre-Budget Statement presents information on the government's revenue policies and priorities, see chapter 3.1-3.4 https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The recommended section of the Convergence Programme includes the following about the revenue policies: „Considering the gradual widening of the tax benefit for families and assuming that no more whitening measures will be implemented, tax centralisation could be reduced by more than 2 percentage points between 2019 and 2022." For us it seems more like an output result from the mid-term budgetary forecast than a commitment from the government to reduce taxes. In the latter case it also omits what kind of taxes would be reduced. In our view this discussion is not enough to clearly outline the revenue priorities. We did not consider teh Convergence Proramme a Pre-Budget Statement because it lacks the plans for the upcoming budget.

IBP Comment
IBP is in agreement that the Convergence Programme does not meet the standards of a PBS based on the researcher's comments and discussion in Section 1 of the survey. The existing response of "d" is maintained.

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.

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. 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.
In Hungarian:
http://njt.hu/cgi_bin/njt_doc.cgi?docid=212392.364085

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, two of the three estimates related to government borrowing and debt are presented.
Comments: The convergence programme which prepared 1 month before EBP and can be considered as Pre-Budget Statement present information on the government's expenditure policies and priorities, see chapter 3.6 https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
The Convergence Programme contains the gross debt of the general government, the interest expenditures, the implicit interest rate on debt and the primary balance in Table 3. This information would be acceptable, but we did not consider the Convergence Programme a Pre-Budget Statement because it omitted the government's plans for the upcoming budget and the documents main goal is to fulfill the EU's medium term budgetary framework and not to provide a preliminary document for the Parliament and citizens to discuss the priorities of the upcoming budget. For example it does not contain the budget priorities or intended policies appearing the upcoming budget.

IBP Comment
IBP is in agreement that the Convergence Programme does not meet the standards of a PBS, based on the researcher's comments and discussion in Section 1 of the survey. The existing response of "d" is maintained.

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 2018 and a resolution about mid-term budgetary numbers in January 2019.
Only the budgetary outlook included total expenditures two years beyond the budget year, but because the lack of explanation of planned policies we did not evaluate this document as Pre-Budget Statement.
Link to the document:
In Hungarian:
http://www.kormany.hu/download/9/59/81000/Makrogazdas%C3%A1gi%20%C3%A9s%20k%C3%B6lts%C3%A9gvet%C3%A9si%20el%C5%91rejelz%C3%A9s%202018%20december.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, multi-year expenditure estimates are presented.

Comments: The convergence programme which prepared 1 month before EBP and can be considered as Pre-Budget Statement present multi - year estimates on the government's expenditure, see chapter 3.6 https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response

The Convergence Progamme contains the expenditures for multi-year period in economic classification in Table 2.a on page 82. This can only inform the citizens about the multi-year budget priorities in broad terms. However we did not consider the Convergence Programme a Pre-Budget Statement because it omitted the government's plans for the upcoming budget and the documents main goal is to fulfill the EU's medium term budgetary framework and not to provide a preliminary document for the Parliament and citizens to discuss the priorities of the upcoming budget. For example it did not present the intended policies or budget priorities for the upcoming budget.

IBP Comment

IBP is in agreement that the Convergence Programme does not meet the standards of a PBS, based on the researcher's comments and discussion in Section 1 of the survey. The existing response of "b" is maintained.

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 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

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.
Economic or functional classification is not made for the enacted budget.

Peer Reviewer

Opinion: Disagree
Suggested Answer:
b. Yes, the Enacted Budget presents expenditure estimates by two of the three expenditure classifications.
Comments: The Enacted Budget presents the expenditures by administrative units, which is separated by the type of the expenditures such as salaries, goods and services, capital spending, interest payment, transfers. Although among the economic classification there are several institutions which are belonging to the given chapter and are not detailed.

Government Reviewer

Opinion: Agree

Researcher Response

The Enacted Budget contains the economic classification only for the institutions, but misses for the chapter-administered expenditures. Those expenditures account for a significant portion of the budget, so the economic classifciation is not comprehensive. We agree with the peer reviewer that the institutions expenditures are detailed by economic classification, but due to its incomprehensive nature we do not consider it as a transparent presentation.

IBP Comment

IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

Comment:
The enacted budget only contains the expenditures by administrative classification.

Peer Reviewer
Opinion: Disagree
Suggested Answer: Administrative classification Economic classification

Government Reviewer
Opinion: Disagree
Suggested Answer: Administrative classification, Economic classification, Functional classification According to the practice in the last years, the enacted budget deviate insignificantly from the proposed budget plan, so the economic and functional classification published in the EBP provide very relevant, precise information on the different classification of the expenditure for the public, this is why these are not included in the Enacted Budget.

Researcher Response
We did not accept the peer reviewer's comment because the economic classifiication only details the expenditures of institutions, but misses the chapter-administered expenditures. The government reveiwer's comment is true that the Enacted Budget does not deviate much from the Executive's Budget Proposal. According to the questionnaire's methodology we only considered the information included in the Enacted Budget itself, so we did not assess the EBP when answering this question.

IBP Comment
Per the IBP comment on question 59, the existing response of "Administrative classification" is maintained.

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 detaille. (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 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

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: Agree

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 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

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”). In this chapter the similar tax revenues are grouped together like revenues from corporations (“Vállalkozások költségvetési befizetései”) or taxes on consumption (“Fogyasztáshoz kapcsolt adók”). 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”.
Other minor tax revenues and the non-tax revenues are dispersed throughout the appendix (for example the tuition fees collected by the universities).
The different categories can only be identified, if someone assesses individually all the revenue sources for the totals of each categories.

Peer Reviewer
Opinion: Disagree
Suggested Answer:
Comments: In Hungarian: 1. melléklet a 2018. évi L. törvényhez In English: Appendix 1 of the Act L of 2018 URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf pp: 28916 - 28917 The chapter XLII. Direct revenues and expenditures of the Central Budget (XLII. A koltsegvetes kozvetlen bevetelei es kiadasai) presents revenue estimates by tax and non-tax category.

Government Reviewer
Opinion: Agree

Researcher Response
We agree that chapter XLII. Direct revenues and expenditures presents most of the tax and non-tax revenues. But many significant revenues can be found in other chapters, and those have to be aggregated manually in order to compare the tax and non-tax revenues. For this reason we did not assess the current presentation as a table that readily presents the tax and non-tax revenues.

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 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

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 28896 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: Agree

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.

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:
a. Yes, all three estimates related to government borrowing and debt are presented.

Source:
In Hungarian: 1. melléklet a 2018. évi L. törvényhez
In English: Appendix 1 of the Act L of 2018
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28863-28930

In Hungarian: I. Fejezet A központi alrendszer kiadásainak és bevételeinek főösszege, a hiány és az államadósság értéke
In English: Chapter I Main sums of the revenues and expenditures of the central government, the deficit and total debt
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK18123.pdf
pp. 28841-28842

Comment:
The estimated total debt is stated in part 2 The value of total debt ("2. Az államadósság értéke") in 3. § of the enacted budget.
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 28915.
The amount of net new borrowing requirement is not stated explicitly. We used the deficit as an estimate for it. The deficit is presented in part 1 The balance and main sums of the central government ("1. Az államháztartás központi alrendszerének egyenlege és főösszegei") 1. § (1) c) of the first citation. The most important difference between the budget deficit and the net new borrowing requirement is the amount of net EU transfers.
The presented data serves as information related to government debt, but the presentation is not coherent or easily available.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1423-1428

Comment:
The EBP contained a supplement called „Polgárok költségvetése" (Citizens' Budget) that visualized the revenues and expenditures of the budget and briefly summarized some of the policies of the government but that document was not actively disseminated. We only found one article mentioning it and no indication from the government about actively advertising it: https://www.portfolio.hu/gazdasag/adozas/negy-abra-arrol-mire-kolt-szivesen-a-kormany.289836.html
Its contents were amended since the previous survey, but without active dissemination the document cannot fulfil its purpose of informing the citizens. Contrary to its purpose it is attached to the end of the EBP's supplements and it is higly unlikely that even an interested reader will find it.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree

Suggested Answer:
c. The Citizens Budget provides information, but it excludes some core elements.
Comments: The Government has published Citizens budget. It is written with using everyday language and contains simple and effective charts showing revenues, spendings, and the main policy initiatives in the budget. See page 1423-1428, http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf

Researcher Response
After consulting with the IBP about the international practices we accepted the recommended document as Citizens' Budget with reservations about the lacking dissemination. The document has its own URL: https://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf The document includes the distribution of expenditures and revenues (on pp. 1 and 2) and some selected policies that are not always from the new initiatives. The decrease of the social contribution tax is a multi-year policy, only continued in 2019 according to the prior agreements and the same is true for the tax expenditures for families. These are on pages 3 and 5. The new „initiatives" are the increase of investments and the higher reserves in the budget on pages 4 and 6. However the charts are a little bit misleading because they show the increase visually higher due to cut axis. The macroeconomic forecast or the contact information is not included, so we revised the answer to "c."

IBP Comment
Per the researcher's "Response to Review," the response is revised from "d" to "c."

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:
N/A

Comment:
The EBP contained a supplement called „Polgárok költségvetése" (Citizens' Budget) that visualized the revenues and expenditures of the budget and briefly summarized some of the policies of the government but that document was not actively disseminated, so we did not treat it as Citizens' Budget. We only found one article mentioning it and no indication from the government about actively advertising it:
https://www.portfolio.hu/gazdasag/adozas/negy-abra-arrol-mire-kolt-szivesen-a-kormany.289836.html

The announcement of the submission of the EBP did not mention the Citizens' Budget:
In Hungarian:
https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/hirek/a-kormany-benyujtotta-a-biztonsagos-novekedes-koltsegveteset
In English:
https://www.kormany.hu/en/ministry-for-national-economy/news/the-budget-of-safe-growth-submitted-to-parliament

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. A Citizens Budget is disseminated only by using one means of dissemination.
Comments: The Government has published Citizens budget. It is disseminated together with the EBP. See page 1423-1428, http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf

Researcher Response
The recommended document is only available on the Parliament's webpage: https://www.parlament.hu/irom41/00503/adatok/fejezetek/00szemleltetes.pdf We did not find any link or reference to the document on the executive's webpage. As the same is true for the EBP, it is also only available on the Parliament's webpage we followed the same logic for this document. We accepted the document with reservations, so we revised the answer to "c."

IBP Comment

Per the researcher's "Response to Review," the response is revised from "d" to "c."

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:
N/A

Comment:
There is no established mechanism in place for identifying the public's requirements for budget information.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf
pp. 1423-1428

Comment:
The only simplified version of any budget document is the Citizens' Budget at the end of the EBP. In the survey we did not evaluate the document as Citizens' Budget because it was not actively disseminated, so only few people could be informed by it.
We also did not evaluate as "citizens" version the media announcements and articles on the webpage of the government, because they are not separately published documents of the governmet or Ministry of Finance.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. A citizens version of budget documents is published for at least one stage of the budget process.
Comments: Firstly, The Government has published Citizens budget, together with EBP. (See page 1423-1428, http://www.parlament.hu/irom41/00503/T_503_II_fejezeti.pdf).

Researcher Response
After consulting with IBP about international practices we accepted the recommended document as Citizens' Budget because it is available through its own link. Citizens version is only available for the EBP, that is one stage of the budget cycle. As a consequence we revised our answer to "c."

IBP Comment
Per the researcher's "Response to Review," the response is revised from "d" to "c."

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 2018 – Preliminary balance sheet of the central budget
URL: http://www.kormany.hu/download/1/49/81000/mrg2018_11.pdf

Comment:
The In-Year Report's supplement 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 can be treated as a shortened administrative classification.

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_1811.xls

The excel format is published on different webpage, thus we did not consider it part of the In-Year Report, even though a general link is inserted in the asterisk footnote to the webpage of the Treasury on the first page of the In-Year Report.
Link to the first page of the In-Year Report:
https://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf

Additional monthly reports are also available on the webpage of the Treasury and we list them below for the comprehensive answer.
Appendix 1 of the EBP (that presents the expenditures and revenues in detailed administrative classification) is available on the following link both in pdf and excel formats. This is much more detailed than the balance sheet included in the In-Year Reports, but it is in administrative classification as well.
Link:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

The monthly updated appendix 1 of the EBP for November 2018 in pdf format:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

The monthly updated appendix 1 of the EBP for November 2018 in excel format:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).xlsx

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 classiciation, but does not contain all the expenditures.
http://www.allamkincstar.gov.hu/files/M%C3%A9rlegek/2014/K%C3%B6lts%C3%A9gvet%C3%A9si%20szervek,%20fejezetek/ktgvszervek_fejezetek_1811.xls

For the survey we only assessed the document published of the webpage of the Ministry (cited in the sources), but even considering the additional reports would not have changed the answer, since all of them present the data in administrative classification.

Peer Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, the In-Year Reports present actual expenditures by two of the three expenditure classifications.
Comments: The documents from different websites are presenting the expenditures by administrative classification (chapters) which are further breakdown to economic classification. It is difficulty to compare the excel reports from different websites. It is because they have different format and the structure of the excel documents needs to be formated. For example the document available on the website of the State Treasury contains the totals by chapters, but there is no grant total of the expenditures. By cleaning the data it is possible to analyze it although it is not user friendly.

Government Reviewer
Opinion: Agree

Researcher Response
We agree with the peer reviewer that the different reports are not harmonised and contain the data in different structures. The report that presents the expenditures by chapters and details them by economic classification only contains the expenditures of the budgetary institutions and omits the economic classification for the chapter-administered expenditures. Those expenditures are a significant portion of the total expenditures, so we think the economic classification is not coprehensive. This is the format the details the institutions by economic classification, but omits the classification for chapter-administered appropriations:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).xlsx

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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 Hungarian: A 2018. évi központi költségvetés végrehajtásának adatai 2018. 11.hó
In English: Data of implementation of the central budget for FY 2018 – P11
URL:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

Link to the webpage with all the monthly reports:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Comment:
The In-Year Reports only include 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.

Peer Reviewer
Opinion: Disagree
Suggested Answer: Administrative classification Economic classification

Government Reviewer
Opinion: Agree

Researcher Response
The cited report only presents the expenditures in economic classification for the budgetary institutions, but omits it for the chapter-administered expenditures. As the economic classification is not comprehensive we did not assess it as a complete presentation.

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 detaille. (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 Hungarian: A 2018. évi központi költségvetés végrehajtásának adatai 2018. 11.hó
In English: Data of implementation of the central budget for FY 2018 – P11
URL:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

Link to the webpage with all the monthly reports:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

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 in 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.
This is a change from the previous survey from 'c' to 'a'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 – Preliminary balance sheet of the central budget
URL: http://www.kormany.hu/download/1/49/81000/mrg2018_11.pdf

In Hungarian: A 2018. évi központi költségvetés végrehajtásának adatai 2018. 11.hó
In English: Data of implementation of the central budget for FY 2018 – P11
URL:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

Link to the webpage with all the monthly reports:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Comment:
The preliminary balance sheet of the In-Year Reports compare the actual expenditures (in column „2018. évi I-XI. hó") to the same period of the previous year („2017. évi I-XI. hó") and the actual appropriation (in the column „2018. évi előirányzat"). The expenditures are on page 2.

In the supplemental document of the In-Year Reports the data is compare only to the original and actual appropriations. The fact is in column „2018. évi teljesítés", the original estimate is in column „2018. évi eredeti előirányzat", while the actual approtiation is in „2018. évi módosított előirányzat". The expenditures are in the columns „Működési kiadás" and „Felhalmozási kiadás".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 – Preliminary balance sheet of the central budget
URL: http://www.kormany.hu/download/1/49/81000/mrg2018_11.pdf

Comment:
The classification of the revenues are not structured by tax and non-tax revenues, but the two categories can be 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 „Illetékbefizetések" that contains for example the fees payable at house or car buying. Other tax revenues are nor 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”).

The individual revenue sources are also shown in the table: the major tax and non-tax revenues can be identified inidividually, but minor revenue sources are aggregated into on 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: Agree

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 Hungarian: A 2018. évi központi költségvetés végrehajtásának adatai 2018. 11.hó
In English: Data of implementation of the central budget for FY 2018 – P11
URL:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

Link to the webpage with all the monthly reports:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Comment:
The supplemental table to the In-Year Report present all the revenue sources individually and its structure is the same as 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 the supplemental documents as part of the In-Year Reports.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018 – Preliminary balance sheet of the central budget
URL: http://www.kormany.hu/download/1/49/81000/mrg2018_11.pdf

In Hungarian: A 2018. évi központi költségvetés végrehajtásának adatai 2018. 11.hó
In English: Data of implementation of the central budget for FY 2018 – P11
URL:
http://www.allamkincstar.gov.hu/files/K%C3%B6lts%C3%A9gvet%C3%A9si%20inform%C3%A1ci%C3%B3k/Adatszolg%C3%A1ltat%C3%A1s/2018.%20%C3%A9vi%20k%C3%B6zponti%20k%C3%B6lts%C3%A9gvet%C3%A9s%20v%C3%A9grehajt%C3%A1s%C3%A1nak%20adatai%202018.11.h%C3%B3_(2019.01.11).pdf

Link to the webpage with all the monthly reports:
http://www.allamkincstar.gov.hu/hu/koltsegvetesi-informaciok/2018-evi-kozponti-koltsegvetes-vegrehajtasanak-adatai/3861/

Comment:
The preliminary balance sheet of the In-Year Reports compare the actual revenues (in column „2018. évi I-XI. hó") to the same period of the previous year („2017. évi I-XI. hó") and the actual appropriation (in the column „2018. évi előirányzat"). The revenues are on page 1.
In the supplemental document of the In-Year Reports the data is compare only to the original and actual appropriations. The fact is in column „2018. évi teljesítés", the original estimate is in column „2018. évi eredeti előirányzat", while the actual approtiation is in „2018. évi módosított előirányzat". The revenues are in the columns „Működési bevétel" and „Felhalmozási bevétel".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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.

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 2018. november végi helyzetéről – II. Az államháztartás központi alrendszerének finanszírozása
In English: Report on the state of the Central Budget in November 2018 – Section II Financing the Central Budget
URL: http://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
page 20

In Hungarian: 1.melléklet a részletes tájékoztatóhoz – A központi kormányzat előzetes mérlege
In English: Appendix 1 for the In-Year Report for November 2018 – Preliminary balance sheet of the central budget
URL: http://www.kormany.hu/download/1/49/81000/mrg2018_11.pdf
pp. 1-2

Comment:
The interest payments are presented in the line „Kamatkiadások" on page 2 of the Appendix, 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 total government debt at the end of the month is presented on page 20 of the In-Year Report. The total amount is presented in the row „Mindösszesen" in the column „2018. 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 Report in the table on page 2 in the line „Egyenleg összesen" and in the Appendix on page 2 in the line „Központi alrendszer összesen".

Peer Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, two of the three estimates related to government borrowing and debt are presented.
Comments: The net borrowing is not presented in the In-Year Reports. It can be figured out just by additional calculation, as it is the difference between gross borrowing and gross repayment. Also the interest and other costs of the state debt are not presented in the same area as the borrowing, for this reason it is difficult to create a comprehensive picture about the state debt.

Government Reviewer
Opinion: Agree

Researcher Response
We agree with the peer reviewer's comment that the net borrowing requirement is not presented clearly in the report, as it is only described in text on page 19. We used the budget deficit as a proxy for that value. According to the international practices in the survey the budget deficit may be used as proxy for the new net borrowing requirement until it can be clearly identified and does not deviate havily from it. Similarly to questions 14 and 14b we used the interests paid as proxy for interest rates because the interest rate can be estimated by dividing the interest expenditures with the gross amount. This is not the best practice as it does not present the future interest expenditures, only an estimate for the current interest rate. We used the table on page 20 for the maturity profile because the short term and long term debts can be broadly identified based on it. It is also true that the different data can be found in different parts of the report that makes the understanding difficult. We emphasise that more informative data is available on the website of the Debt Management Agency and the government should incorporate those in the In-Year Reports to provide a clear presentation of government debt.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "a" is maintained.

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 2018. november végi helyzetéről – II. Az államháztartás központi alrendszerének finanszírozása
In English: Report on the state of the Central Budget in November 2018 – Section II Financing the Central Budget
URL: http://www.kormany.hu/download/0/49/81000/T%C3%A1j%C3%A9koztat%C3%B3.pdf
page 20

Comment:
The cited table includes the total debt by currency denomination, by type and the loans are further differentiated by external or domestic origin. The securitized debt owned by external actors are discussed in the narrative part: on page 21 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 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 21 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:
http://www.akk.hu/hu/oldal/statisztika#a-kozponti-koltsegvetes-adossaganak-lejarati-szerkezete
In English:
http://www.akk.hu/en/page/statistics#maturity-profile-of-the-central-government-debt-annual-and-quarterly-figures

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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, 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 2018. 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://asz.hu/storage/files/files/Publikaciok/Elemzesek_tanulmanyok/2018/kt_elemzes_20180828.pdf?ctid=1237

National Bank of Hungary
In Hungarian:
https://www.mnb.hu/letoltes/koltsegvetesi-jelentes-2018-2-hun.pdf

Peer Reviewer
Opinion: Agree
Comments: The documents published by the National Bank of Hungary and by the State Audit Office can be considered as a Mid-Year Review. The State Audit Office created the analyzes for the Budgeting Committee, but the document is available for the public. The report created by the National Bank of Hungary is also a narrative analyses where the expenses and incomes are not presented.

Government Reviewer
Opinion: Agree
Comments: In our opinion the Government provides updated updated macroeconomic forecast for the public at very close to the mid-year, since the convergence programme is published usually in April, and it gives updated macroeconomic forecast for the ongoing budget year. See Table 1.a,b,c,d page 80-82. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf In addition, monthly reports provide update information on implementation of the budget, and discuss how the deficit goal expected to meet.

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, and provides an explanation of the update.

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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Disagree
Suggested Answer:
d. No, expenditure estimates have not been updated.
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document does not update any parts of the Enacted Budget, but gives a general description of the 1st half year.

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, expenditure estimates have been updated, and an explanation of some of the differences between the original and updated expenditure estimates is presented.
Comments: In our opinion the Government provides updated information on the budget for the public at very close to the mid-year, since the convergence programme is published usually in April, and it gives updated data on expenditure estimates for the ongoing budget year. See Table 2 page 82. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We did not evaluate the Mid-Year Review of the State Audit Office because it was made by an institution independent from the government. Apart from this we agree that it would serve as a Mid-Year Review. We did not consider the Convergence Programme as Mid-Year Review because it only assessed the budgetary trends until the first quarter of the budget year and it is not enough for a Mid-Year Review. The Convergence Programme includes updated expenditure estimates, but they are too early for the mid-year.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

78. Does the Mid-Year Review of the budget present 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 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. 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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document presents some expenditure estimates by administrative unit but it is just a very small part of the overall Budget.

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, the Mid-Year Review presents expenditure estimates by only one of the three expenditure classifications.
Comments: In our opinion the Government provides updated information on the budget for the public at very close to the mid-year, since the convergence programme is published usually in April, and it gives updated data on expenditure estimates for the ongoing budget year by classification. See Table 2 page 82. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We did not evaluate the Mid-Year Review of the State Audit Office because it was made by an institution independent from the government. Apart from this we agree that it would serve as a Mid-Year Review. We did not consider the Convergence Programme as Mid-Year Review because it only assessed the budgetary trends until the first quarter of the budget year and it is not enough for a Mid-Year Review. Apart from this it is true that the Convergence Programme includes updated expenditure estimates by economic classification.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document presents some expenditure estimates by administrative unit but it is just a very small part of the overall Budget.

Government Reviewer
Opinion: Disagree
Suggested Answer: Economic classification

Researcher Response
We did not evaluate the Mid-Year Review of the State Audit Office because it was made by an institution independent from the government. Apart from this we agree that it would serve as a Mid-Year Review. We did not consider the Convergence Programme as Mid-Year Review because it only assessed the budgetary trends until the first quarter of the budget year and it is not enough for a Mid-Year Review. Apart from this it is true that the Convergence Programme includes updated expenditure estimates by economic classification.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "None of the above" is maintained.

79. Does the Mid-Year Review of the budget present 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. 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 detaille. (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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document presents sporadically expenditure estimates but not by program.

Government Reviewer
Opinion: Agree

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, and provides an explanation of the update.

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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council it does not include any revenue estimate update of the Enacted Budget.

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, revenue estimates have been updated, and an explanation of some of the differences between the original and updated revenue estimates is presented.
Comments: In our opinion the Government provides updated information on the budget for the public at very close to the mid-year, since the convergence programme is published usually in April, and it gives updated data on revenue estimates for the ongoing budget year. Table 2 page 82. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We did not evaluate the Mid-Year Review of the State Audit Office because it was made by an institution independent from the government. Apart from this we agree that it would serve as a Mid-Year Review. We did not consider the Convergence Programme as Mid-Year Review because it only assessed the budgetary trends until the first quarter of the budget year and it is not enough for a Mid-Year Review. Apart from this it is true that the Convergence Programme includes updated expenditure estimates by economic classification.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

81. Does the Mid-Year Review of the budget present revenue estimates for the budget year underway by category (such as tax and non-tax)?

GUIDELINES:
Question 81 asks whether revenue estimates in the Mid-Year Review are presented by "category"— that is, whether tax and non-tax sources of revenue are shown separately.

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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document presents sporadically revenue estimates by category. in the text of the document there are some references to tax and non-tax revenues, but it is not presented in an unified way.

Government Reviewer
Opinion: Agree

82. Does the Mid-Year Review of the budget present individual sources of revenue for the budget year underway?

GUIDELINES:
Question 82 asks whether revenue estimates for individual sources of revenue are presented in the Mid-Year Review. The question applies to both tax and non-tax revenue.

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:
N/A

Comment:
The Government did not publish a Mid-Year Review.

Peer Reviewer
Opinion: Agree
Comments: The Mid-Year Review is an analyzes created by the State Audit Office for the Fiscal Council. The document is more descriptive.

Government Reviewer
Opinion: Agree

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, 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:
N/A

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: The Analyzes created by the State Audit Office presents the amount of the new borrowings (pp: 6 and pp: 18). It is presented: - The amount of net new borrowing required during the first half year is presented only by having the closing balance as of 31 December 2017 and the closing balance as of 30 June 2017. - The central government's total debt burden at the end of the mid-year - The interest payments on the outstanding debt for the 1st half year.

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, estimates of government borrowing and debt have been updated, and information on some of the differences between the original and updated estimates is presented.
Comments: In our opinion the Government provides updated information on the budget for the public at very close to the mid-year, since the convergence programme is published usually in April, and it gives updated estimates of government borrowing and debt. See chapter 3.6, and table 3 on page 83. https://ec.europa.eu/info/sites/info/files/2018-european-semester-convergence-programme-hungary-en_1.pdf

Researcher Response
We did not evaluate the Mid-Year Review of the State Audit Office because it was made by an institution independent from the government. Apart from this we agree that it would serve as a Mid-Year Review. We did not consider the Convergence Programme as Mid-Year Review because it only assessed the budgetary trends until the first quarter of the budget year and it is not enough for a Mid-Year Review. It is true that Table 3 on page 83 includes the updated government debt data where the gross debt at the end of the year, the interest expenditures and the implicit interest rate of the debt can be evaluated as core information.

IBP Comment
Per follow-up communication with the peer reviewer, their response is revised to the following: Review: Agree Suggested Answer: e. Not applicable/other (please comment). Comment: The MYR is not publicly available, although the Analyzes created by the State Audit Office presents the amount of the new borrowings (pp: 6 and pp: 18). It is presented: - The amount of net new borrowing required during the first half year is presented only by having the closing balance as of 31 December 2017 and the closing balance as of 30 June 2017. - The central government's total debt burden at the end of the mid-year - The interest payments on the outstanding debt for the 1st half year. IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 11-95

In Hungarian: A központi alrendszer részletes mérlege
In English: Detailed balance sheet of the central government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 235-339

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 233-234

In Hungarian: XX. Emberi Erőforrások Minisztériuma - 14. cím Országos Mentőszolgálat
In English: Chapter XX Ministry for Human Capacities – 14. National Ambulance Service
URL: http://www.parlament.hu/irom41/01671/2017_zsz_6_OGY.pdf
pp. 3481-3491

Comment:
Appendix 1 of the YER includes all the revenue and expenditure items, but in contrary to the previous survey the columns presents only the actual outcomes. Instead of that the detailed balance sheet is more useful for this purpose because it includes the modified level and the actual outcome for each line item.

The in year-changes presented in the balance sheet of the central government, 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 „2016. évi teljesítés", followed by the original enacted level „2017. évi előirányzat", then the modification by the legislature in column „Törvényi hatáskör" and the appropriation with the legal modification in column „2017. évi módosított előirányzat". The next column „Kormány hatáskör" shows the modification by the government, then „Felügyeleti szervi 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 „2017. évi módosított előirányzat" and the actual outcome for the year in column „2017. évi teljesítés". The narrative discussion includes a similar table but at a level detailed equal to that of appendix 1.
The supplemental documents contain the narrative discussion for each chapter and institution. The discussion details the causes of the modifications (for example the exact legal change or at least the aim of the modification) in a more understandable and transparent way than in the previous survey.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 11-95

In Hungarian: A központi alrendszer részletes mérlege
In English: Detailed balance sheet of the central government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 235-339

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 340

In Hungarian: A központi alrendszer funkcionális mérlege (pénzforgalmi szemléletben)
In English: Functional balance sheet of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 344

Comment:
The Year-End Report contains all of the three classifications. The administrative classification (for example the detailed balance sheet) is much more detailed as all the revenue and expenditure items are presented individually. The economic and functional classifications follow the structure of the budgetary documents and only broadly compatible with international standards.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 11-95

In Hungarian: A központi alrendszer részletes mérlege
In English: Detailed balance sheet of the central government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 235-339

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 340

In Hungarian: A központi alrendszer funkcionális mérlege (pénzforgalmi szemléletben)
In English: Functional balance sheet of the central government (cash-flow based)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 344

Comment:
The Year-End Report contains all of the three classifications. The administrative classification (for example the detailed balance sheet) is much more detailed as all the revenue and expenditure items are presented individually. The economic and functional classifications follow the structure of othe budgetary documents and only broadly compatible with international standards.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 detaille. (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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 235-339

Comment:
The detailed balance sheet of the central government presents all the budgetary institutions and chapter-administered appopriations below the ministries. In the column „2017. évi törvényi módosított előirányzat" the modified estimate, in the column „2017. évi teljesítés" the actual outcome are presented.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 233-234

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. 4837-4891

Comment:
The balance sheet of the central government presents the outcome for the previous year, the original enacted level, the modified level and the actual outcome for the budget year on page 233. Most of the significant tax revenues are presented individually in this table.

A similar, but more detailed 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. For other revenue sources the appropriate chapter includes this information, for example chapter LXXI and LXXII for the social contributions, or chapter XIX for the EU grants.
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 4839 the lower than expected corporate tax was explained by the decrease of the tax rate that happened after the approval of the budget and this line was not modified. The causes are not presented numerically or by macroeconomic effects, only described.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 233-234

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 340

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.

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. Additionaly the clasification can also be made based on the individual revenue sources.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 11-95

In Hungarian: A központi alrendszer mérlege
In English: Balance sheet of the central government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 233-234

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 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. Similarly the line "Hitelintézeti járadék" that is a tax on banks is presented individually and its amount is only 5 billion HUF, while more significant revenue sources are aggregated into the line "Egyéb központosított bevételek". For example the road toll that account for 234 billion HUF. in our opinion the important revenue sources should be grouped in a reasonable way and only the minor revenue sources should be aggregated.
As there was no change in the practice since the last survey, we chose answer "b".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Yes, the Year-End Report presents individual sources of revenue accounting for all revenue.
Comments: According to our calculation, the other revenue which are presented in aggregated way is significantly less than 3 percent of the all revenue (appr. 0.2%). This means that for only an insignificant part of the revenue the individual source are not estimated separately.

Researcher Response
On page 233 the line „Egyéb központosított bevételek" has an outcome of 456 billion HUF. The total revenues at the top of the table is 19 223 billion HUF. That is 2,3% of the total expenditures. The line „Állami vagyonnal kapcsolatos befizetések" has an outcome of 265 billion HUF, that is another 1.4% of the total expenditures. We chose the cited table as it is the best presentation that gives an overall picture about the structure of the revenues, but in small details it is a little bit inconsistent. The aggregation can be accepted as the Fundamental Law requires the presentation of the budget at reasonable detail but that is not achieved while some significant revenue sources are aggregated and other minor sources presented separately and the aggregation does not follow a certain logic (for example by types). It is true that the appendix 1 includes all the revenue sources individually, but it is very tiresome to analyse an 80-page long table.

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 2014-2017 között (millió forint)
In English: The evolution of the gross debt of the central government between 2014-2017 (million HUF)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 617

In Hungarian: A központi költségvetés finanszírozási és adósságműveletei 2017-ben, előzetes adatok alapján
In English: The financing and debt operations of the central budget in 2015 (preliminary data)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 619

In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: http://www.parlament.hu/irom41/01671/2017_zsz_8_OGY.pdf
pp. 4823-4836

In Hungarian: Az általános indokolás – II. A központi kormányzat 2017. évi előirányzatai – B. Az államháztartási központi alrendszerének hiánya, finanszírozása, az államadósság kezelése
In English: The General Justification – II. Appropriations of the central budget in 2017 – B. Deficit and financing of the central government, management of the debt
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 152-157

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. The columns present the data fo the end of the years. The composition of the debt is shown by denomination and type (loans, bonds).

The net borrowing requirement is presented in the second cited table 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. Fortunately the detailed table starting on page 4830-4836 includes the original estimates as well for these items.

The general justification includes additional information about the debt. For example on page 154 the table called „Nettó kibácsátás 2017-ben" compares the amount of the issued debt instruments to the planned amount. On page 157 the narrative discussion mentions that the outcome of the debt was higher 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 interests.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 interest payments on outstanding debt for the budget year
The amount of net new borrowing required during the budget year

Source:
In Hungarian: XLI. Adósságszolgálattal kapcsolatos bevételek és kiadások
In English: Chapter XLI Revenues and expenditures related to debt services
URL: http://www.parlament.hu/irom41/01671/2017_zsz_8_OGY.pdf
pp. 4823-4836

Comment:
The difference between the original estiamtes and actual outcomes are only presented for the interest payments.
The narrative discussion of chapter XLI explains the difference of interests paid and received between the modified enacted level and the actual outcome. Fortunately the detailed table starting on page 4830-4836 includes the original estimates as well for these items.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: The estimates of government borrowing and debt, required during the budget year, and the central government's total debt burden at the end of the budget year, and maturity profile of the debt also presented. See page 152-157.
http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf

Researcher Response
Thanks to the government reviewer for pointing to that part of the Year-End Review. In addition to our initial comment the cited part presents the estimated and realised amount of net borrowing in the table on page 154. The table includes the data at the time of tabling the budget, at the publication of the financing plan of the Debt Management Agency and the realised amounts. For this we also selected the amount of net new borrowing in the answer. (This did not change the answer for the related question 90.) Apart from the above the other narrative discussion explains the outcomes and the initial estimates are mentioned only once. On page 157 it hints that the gross government debt at teh end of the year was higher that estimated, but the exact estimated number was not included. Because the question was about presenting the differences between the original estimates and outcomes, discussing simply the outcomes is not enough.

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:
c. Yes, 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.

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: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 219

In Hungarian: Az általános indokolás – I. A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás a 2017. évben – 1. A kormányzat gazdaságpolitikája
In English: The General Justification – Chapter I. The main characterstics of the economic policy of the government and the evolution of the budget in 2017 – Section 1. The economic policy of the government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 106-108.

Comment:
The cited table presents the actual outcome for macroeconomic assumptions (in the column „2017 előzetes tény") beside the submitted („2017 benyújtott"), the enacted („2017 elfogadott") and the previous year's outcome („2016 tény"). The narrative discussion compares the differences between the originally enacted and the actual outcomes and describes the main causes of the differences for most of the indicators, only minor ones were left out.
On page 108 the discussion assesses the original macroeconmic forecast, but its content is mostly a summary of the previous paragraphs.
One main deficiency of the presented table that it omits assumptions presented in the EBP for 2017. For example the interest rates, EUR and USD currency rates, Brent oil prices and several indicators of wage increases were presented in the EBP for 2017 as technical assumptions, but in the YER for 2017 these comparisons are not included neither in the table nor in the narrative discussion. Because a core component is missing (beside the other assumptions) we chose answer "c".
The submitted table in EBP for 2017 is available on page 259:
https://www.parlament.hu/irom40/10377/T_10377_fokotet.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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
Information beyond the core elements

Source:
In Hungarian: Az indokolás mellékletei – A gazdasági fejlődés főbb jellemzői
InEnglish: Appendices of the justification – The main characteristics of the economic development
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 219

In Hungarian: Az általános indokolás – I. A kormányzat gazdaságpolitikájának fő vonásai, az államháztartás a 2017. évben – 1. A kormányzat gazdaságpolitikája
In English: The General Justification – Chapter I. The main characterstics of the economic policy of the government and the evolution of the budget in 2017 – Section 1. The economic policy of the government
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 106-108.

Comment:

The cited table compares the following indicators:
Nominal GDP level in billion HUF – GDP értéke folyó áron (milliárd forint)
Inflation rate – Fogyasztói árszínvonal változása (éves átlag)
Real GDP growth rate – GDP növekedése
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)
Growth rate of labour productivity – Munkatermelékenység növekedési üteme

The narrative discussion compares the real GDP growth rate, the investments and the inflation numerically, but also mentions the sign of difference for exports and import.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 – 14. cím Országos Mentőszolgálat
In English: Chapter XX Ministry for Human Capacities – 14. National Ambulance Service
URL: http://www.parlament.hu/irom41/01671/2017_zsz_6_OGY.pdf
pp. 3481-3491

In Hungarian: XLIII. Az állami vagyonnal kapcsolatos bevételek és kiadások – 1. cím: Az állami vagyonnal kapcsolatos bevételek – 1. alcím Ingatlanokkal és ingóságokkal kapcsolatos bevételek
In English: Chapter XLIII Revenues and expenditures related to public assets – Title 1 Revenues related to public assets – Subtitle 1 Revenues related to real estates and other properties
URL: https://www.parlament.hu/irom41/01671/2017_zsz_9_OGY.pdf
pp. 4897-4899

Comment:
The only systematic nonfinancial input in the EBP for 2017 is the number of employees. This is also presented in the year-end report for each institution in a summary table. On page 3483 the row „Átlagos statisztikai állományi létszám (fő)" shows the average number of employees of the instiution during the year. The column „2016. évi tény" shows the outcome of the previous year, the column „2017. évi eredeti előirányzat" the originally enacted number, the column „2017. évi törvényi módosítot előirányzat" the updated number and „2017. évi tény" the actual outcome for the budget year. The narrative discussion is on page 3485 in the paragraph with the boldfaced „átlagos statisztikai létszáma" expression. However the comparison is between the outcomes of the previous and budget years. The originally enacted number is mentioned but not explained why it was planned about 350 person higher than the outcome for the previous year and why the outcome for the budget year was much lower than planned.

Related to the specific institutions other nonfinancial inputs may be mentioned throughout the document. For example on page 3482 the number of ambulance stations and ambulance vehicles are mentioned, but only the outcomes are detailed, the planned numbers are not described.

This means the comparison is only made for the number of employees but without the narrative discussion about the differences between the planned number and the actual outcome.

The only case where the planned input is mentioned is the number of real estates sold in the programme for helping debt-burdened households. In the programme the company („Nemzeti Eszközkezelő Zrt.") buys the real estate from the households whose debt had grown too high and allows them to rent the real estate at a reduced rate. Later the household has a chance to rebuy the real estate. On page 4898 it is stated that the „Nemzeti Eszközkezelő" planned the sale of 75 real estates at an average price of 4 million HUF, but eventually it sold 382 at an average price of 4,6 million HUF. This is included in the discussion to explain the difference between the planned and outcome of the revenue. We found only this information as compared nonfinancial input in the narrative discussion beside the formerly mentioned employee numbers.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 – 14. National Ambulance Service
URL: http://www.parlament.hu/irom41/01671/2017_zsz_6_OGY.pdf
pp. 3481-3491

In Hungarian: LXIII. Nemzeti Foglalkoztatási Alap – IV. Az Alap kiadásainak teljesítése – 1. cím Aktív támogatások
In English: Chapter LXIII National Labour Fund – IV. Execution of the expenditures of the Fund – Title 1 Active supports
URL: https://www.parlament.hu/irom41/01671/2017_zsz_9_OGY.pdf
pp. 4985-4993

In Hungarian: XX. Emberi Erőforrások Minisztériuma – Szociális ügyekért és társadalmi felzárkózásért felelős szakmai ágazat – I. Gyermekvédelmi és gyámügyi feladatok
In English: Chapter XX Ministry of Human Capacities – Section responsible for social cohesion – I. Tasks of child protection and child welfare
URL: https://www.parlament.hu/irom41/01671/2017_zsz_7_OGY.pdf
pp. 4072-4076

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 4986 in the second paragraph of the section "Közfoglakoztatásból a versenyszférába központi munkaerőpiaci program" it is stated that 4,7 thousand persons applied for the support that help them to leave the programme for fostered workers and take a job in the primary labour market. This could be a good indicator of the performance of the programme but without any context it cannot be assessed whether this level is acceptable.

Another similar example is the support for catering of children in kindergartens and schools. On page 4076 in the section "Az ingyenes gyermekétkeztetés kiterjesztése" it is described how many children receive his/her catering for free or at a reduced rate at each educational level. Even the percent of all the children at that educational level is detailed, but not the data for the previous year or the planned levels are mentioned.

A similar case can be found in the discussion of the National Ambulance Service where the the distribution of time required to arrive on-site of the cases is mentioned in the paragraph starting with "A kiérkezési idő szempntjából…" on page 3482. The indicator can be considered a good indicator of efficiency, but unfortunately neither the data for the previous year, nor the originally planned numbers are presented, thus it cannot be evaluated if the outcomes met the expectations or even are these outcomes meant a good service level or only acceptable.

Since the performance indicators are only presented sporadically and even the presented ones are not compared to the originally expected levels, the performance of the institutions cannot be evaluated. As a consequence there are no explanations of the differences.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 – 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: http://www.parlament.hu/irom41/01671/2017_zsz_7_OGY.pdf
pp. 4180-4182

In Hungarian: XX. Emberi Erőforrások Minisztériuma – 20/59 Társadalmi felzárkózást segítő programok
In English: Chapter XX Ministry of Human Capacities – 20/59 Programs of social cohesion
URL: http://www.parlament.hu/irom41/01671/2017_zsz_7_OGY.pdf
pp. 4218-4233

Comment:
The funds intended for the most impoverished populations are not summarized. They can only 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 4235-4236, but the benefits took over from local governments called „Járási szociális feladatok ellátása" are not disaggregated, bowever it contains diverse benefits and some of them is targeted for the most impoverished, while others are general subsidies.

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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, estimates of the differences between the enacted level for all policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented, but a narrative discussion is not included.
Comments: In summarized way, the funds intended for the most impoverished populations are not presented, however there are many appropriations which serve this objective.

Researcher Response
We agree that all subsidies intended for the most impoverished were presented in the Year-End Report, but these appeared on many appropriations without any summary table that clearly compared the original and actual expenditures on these items. Narrative discussion included for these appropriations but it is difficult to determine what parcent of the general subsidies were paid to the most impoverished households. For example the subsidy for families („Családi pótlék") or the tax expenditure for families („Családi adókedvezmény") benefit all the families, but the exact ratio of the most impoverished is unknown. The same is true for the subsidies for homeless persons as it is aggregated with other supports paid through the local governments. While the Year-End Review presents the differences for all subsidies, the exact amount intended and paid to the most impoverished can only be determined for the appropriations exclusively intended to the most impoverished.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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:
c. Yes, estimates of the differences between some but not all of the original estimates of extra-budgetary funds and the actual outcome are presented.

Source:
In Hungarian: I. Országgyűlés – Társadalmi szervezetek és média támogatása – 10. cím Közszolgálati médiaszolgáltatás támogatása
In English: Chapter I. National Assembly – Support of civil organizations and media – Title 10 Support of public media
URL: http://www.parlament.hu/irom41/01671/2017_zsz_1_OGY.pdf
page 751

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.

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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer: a. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, along with a narrative discussion.

Researcher Response
In the Hungarian terminology the Pension Insurance Fund, Health Insurance Fund, Labour Fund and similar funds are treated as extra-budgetary funds, but essentially these are intra-budgetary funds because they operate within nearly the same rule set as the ministries. The true extra-budgetary funds like the Media Service and Support Trust is not detailed in the Year-End Review, only the provided subsidy is presented.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "c" is maintained.

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: Vagyoni adatok – Központi költségvetési szervek és fejezeti kezelésű előirányzatok könyvviteli mérlege
In English: Data on assets – Balance sheet of national accounts
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
pp. 641-646

In Hungarian: Az államháztartás főbb jellemzői (pénzforgalmi szemléletben)
In English: Main characteristics of the budget of the general government (cash-flow based)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 220

In Hungarian: A központi költségvetés finanszírozási és adósságműveletei 2017-ben, előzetes adatok alapján
In English: The financing and debt transactions of the the central budget in 2017 (preliminary data)
URL: http://www.parlament.hu/irom41/01671/2017_zsz_fokotet_OGY.pdf
page 619

Comment:
Some elements of the financial statement can be found in separate tables of the YER.
The first cited table is the balance sheet of the central government, presenting the assets and liabilities for the previous and the budget year.

The second cited table 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 closest to the cash flow statement is the summary table of financing and debt transactions. 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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-priciples.htm) for more detail.*
- *Compliance audits look at the extent to which the relevant regulations and procedures have been followed. See ISSAI 400 (http://www.issai.org/issai-framework/3-fundamental-auditing-priciples.htm) for more details.*
- *Performance audits assess whether activities are adhering to the principles of economy, efficiency, and effectiveness. See ISSAI 300 (http://www.issai.org/issai-framework/3-fundamental-auditing-priciples.htm) 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 az állami tulajdonú gazdasági társaságok ellenőrzéséről – Államadósság Kezelő Központ Zrt.
In English: Report of the audit of corporations owned by the state – Debt Management Agency
URL: https://asz.hu/storage/files/files/jelentes/2018/18206.pdf?ctid=762

Financial audit
In Hungarian: Jelentés Magyarország 2017. évi központi költségvetése végrehajtásának ellenőrzéséről
In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/18275.pdf?ctid=268

Performance audit
In Hungarian: Jelentés a gyermekvédelem intézményrendszerének ellenőrzéséről
In English: Report of the Audit of the institutions of child support
URL: https://www.asz.hu/storage/files/files/jelentes/2017/17189.pdf?ctid=762

In Hungarian: Jelentés a parlagfű ellenri védekezés ellenőrzéséről
In English: Report of the Audit of the ragweed-prevention
URL: https://asz.hu/storage/files/files/jelentes/2017/17090.pdf

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 10 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 institutions of child support and the efficiency of ragweed-prevention. Both audits assess the relevant indicators of the area and evaluates the performance of the institutions.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2017. évi központi költségvetése végrehajtásának ellenőrzéséről
In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/18275.pdf?ctid=762
page 10 and Appendix IV on pp. 33-34

Comment:
The State Audit Office followed its renewed methodology in the audit of the Year-End Report. The percent of audited expenditures are not stated explicitly in the document, but according to the former announcement the methodology ensures that it audits 100% of the expenditures and revenues.

The renewal of the methodology is available in the news articles below.
In Hungarian: Zárszámadás 2014: megújult módszertan
URL: https://www.aszhirportal.hu/hu/hirek/zarszamadas-2014-megujult-modszertan
In English: Final Accounts 2014: Focus on the central budget
URL: https://www.aszhirportal.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: The method of the audit was sample taking, which is presented on the pp: 14 although it is not explicitly presented the percentage of expenditures which were audited. The announcement of the SAI ensures that 100% of the expenses and revenues of the central subsystem was taken in the sample. In the same time the Audit Report, regarding the revenues and expenditures of the central government bodies defines a currency-based sampling. Regarding the institutions presented in the chapters of the Central Budget the Audit report describes the followings: taking into account the heterogeneity of the databases, the sample was defined in a way that it should be reasonable. Regarding the institutions which are reporting toward the Parliament, the sample is defined based on the inherent risk and the internal controls of the institution, based on which the sample needs to be in some cases minimum 45%, or in other cases minimum 95%. All the other institutions presented in the Central Budget the sample was taken in two steps. Initially 10% of the institutions. The sample of their revenue and expenditure data sampling was based on a monetary unit sampling. Based on our rough calculation of the percentages we are suggesting the answer b.

Government Reviewer
Opinion: Agree

Researcher Response
We interpreted the cited table on page 14 as the required confidence interval for the sample based on the internal control and risk level of the institution. For example in the case of low risk and reliable controls the confidence interval is 45%, so the taken sample is also smaller. The 95% confidence interval is applicable at high risk and unreliable control environment, but that only means the SAO takes a sample from the expenditures and revenues to determine the ratio of wrong items with 95% security. It is true that only 10% was selected from the other institutions. These are lower level institutions below the Ministries like universities, hospitals, social institutions, government offices, police departments, prisons, etc. There are hundreds of these institutions. It seems if the selected ones pass the audit, it is assumed that all of them would have passed it. Strictly speaking the SAO only assumes the validity for a significant portion of the expenditures, but we did not question the methodology of the audit.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "a" is maintained.

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:
c. Extra-budgetary funds accounting for less than two-thirds of expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

Source:
In Hungarian: Jelentés Magyarország 2017. évi központi költségvetése végrehajtásának ellenőrzéséről
In English: Report of the Audit on the Execution of Central Budget of Hungary for the Year 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/18275.pdf?ctid=268
Appendix IV on pp. 33-34

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.
According to our research the last published report on the Media Fund was in 2013. 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://asz.hu/storage/files/files/%c3%96sszes%20jelent%c3%a9s/2013/13192j000.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 70-80 billion HUF of the Media Fund. As less than two-third of the expenditures were audited, we chose answer 'c'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. All extra-budgetary funds within the SAI's mandate have been audited.
Comments: Starting from the year 2010 , the Hungarian Parliament votes on a comprehensive set of budgetary central government appropriations in one document, covering the former "extrabudgetary funds" (e.g. Central Nuclear Financial Fund), and the social security funds as normal budgetary chapters in the presentation. If the researcher's answer is accepted in relation with Media Services and Support Trust, one can speak about extra-budgetary fund in Hungary. In this case, answer "a" is relevant, because the budget of the Trust is insignificantly small compared to the budget of governmental sector.

Researcher Response
As the former „extra-budgetary funds" became standard budgetary chapters they are audited with the other chapters. The budget of the Trust may be small compared to the central budget, but the audit is important to ensure that the funds ouside the central budget were managed according to the rules. It is the different rules that warrant the necessity of audit.

IBP Comment
In light of the researcher's "Response to Review," the existing response of "c" is maintained.

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:
In Hungarian: Összegzés
In English: Summary
URL: https://asz.hu/storage/files/files/jelentes/2018/18275.pdf?ctid=762
pp. 7-8

Comment:
The cited pages are the executive summary with the most important findings of the audit.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: Agree
Comments: It is true that no report on findings or steps taken was publised, but it is important to note that the executive must take steps to address SAI's recommendations but these remedial actions are not published in a public document. The sanctions for non-action are very strict: The liability of the controlled organisation to act in case the action plan has not been sent in time by the head of the controlled organisation, or he/she has dispatched an action plan that remains unacceptable, the President of the State Audit Office can: a) initiate a disciplinary or criminal legal procedure against the head of the organisation, b) initiate the suspension of grants or other subsidies due to the controlled organisation deriving from any sub-systems of the general government budget at the authorities in-charge, or else the suspension of the possibility of disbursement of the sum that the organisation was entitled to as 1 percentage of personal income taxes dedicated to this organisation legally by civilians.

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:
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 2018.
Based on this information the report exists but not publicly available.
The legislature did not publish any similar report.

In Hungarian: ÁSZ Hírportál: 2016-os zárszámadás utóellenőrzése – kész az összegzés
In English: SAO News Portal: Post-audit of the year-end report of budget year 2016 – summary prepared
URL: https://www.aszhirportal.hu/hu/hirek/2016-os-zarszamadas-utoellenorzese-kesz-az-osszegzes

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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/), the Fiscal Policy Council in Sweden (Finanspolitiska Rådet, http://www.finanspolitiskaradet.com/), 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: A Költségvetési Tanács 2019. évi feladatterve
In English: The yearly plan of the Fiscal Council for FY 2019

URL: http://www.parlament.hu/documents/126660/1775089/1-2019.01.08+KT+hat%C3%A1rozat+-+2019+%C3%A9vi+Feladatterv.pdf/0d366360-39fa-372d-d7a8-b490b72a0640

In Hungarian: Beszámoló a Költségvetési Tanács 2018. évi feladattervének teljesítéséről
In English: The report about the execution of the Fiscal Council's yearly plan for FY 2018
URL: http://www.parlament.hu/documents/126660/1775089/2-2019.01.08.+KT+hat%C3%A1rozat+-+2018.+%C3%A9vi+eln%C3%B6ki+besz%C3%A1mol%C3%B3.pdf/29469b28-b3a8-20ca-bf84-7140c3337385

In Hungarian: 2011. évi CXCIV törvény Magyarország gazdasági stabilitásáról
In English: Act CXCIV 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

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 published 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 report the Fiscal Council describes that it mainly used documents prepared by the Hungarian National Bank, State Audit Office and other research institutions.
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), but do not evaluates it based on its own calculations about macroeconomy, fiscal trends, government debt projections. The Council does not publish its own forecast, does not formulate its own assessment about budgetary or macroeconomic trends. For example as in other countries the Council creates the macroeconomic projection that provides the basis of the budget. In this regard we do not treat the current situation as international best practice.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2019. évi központi költségvetéséről szóló törvényjavaslat tervezetéről
In English: The Fiscal Council's opinion about the draft of the EBP for FY 2019
URL: http://www.parlament.hu/documents/126660/1456834/3-2018.06.07.+KT+V%C3%A9lem%C3%A9ny+2019+k%C3%B6lts%C3%A9gvet%C3%A9si+t%C3%B6rv%C3%A9nyjavaslat+tervezete.pdf/e6670800-b367-d325-26f4-eaea83326a28

In Hungarian: A Költségvetési Tanács véleménye Magyarország 2018. évi központi költségvetéséről szóló törvény végrehajtásának helyzetéről és az államadósság várható helyzetéről (az I. félévi folyamatok alapján)
In English: The Fiscal Council's opinion about the execution of the central budget for FY 2018 and the state of the debt based on the 2019H1 budgetary trends
URL: http://www.parlament.hu/documents/126660/1456834/6-2018.09.18.+sz.+V%C3%A9lem%C3%A9ny+a+2018+els%C5%91+f%C3%A9l%C3%A9vi+folyamatok+alapj%C3%A1n.pdf/44395b5a-ca42-2ff1-2867-1e20a113f469

In Hungarian: A Költségvetési Tanács honlapján elérhető kutatások
In English: The published researches of the Fiscal Council:
URL: http://www.parlament.hu/web/koltsegvetesi-tanacs/55

Comment:
On page 2 of the first cited document, and on page 3 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 Progamme. 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.
The researches published on the Council's webpage are the ordered researches from the economic research institutions.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: A Költségvetési Tanács véleménye a Magyarország 2017. évi központi költségvetéséről szóló 2016. évi XC. törvény módosításáról szóló törvényjavaslat tervezetéről
In English: The Fiscal Council's opinions about the draft of bills modifying the EB for FY 2017
URL: http://www.parlament.hu/documents/126660/1215410/2-2017.04.27.+KT+V%C3%A9lem%C3%A9ny+2017+k%C3%B6lts%C3%A9gvet%C3%A9si+m%C3%B3dos%C3%ADt%C3%B3.pdf/cb94bb40-3f93-4646-b46c-ff2a2283b557

In Hungarian: A Költségvetési Tanács véleménye a Magyarország 2017. évi központi költségvetéséről szóló 2016. évi XC. törvény módosításáról szóló T/15427. számú törvényjavaslat zárószavazásához
In English: The Fiscal Council's opinions about the bills modifying the EB for FY 2017 before the final vote
URL: http://www.parlament.hu/documents/126660/1215410/4-2017.06.14.+sz%C3%A1m%C3%BA+V%C3%A9lem%C3%A9ny+a+2017.+%C3%A9vi+k%C3%B6lts%C3%A9gvet%C3%A9s+m%C3%B3dos%C3%ADt%C3%A1s%C3%A1nak+z%C3%A1r%C3%B3szavaz%C3%A1s%C3%A1hoz.pdf/a3b664e5-a6fd-4444-9d8e-5c4ce30cba9f

In Hungarian: A Költségvetési Tanács véleménye a Magyarország 2019. évi központi költségvetéséről szóló törvényjavaslat tervezetéről
In English: The Fiscal Council's opinion about the draft of the EBP for FY 2019
URL: http://www.parlament.hu/documents/126660/1456834/3-2018.06.07.+KT+V%C3%A9lem%C3%A9ny+2019+k%C3%B6lts%C3%A9gvet%C3%A9si+t%C3%B6rv%C3%A9nyjavaslat+tervezete.pdf/e6670800-b367-d325-26f4-eaea83326a28

Comment:
The Fiscal Council has the legal opportunity to formulate an opinion about new policy proposals. The legal obligation is only about assessing if the new policy proposals affect the fiscal deficit and through it the government debt. There is no legal prohibition for making its own costings. According to the documents the Council only evaluates if the new policy proposals are plausible and the targets are achievable based on the calculations received from the Ministry of Finance. The Council does not make and publish its own costings of the proposals. In the first cited document the Council only lists the proposals on pp. 2-4 but no other calculations are attached to them.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: A Költségvetési Bizottság üléseinek jegyzőkönyvei
In English: Minutes of the Meeting of the Budgetary Committee of the Parliament
In 2017
URL: http://www.parlament.hu/bizottsagok-elozo-ciklusbeli-adatai?p_auth=JhOQEvRF&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_biz.biz_uldat_main%3FP_DATUM_TOL%3D2017.01.01%26P_CKL%3D40%26P_BIZ%3Dnull%26P_BIZ%3DA426%26P_DATUM_IG%3D2018.04.01%26P_BIZHAT%3Dnull
In 2018
URL: http://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
In 2017
URL: http://www.parlament.hu/bizottsagok-elozo-ciklusbeli-adatai?p_auth=JhOQEvRF&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_biz.biz_uldat_main%3FP_DATUM_TOL%3D2017.01.01%26P_CKL%3D40%26P_BIZ%3Dnull%26P_BIZ%3DA423%26P_DATUM_IG%3D2018.04.01%26P_BIZHAT%3Dnull

In 2018
URL: http://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:
In 2017
URL: http://www.parlament.hu/orszaggyulesi-naplo-elozo-ciklusbeli-adatai?p_auth=JhOQEvRF&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-

1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_naplo.altnaplek%3FP_TECH_SZEREP%3Dnull%26P_DATUM_TOL%3D2017.01.01%26P_CKL%3D40%26P_IFOTIP%3Dnull%26P_SZEREP%3Dnull%26P_KEPV%3Dnull%26P_KEPV%3Dk005%26P_SZEREP_CSOP%3Dnull%26P_FRAK%3Dnull%26P_DATUM_IG%3D2018.04.27%26P_ITIPUS%3Dnull%26P_AKTUS%3Dnull

In 2018
URL: http://www.parlament.hu/felszolalasok-keresese?p_auth=JhOQEvRF&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_naplo.altnaplek%3FP_TECH_SZEREP%3Dnull%26P_DATUM_TOL%3D2018.04.28%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%3D2018.12.31%26P_ITIPUS%3Dnull%26P_AKTUS%3Dnull

Comment:
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 President of the Hungarian National Bank and the President of the State Audit Office testified in the committees but as presidents of the institutions, not as council members.) The Chairman of the Fiscal Council only speaks in the Parliament when he reiterates the Council's opinion about the EBP, but in these cases the MPs do not have the chance to ask questions from him.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 debates budget policies prior to the tabling of the Executive's Budget Proposal. 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 2019. 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 2019
URL: http://ngmszakmaiteruletek.kormany.hu/download/d/f0/32000/2019_TT_180518.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 timetable for tabling of the EBP for FY 2019 did not include any discussion with the legislature.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 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: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=iWUHBZQZ&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The legislature received the EBP about 6 months before the start of the budget year.
The EBP for FY 2019 was submitted to the Parliament on 13 June 2018 as the date in the row 'Benyújtva' shows. The supplements of the EBP were added on 22 June 2018. The legal requirement for submitting the EBP in the year of general elections (as was 2018) is 30 October, in other years 30 September.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=jLelXX07&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

Comment:
The EBP for FY 2019 was approved on 20 July 2019 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 2016 tax changes were adopted in December but the approved budget was only modified partially.
The bill of tax changes in 2016:
http://www.parlament.hu/irom40/13159/13159.pdf
The bill modifying the enacted budget for FY 2017 before the start of the budget year:
http://www.parlament.hu/irom40/12740/12740-0009.pdf

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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
Comments: In Hungarian: 2011. évi CXCV törvény az államháztartásról In English: Act CXCV on the Public Finances URL: https://net.jogtar.hu/jogszabaly?docid=A1100195.TV The Act on Public Finances presents the cases at 22§ regarding the modification and reallocation of appropriations in the central budget. Moddifications can be done during the year if statutory provisions had been changed. The earmarked public funds and social security funds can be modified in some cases based on the decision of the Parliament, with the consent of the Minister for Public Finances. It can be modified also by the body who is managing the chapter, if there is room for that from the savings of the previous year.

Government Reviewer
Opinion: Agree

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: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?
p_auth=7xtsYG8r&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-
1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_mod_mind%3Fp_izon%3D503%26p_ckl%3D41+%26p_fotipus%3DNULL%26p_kivetel%3DNULL%26p_tipus%3DNULL%26p_tipus%3Dmo%26p_allapot%3DNULL%26P_parlexkiir%3DI

In Hungarian: 503/844 Összegző módosító javaslat Magyarország 2019. évi központi költségvetéséről
In English: No. 503/844 Final amendment for the bill on Central Budget of Hungary for FY 2019
URL: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?
p_auth=7xtsYG8r&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-
1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_madat%3Fp_ckl%3D41%26p_izon%3D503%26p_alsz%3D844

Comment:

According to the rules of the Parliament all the amendments for the budget proposal end up at the Fiscal Committee 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.
For the most recent EBP the legislature approved the final amendment. This is shown in the tab "Szavazások" (Votes) on its webpage in the column "Eredmény" (Result). The status is "Elfogadott" (Approved).

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 and to publish a report. 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: http://www.parlament.hu/irom41/00503/00503-0839.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: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=qXadMMvq&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_naplo.ulnap_felszo%3Fp_lista%3Df%26p_nap%3D18%26p_ckl%3D41%26p_stilus%3D
From "Felszólalás" (speech) 31-55

In Hungarian: T/503 Magyarország 2019. évi központi költségvetéséről
In English: Bill No. T/503 on the Central Budget of Hungary for FY 2019 (EBP)
URL: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=qXadMMvq&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D41%26p_izon%3D503

In Hungarian: A költségvetési törvényjavaslat tárgyalásának ütemenzése tervezete
In English: Draft of the timetable for debating the EBP for FY 2019
URL: http://www.parlament.hu/documents/10181/1629447/utemezo2/ea59dd4a-9f45-1590-8678-6548a25f099d

Comment:
The Fiscal Committee finished its debate on 4 July 2018 as shown in its published report. The report mostly reiterates the summary of the EBP. The concerns and risks are detailed mainly in the attached minority opinions starting from page 768, however these opinions contain few numerical or professional assessments. The main reason of this is the tight deadlines for scrutinizing the EBP. As the dates related to the EBP on the webpage of the EBP shows the EBP was submitted on 13 June 2018 (in the row "Benyújtva") and the detailed debate ended on 5 July 2018 (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 only on 22 June 2018. 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 final debate of the EBP was on 16 July, but it was a general debate in the legislature, not a discussion by a specialized committee.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 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 2019 in the Fiscal Committee (pp. 6-37)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KVB/1807041.pdf

In Hungarian: A Kulturális Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Cultural Committee (pp. 5-27)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KOB/1807041.pdf

In Hungarian: A Gazdasági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Economic Committee (pp. 8-20)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/GAB/1807031.pdf

In Hungarian: A Népjóléti Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee for Social Welfare (pp. 5-26)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/NJB/1807041.pdf

In Hungarian: Az Igazságügyi Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee for Justice (pp. 5-9)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/IUB/1807041.pdf

In Hungarian: A Külügyi Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee for Foreign Affairs (pp. 7-9)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KUB/1807031.pdf

In Hungarian: A Mezőgazdasági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Agricultural Committee (pp. 17-31)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/MGB/1807041.pdf

In Hungarian: A Vállalkozásfejlesztési Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee on Business Development (pp. 5-17)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/VFB/1807041.pdf

In Hungarian: A Fenntartható Fejlődés Bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee for Sustainable Development (pp. 8-20)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/FFB/1807041.pdf

In Hungarian: Az Európai ügyek Bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee of European Affairs (pp. 23-26)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/EUB/1807031.pdf

In Hungarian: A Honvédelmi és rendészeti bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee on Defence and Law Enforcement (pp. 6-23)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/HOB/1807041.pdf

In Hungarian: A Nemzeti összetartozás bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee on National Policies Enforcement (pp. 5-20)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/NOB/1807041.pdf

In Hungarian: A Nemzetbiztonsági Bizottság vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee of National Security (pp. 5-7)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/NBB/1807051.pdf

In Hungarian: A Magyarországi nemzetiségek bizottságának vitája a költségvetési törvényjavaslatról
In English: The debate on the EBP for FY 2019 in the Committee of Minorities in Hungary (pp. 5-9)
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/NEB/1807041.pdf

In Hungarian: A T/503 Magyarország 2019. évi központi költségvetéséről szóló törvényjavaslathoz kapcsolódó bizottsági jelentések a részletes vitáról
In English: The reports of the debates in the Committees
URL: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=qXadMMvq&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_mod_mind%3Fp_izon%3D503%26p_ckl%3D41+%26p_fotipus%3DNULL%26p_kivetel%3DNULL%26p_tipus%3DNULL%26p_tipus%3Drv%26p_allapot%3DNULL%26P_parlexkiir%3DI

Comment:
The listed minutes of the meetings show the debates of the Committees about the EBP for FY 2019. According to the dates of the meetings they were held on the first few days of July that means the Committees had less than a month to scrutinize the EBP that was submitted on 13 June 2018. The time for meaningful assessment was even less because the supplements of the EBP were only published on 22 June 2018. Essentially the committees had 2 weeks to evaluate the budget.
The other source lists the reports of the debates of the Committees. The reports mainly consist of the opinion of the Committee (formulated by the ruling party) and the minority opinions (formulated by other factions).
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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:
In Hungarian: Varga Mihány nemzetgazdasági minsizter eves meghallgatása a Parlament Költségvetési Bizottságában
In English: The hearing of Mihály Varga, Minister for National Economy in the Fiscal Committee of the Parliament
URL: http://www.parlament.hu/documents/static/biz40/bizjkv40/KVB/1711221.pdf
pp. 6- 36

Comment:
The last time the Minister for National Economy testified before the Fiscal Committee was on 22 November 2017. It was the yearly report of the Minister to the Fiscal Committee and the hearing was about the state of the economy and economic policies. The execution of the current budget was not raised in the hearing. Besides the hearing there was no other effort from the Fiscal Committee to examine the implementation of the budget, thus no written report was published with its findings.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, a committee examined in-year implementation, but it did not publish any report with findings and recommendations.
Comments: According to the law (Act XXXVI of 2012 on the National Assembly) the Fiscal Committee of the Parliament hold a hearing the Minister of Finance on the implementation of the budget. In 2018 the Minister of Finance testified before the Fiscal Committee before his re-appointment, and talked about budget processes expected in 2018 and the following years, the plans in connection with the tax system and development programs. https://www.kormany.hu/hu/nemzetgazdasagi-miniszterium/hirek/a-gazdasagi-celok-valtozatlanok-munkaalapu-tarsadalom-epul Government revises the compliance with the debt rule based on the half-year data and notifies the competent commission of the Parliament and the Fiscal Council of the result of the revision. Minutes of committee meetings are available to everyone on the committee's website.

Researcher Response
The Minister of Finance included budgetary questions in his testimony before his re-appointment, but those were general government policies, not a detailed description of the implementation of the current budget. It is reasonable as the purpose of the testimony was to provide insight about the government's budgetary and economic plans. We agree that the Ministry provide half-year evaluation to the Fiscal Committee, but that document was not discussed in any of the hearings.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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 process.

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 2018-as költségvetésben átcsoportosítást végrehajtó kormányhatározatok
In English: The resolution of the government about shifting funds in the Enacted Budget for FY 2018
URL: http://njt.hu/
Searching for: "Évszám": 2018, "Típus": KORM határozat, "Szavak": költségvetés 2018 átcsoportosítás

Comment:
The law only requires the approval of the legislature if the main expenditure or revenue numbers of the law are to be modified because that requires a supplemental budget for the enacted budget. The other case is when the expenditures are shifted to or from chapters administered by the legislature. But in this latter case the legislature can perform the shift in resolution and not hierachically above the government and approving the shift, but an equal partner. The law does not require any additional approval from the legislature for shifting funds because these approvals are granted generally in the specific rules of the enacted budget and 33 § (2) of the act on state budget.
As stated in 33 § (2) of the cited law the government may 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, also giving pre-authorization for the government. As this has become very broadly used, the government only has to seek approval from the legislature in very specific circumstances.
The Enacted Budget for FY 2018 was not modified by the legislature during its execution. But it was modified heavily by the government. According to our findings the government shifted funds between appropriations in 174 resolutions. The total amount of shift was 813 billion HUF, about 4% of the original total of expenditures.
There were 14 resolutions, with a total shift of 49 billion HUF, that shifted funds in the enacted budget for FY 2019 during 2018.
The search on the cited webpage lists all the resolutions of the government from 2018 that contains the words "budget", "2018" and "shifting funds". There are 211 such resolutions but some of them contained these words in other context.
Most of the shifts are reallocation of unspent appropriations from the previous year, but there are also the reserves that can be spent if the circumstances allow it. Including a large reserve in the budget is a valid measure for preparing unexpected expenditures, but giving the right to the government to spend it without any control or discussion with the legislature is irresponsibility.
It is notable that the stock of unspent expenditures is about 6-7% of the GDP. As a consequence the government still has the chance to limit the expenditures of the institutions and reallocate the unspent expenditures at its will.
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: Disagree
Suggested Answer:
a. The executive is required by law or regulation to obtain approval from the legislature prior to shifting funds between administrative units, and it does so in practice.
Comments: Generally the government required to seek approval from the legislature before shifting funds between administration unit. Reserves can not be taken account when one calculates the deviation between approved budget and year-end report because the legislator authorized the

governmentthe usage of them without any limit in regard with the administrative units. The overspending is not necessarily due to any governmental decision because among chapters there are significant transfers, so the difference is mainly the result of technical issues, "duplications", and there are some appropriations of the chapters that are exogenous. A fejezetet irányító szerv a Kormány rendeletében és az állami magasépítési beruházások megvalósításáról szóló 2018. évi CXXXVIII. törvényben meghatározott esetekben a költségvetési évben a fejezeten belül új alcímet, jogcímcsoportot, jogcímet hozhat létre. Más esetben a fejezet címrendjének, valamint a címrend alá rendezett alcímek, jogcímcsoportok módosítására, kiegészítésére a Kormány irányítása alá tartozó fejezetek esetén a Kormány, a Kormány irányítása alá nem tartozó fejezetek esetén az Országgyűlés egyedi határozatban jogosult. * (1a) * Ha az Országgyűlés a központi költségvetésről szóló törvény elfogadását követően olyan központi költségvetési szervet alapított, amelynek költségvetési bevételei és költségvetési kiadásai a központi költségvetésben önálló fejezetet alkotnak, a Kormány irányítása alá tartozó fejezetek esetén a Kormány, a nem a Kormány irányítása alá tartozó fejezetek esetén az Országgyűlés egyedi határozatban jogosult a fejezetrend ezzel összefüggő kiegészítésére. * (2) * A központi költségvetésről szóló törvény, az állami magasépítési beruházások megvalósításáról szóló 2018. évi CXXXVIII. törvény és e törvény eltérő rendelkezése hiányában a központi költségvetésről szóló törvény által megállapított kiadási előirányzatok közötti előirányzat-átcsoportosításra a Kormány irányítása alá tartozó fejezet terhére történő előirányzat-átcsoportosítás esetén a Kormány, a nem a Kormány irányítása alá tartozó fejezet terhére történő előirányzat-átcsoportosítás esetén az Országgyűlés egyedi határozatban jogosult. * (3) A központi költségvetésről szóló törvény eltérő rendelkezése hiányában a fejezetet irányító szerv az általa irányított fejezetbe sorolt * a) költségvetési szervek kiadási előirányzatai terhére előirányzat-átcsoportosítást hajthat végre, ha a költségvetési szerv kiadási előirányzatain megtakarítás keletkezik vagy az átcsoportosítás a közfeladatok változásával, költségvetési szervek alapításával, átalakításával vagy megszüntetésével kapcsolatban szükséges, b) fejezeti kezelésű előirányzatok és elkülönített állami pénzalapok kiadási előirányzatai terhére előirányzat-átcsoportosítást hajthat végre, ha ba) azokon megtakarítás keletkezik, bb) az előirányzat-átcsoportosítás a közfeladatok változásával kapcsolatban szükséges, bc) a fejezeti általános tartalék fejezeten belüli előirányzat-átcsoportosítása előre nem valószínűsíthető és nem tervezhető költségvetési kiadás teljesítéséhez szükséges, bd) az az államháztartás központi alrendszerébe tartozó költségvetési szerv részére költségvetési támogatás biztosításával kapcsolatban szükséges, be) az európai uniós források felhasználásához kapcsolódik vagy bf) * elkülönített állami pénzalap és fejezeti kezelésű előirányzat javára feladatátadással kapcsolatban szükséges. (3a) * Az ugyanazon középirányító szerv irányítása alá tartozó költségvetési szervek közötti, a (3) bekezdés a) pontja szerinti előirányzat-átcsoportosításról a középirányító szerv jogosult rendelkezni a fejezetet irányító szerv egyidejű tájékoztatása mellett. (4) A (3) bekezdés alapján a) fejezeten belüli előirányzat-átcsoportosításra a fejezetet irányító szerv egyoldalú jognyilatkozata alapján, b) fejezetek közötti előirányzat-átcsoportosításra az érintett fejezetet irányító szervek megállapodása alapján * kerülhet sor. (5) * Az államháztartásért felelős miniszter előzetes hozzájárulására van szükség a (3) bekezdés b) pont ba) és bb) alpontja szerinti, a Kormány irányítása alá tartozó fejezeten belüli előirányzat-átcsoportosításhoz. A Kormány irányítása alá tartozó fejezetek közötti, a (3) bekezdés a) pontja, valamint a (3) bekezdés b) pont ba) és bb) alpontja szerinti előirányzat-átcsoportosítás az államháztartásért felelős miniszter egyidejű tájékoztatása mellett történik.

Researcher Response

The cited section of the Act on State Budget states in paragraph 2 that without differing resolution from other laws the Government is entitled to shift funds between chapters controlled by the Government by government resolution. In practice this is a „blank cheque" from the legislation that the Government can shift funds legally nearly at its will. In our assessment this undermines the controlling and supervisory role of the legislation about the use of public funds. We did not question that the government takes anything illegal regarding shifting the funds, but that the current legislative approvals are too general and gives up the accountability and control of public spending. The use of this legal opportunity can be checked in our initial comment according to which nearly 4% of the total expenditures was shifted and spent on other purposes than it had been approved by the legislation. In addition to this another 6-7% of the GDP potentially can be shifted as identified in our answer. The level of reserves also counts in this case because if they are not needed they can be spent without legislative approval. As a combined effect of these the government can seriously alter the approved budget during the implementation. As a summary a general approval is given from the legislature for shifting funds, but it is questionable whether the legislation still has its controlling and supervisory role about how the public funds are spent. Since more than 3% of the expenditures was shifted based upon the general approval answer „d" applies.

IBP Comment

In light of the researcher's response, the current answer choice of "d" is maintained.

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
30. § (4),
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100195.TV

In Hungarian: A 2017-es költségvetési törvényjavaslat felülről nyitott előirányzatai
In English: The "top open" appropriations of the EBP for FY 2017
URL: http://www.parlament.hu/irom40/10377/adatok/04_mell.pdf

Comment:
The legal rules divide the excess revenues: the minor cases (when an institutional budget achieves excess revenue) the government has the right to decide if that revenue can be used for expenditures at that institution. The government decide about it in a governmental resolution. If one of the centralized revenues (like taxes and other major revenues) shows excess revenue the legislature has to modify the budget before it can be spent. In the process the government submits a supplementary budget to modify the revenue estimates and the expenditures for which it intends to spend on, and then the legislature approves it before spending. In case the government does not modify the budget, the excess revenues improve the budget deficit and help decreasing the governmental debt.
However there are ways to spend the excess revenues without the approval of the legislature. One of them is the "top open" appropriations that can be overspent without further approval or with the approval of the government. For example in 2017 the original appropriations for "Expenditures for managing mass immigration" (Tömeges bevándorlás kezeléséhez kapcsolódó kiadások) and "Expenditures for executing measures for preventing terror" (A terrorellenes intézkedések megvalósításához kapcsolódó kiadások) were 0,1 billion HUF each, while at the end of the year the spending were 155 billion HUF and 123 billion HUF respectively. The two overspending is about 1.5% of the total expenditures of the budget. A similar overspending occurred at the use of the EU Funds (2014-2020 közötti kohéziós politikai operatív programok) in which case the original appropriation was 1882 billion HUF and the final expenditure was 2196 billion HUF.
In the last few years the introduced "top open" appropriations are discretionary items, hence it allows the government to spend limitlessly on certain items. The use of "top open" appropriations is acceptable for expenditures determined by external factors, but the items in the example are not such items.
The SAO already emphasized this risk in its opinion about the EBP for FY 2017 by stating that 53% of the total expenditures are "top open" and can be exceeded without changing the law, but there was no reaction from the government to it.
In English the summary of the opinion is available here: http://www.aszhirportal.hu/en/main-reports/sao-s-opinion-on-the-2017-budget-has-been-completed
In Hungarian on page 5 of the SAO's opinion: https://www.asz.hu/storage/files/files/%C3%96sszes%20jelent%C3%A9s/2016/16062.pdf?ctid=98
(The "top open" appropriations are not listed in the Year-End Report, only in the EBP or EB, hence they have to be matched with the factual data from the YER.)

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a The executive is required by law or regulation to obtain approval from the legislature prior to spending excess revenues, and it does so in practice.
Comments: The researcher states that legal rules divide the excess revenues, the legislature must approve the using of excess revenue. The spending on top-open appropriations (e.g. expenditures for managing mass immigration) idepends largely on external factors, and not under the government discretion.

Researcher Response
We stated that some of the top-open appropriations were not driven by external factors and essentially were discrete expenditures. For example in 2015 27.6 billion HUF was spent on expenditures for managing mass immigration while there was 391 thousand incidents at the border. In 2017 the spending was 155 billion HUF, while the number of incidents were about 20 thousand. As numerous investments were financed from this appropriation there was no budget limit or control on these expenditures. They are different from pensions or social subsidies that truly driven by external factors (for example the number of applicants for a subsidy).

IBP Comment
IBP is in agreement with the researcher's response; the answer choice "d" is maintained.

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

Resolution on the lock of spending
In Hungarian: A Kormány 1381/2014. (VII. 17.) Korm. határozata a 2014. évi hiánycél tartásához szükséges intézkedésekről
In English: Resolution 1381/2014 (VII. 17.) on the measures necessary to achieve the deficit target in FY 2014
URL: http://www.kozlonyok.hu/nkonline/MKPDF/hiteles/MK14097.pdf
pp. 11229- 11234

Comment:
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. 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. The last lock in practice was in 2014 as shown in the cited resolution. In the document on pages 11230-11231 the table presented the obligations for each Ministry what amount they have to lock.
In recent years reducing the spending are linked to shifting the funds and not validated in the budget until the end of the year. For example in 2017 in its resolution (No. 2029/2017. (XII.27.) Korm. határozat) the government shifted 22 billion HUF from the Paks II nuclear power plant project to other expenditures, because the advancement of the project was not as planned, but the government wanted to use those funds for other goals. The same was true for the labour programme for fostered workers, from where 27,5 billion HUF was shifted. At the end of 2018 17 billion HUF was shifted from the labour programme and 60 billion from Paks II. (In resolutions 1806/2018. (XII. 23.) Korm. határozat, 1807/2018. (XII. 23.) Korm. határozat, 1808/2018. (XII. 23.) Korm. határozat.) Effectively these also can be evaluated as reducing the spending on certain expenditures, but it is much more related to the management function of the government or the side-effects of too early planning. In the first case the government is not capable of executing the project as planned, while in the second case at the time of the adoption of the EBP the expenditure was planned correctly but the EBP was adopted too early and since that time the economic situation changed that much that the expenditure limit became too high and not updated during the implementation of the budget (for example the labour programme was not needed in as high volume as planned due to the tighter than planned labour market).

Links to resolutions:
1806/2018. (XII. 23.) Korm. határozat
http://njt.hu/cgi_bin/njt_doc.cgi?docid=211966.364282
1807/2018. (XII. 23.) Korm. határozat
http://njt.hu/cgi_bin/njt_doc.cgi?docid=211967.363230
1808/2018. (XII. 23.) Korm. határozat
http://njt.hu/cgi_bin/njt_doc.cgi?docid=211968.363231
2029/2017. (XII. 27.) Korm. határozat
https://net.jogtar.hu/jogszabaly?docid=A17H2029.KOR×hift=fffffff4&txtreferer=00000001.TXT

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018. november 6-án, kedden 10 óra 03 perckor az Országház Széll Kálmán termében (főemelet 64.) megtartott üléséről
In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 10:03 on 6 November 2018 in the Széll Kálmán boardroom of the Parliament
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KVB/1811061.pdf

In Hungarian: Mellár Tamás felszólalása a 2017-es zárszámadás vitájában
In English: Speech by Tamás Mellár in the general debate of Year-End Report of FY 2017
URL: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=DTgvRVon&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_naplo.naplo_fadat%3Fp_ckl%3D41%26p_uln%3D31%26p_felsz%3D16%26p_szoveg%3D%26p_felszig%3D16

In Hungarian: Hiszékeny Dezső felszólalása a 2017-es zárszámadás vitájában
In English: Speech by Dezső Hiszékeny in the general debate of Year-End Report of FY 2017
URL: http://www.parlament.hu/iromanyok-egyszerusitett-lekerdezese?p_auth=DTgvRVon&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_naplo.naplo_fadat%3Fp_ckl%3D41%26p_uln%3D31%26p_felsz%3D44%26p_szoveg%3D%26p_felszig%3D44

Comment:
The Fiscal Committee did not have a separate point in its agenda for discussing the Audit Report, but it was indicated that the debate of the Year-End Report included the AR too. (On page 6 in the sentence "Az Állami Számvevőszék kapcsolódó jelentése a parlament honlapján a törvényjavaslat mellett megtalálható.") In the meeting of the committee the AR was mentioned only when the representative of the government had referred to the State Audit Office that the YER had been created according to the legal rules (on pp. 15-16 in the sentence "Ezt a törvényességi úgymond vizsgálatot az Állami Számvevőszék is elvégezte,").
In the general debate of the Parliament in which all the MPs may participate (thus it is not a specialised committee) the AR were mentioned several times. The recurring element was that the State Audit Office in its report had claimed that the YER had satisfied the legal requirements.
The two cited speeches noted other parts of the report. The first one highlighted that from a professional point of view it was misleading to compare absolute amounts from different years without correcting them with the inflation. The second one noted that the SAO in the AR referenced non-official data sources in the appendix when presented the GDP-growth.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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
URL:http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
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: http://www.kormany.hu/download/e/02/00000/The%20New%20Fundamental%20Law%20of%20Hungary.pdf

The appointment of the head of the SAO
In Hungarian: Az Állami Számvevőszék elnökének és alelnökének megválasztásáról (Domokos Lászlót elnökké, Warvasovszky Tihamért alelnökké)
In English: Decision on the president and vice president of the State Audit Office
URL: http://www.parlament.hu/szavazasok-elozo-ciklusbeli-adatai?p_auth=1qclpYNb&p_p_id=pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-1&p_p_col_count=1&_pairproxy_WAR_pairproxyportlet_INSTANCE_9xd2Wc9jP4z8_pairAction=%2Finternet%2Fcplsql%2Fogy_irom.irom_adat%3Fp_ckl%3D39%26p_izon%3D519

Comment:
According to the law the current process of appointing the head of the SAI 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 Head of the SAO with two-thirds of the votes of the members of the legislature
The rules are also strict on removing the head of the SAO, only the legislature can initiate it and decide on it. The rules are in effect since 1 July 2011 and the current head of the SAO was elected according to the previous rules. He was elected on 28 June 2010 as the row "Benyújtva" shows in the last citation.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
11. §

Comment:
The head of the SAO can only be removed by the legislature. There are also 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 incompatibility 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: Agree

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
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
2. §

Comment:
The fiscal independence of the SAO is secured in the legal rules. 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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
URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
3. § and 23. §

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. §

Comment:
The yearly plan of the SAO is approved by the president of the SAO. According to the law 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 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.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2017. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére
In English: Report on the activities of the State Audit Office and summary of the operation of the institution in 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/b8.pdf?ctid=271
pp. 81-84, 112-114

In English: Report extract from the Communication Peer Review of the State Audit Office of Hungary by the SAIs of Poland and Lithuania
URL: https://www.intosaicbc.org/download/2016-peer-review-hungary-summary-of-report/

In Hungarian: 2011. évi LXVI. törvény az Állami Számvevőszékről
In English: Act LXVI of 2011 on the State Audit Office URL: http://net.jogtar.hu/jr/gen/hjegy_doc.cgi?docid=A1100066.TV
2. § (4) and 23. §

Comment:
The law requires that an independent auditor reports on the legality of the management of the State Audit Office. This only validates that the funds were used according to the legal rules. This can be found on pp. 112-114 in the SAO's report.
About the audit processes of the SAO we only found evidences for the effort the SAO makes to continuously improve them and ensure their high standards by using quality assurance systems and ISO verification of them based on the INTOSAI principles. We have not found external reports that these processes have been reviewed by independent auditors.
The peer reviews we found only included the communication of the results, that is an important but not the most important part of the processes.
In the last survey the communication peer review was accepted as international audit, but since that no other international peer review took place, so we changed the answer to "c".

Peer Reviewer
Opinion: Agree
Comments: The Financial Report of the SAI is done by a Hungarian external audit which is different from year to year. Although international audit or report about ISO verification is not available on the website of the SAI.

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. Yes, an independent agency conducts and publishes a review of the audit processes of the SAI at least once in the past five years, but not annually.
Comments: According to the guidelines: "b" applies if a review was carried out within the past five years, and published, but it is not conducted annually. Since the SAI in Hungary was reviewed by peer SAIs from Poland and Lithuania in 2016, that is within 5 years, the answer must be "b".
https://www.intosaicbc.org/download/2016-peer-review-hungary-summary-of-report/

Researcher Response
The former independent review only assessed the communication processes of the State Audit Office, that is not essential for the audit. We looked for audits that checked strictly the audit methodoogy. It is quite important because recently the SAO changed its sampling methodology and it would be more reliable if an independent reviewer also confirmed it. The audit process and methodology was only audited by an external audit company as stated by the peer reviewer, but the results were not published.

IBP Comment
As the external review conducted by the Polish and Lithuanian SAIs concerned the external communication practices of the Hungarian SAI rather than its specific audit processes, the existing response of "c" is maintained.

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: Tájékoztató az Állami Számvevőszék 2017. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére
In English: Report on the activities of the State Audit Office and summary of the operation of the institution in 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/b8.pdf?ctid=271
page 22

In Hungarian: Az ÁSZ 2018-ban is aktívan támogatta az Országgyűlés munkáját
In English: The SAO actively supported the work in the Parliament in 2018 too
URL: https://www.aszhirportal.hu/hu/hirek/az-asz-2018-ban-is-aktivan-tamogatta-a-parlament-munkajat

In Hungarian: Jegyzőkönyv az Országgyűlés Gazdasági bizottságának 2018. szeptember 25-én, kedden 9 óra 3 perckor az Országház Tisza Kálmán termében (főemelet 37.) megtartott üléséről
In English: Minutes of the Meeting of the Economic Committee of the Parliament held at 09:03 on 25 September 2018 in the Tisza Kálmán boardroom of the Parliament
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/GAB/1809251.pdf
pp. 8-14

Comment:
In the yearly report of the SAO it mentions 30 participation in the committee's meetings in 2017, while a preliminary article about the activities in 2018 mentions 13 occasions when the SAO participated in the meetings of the committees.
We did not find any evidence for this participation in the minutes of the meetings of the committees in the last 12 months. The only occasion we found was when the yearly report on the SAO's activities was presented and debated in a committee.
Due to the lack of evidence we changed the answer to 'c' from the previous survey's "a".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Frequently (i.e., five times or more).
Comments: The Yearly Report of SAO states that the employees of the SAO participated in many hearings. However, the Comment uses only detailed transcripts of the parliamentary committees' hearings, on the basis of which identifies only a few hearings. We consider Reports of SAO trustwothy (at other questions the commentator itself accepts answers of SAO).

Researcher Response
We agree that both sources are trustworthy, but we had to decide between the contradictory statements. We chose the transcripts as evidences because in that case it can be easily proven how the SAO had helped the committees' work. Based on the SAO's report we could not determine what „participation" meant. We used the SAO's documents in other answers because we accepted them as valid and did not contradict to any other source of information.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The current response of "c" is maintained.

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:
c. Yes, the executive uses participation mechanisms during the budget formulation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).

Source:
In Hungarian: Nem hivatalos összefoglaló az Országos Közszolgálati Érdekegyeztető Tanács 2018. június 18-i és június 25-i üléséről
In English: Unofficial summary of the meeting of National Reconciliation Council of Public Services (OKÉT) on 14 June 2018 and on 25 June 2018
URL: http://www.liganet.hu/page/256/art/9827/akt/1/html/a-biztonsag-koltsegvetese.html
URL: http://www.liganet.hu/page/256/art/9848/akt/1/html/elismerest-a-kozszolgalatnak-.html

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2018. 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 2018
URL: http://www.liganet.hu/page/264/art/9849/akt/1/html/a-liga-figyelmeztet-a-jovedelemcsokkenes-veszelyere-.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/dokumentumtar/

Comment:
There are several consultation forums that include the government and other organisations. We found two forums that issued an article about discussing the EBP. The OKÉT is a consultation forum between the government and the employees of the public services (trade unions in the public services, its trade unions, line ministries). It mainly discusses the labour policies, wage situation and public sector reforms. The VKF is a national consultative forum of the representatives of the employers, the trade unions and the government. This forum is mainly about economic policies (focusing on labour questions) and tax regulation.
While there are several meetings of the forums each year there was no meeting for discussing fiscal policies before tabling the budget. This was also articulated by Melinda Mészáros, chairman of the LIGA Trade union when she had noted there had been no talks about the proposed tax and wage policies before the submission of the EBP.
We did not find official records about these forums, only articles summarizing the meetings. Due to this and the fact that there were no pre-budget meetings and during the formulation of the budget the government only presented the principles of the budget we did not evaluate this as participation mechanism for formulating the budget.
The NGTT is consultative forum for social and economic dialogue and for proposing long-term national strategies. We only found minutes of the meetings for 2018 and one of them discussing the minimum wage for 2019.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, the executive uses participation mechanisms during the budget formulation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).
Comments: In recent years, the government has entered into multi-year agreements with employers and workers' organizations on wage increases and important changes in tax policy, which has significant budgetary implications. Therefore these forums played a significant role at the time of budget formation.

Researcher Response
The focus of the forums was on the wage increase and the minimum wage. It is true that the agreement has budgetary implications. The government intended to spur a higher wage increase by lowering the social contribution tax on the wage and making further tax decrease conditional on the realised wage increase. In our view the budgetary trends allowed the government to lower the taxes on wages and it just used the opportunity. The lower wage taxes had been recommended to the government for a long time before the mentioned policies were agreed. Apart from the articles we have not found any official summary about the meetings on what was the views of the different sides, so these forums are relatively closed.

IBP Comment
In light of the activities of the NGTT consultation forums, to ensure cross-country consistency, the response has been revised from "d" to "c."

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 vulnerable and underrepresented communities and/or civil society organizations 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:
In Hungarian: Nem hivatalos összefoglaló az Országos Közszolgálati Érdekegyeztető Tanács 2018. június 18-i és június 25-i üléséről
In English: Unofficial summary of the meeting of National Reconciliation Council of Public Services (OKÉT) on 14 June 2018 and on 25 June 2018
URL: http://www.liganet.hu/page/256/art/9827/akt/1/html/a-biztonsag-koltsegvetese.html
URL: http://www.liganet.hu/page/256/art/9848/akt/1/html/elismerest-a-kozszolgalatnak-.html

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2018. 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 2018
URL: http://www.liganet.hu/page/264/art/9849/akt/1/html/a-liga-figyelmeztet-a-jovedelemcsokkenes-veszelyere-.html

Comment:
No, the cited participation mechanism includes only trade unions and representatives of employers.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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.

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:
c. The executive's engagement with citizens covers at least one (but less than three) of the above-mentioned topics.

Source:
In Hungarian: Nem hivatalos összefoglaló az Országos Közszolgálati Érdekegyeztető Tanács 2018. június 18-i és június 25-i üléséről
In English: Unofficial summary of the meeting of National Reconciliation Council of Public Services (OKÉT) on 14 June 2018 and on 25 June 2018
URL: http://www.liganet.hu/page/256/art/9827/akt/1/html/a-biztonsag-koltsegvetese.html
URL: http://www.liganet.hu/page/256/art/9848/akt/1/html/elismerest-a-kozszolgalatnak-.html

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2018. 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 2018
URL: http://www.liganet.hu/page/264/art/9849/akt/1/html/a-liga-figyelmeztet-a-jovedelemcsokkenes-veszelyere-.html

Comment:
On the cited meetings the main topic was the labour situation, especially wage increase and related tax changes. We regarded these issues as macroeconomic issues.
However since the meetings were not held before tabling the budget (submitted to the legislature) we did not consider them in the answer and chose answer "d".

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. The executive's engagement with citizens covers at least three (but less than six) of the above-mentioned topics.
Comments: The agenda on these forums is very comprehensive. At the end of last year, a number of discussions took place, which discussed many topics in connection with 1. Macroeconomic issues, 2. Revenue forecasts, policies, and administration, 3. Social spending policies. See:
http://www.liganet.hu/page/264/art/10034/akt/1/html/nem-kozeledtek-az-allaspontok.html
http://www.liganet.hu/page/88/art/10078/akt/1/html/a-kovetkezo-ket-evben-8-8-szazalekkal-no-a-minimalber-es-a-garantalt-berminimum.html
http://vosz.hu/rovat/file?id=bt7V-wmofpG9-esiodJe6g8ck-FWblpKxCf4NcoC0VHbrEyaOS7vSBlhgbeng73EKGu9qsxysC5nInUEYioLBm

Researcher Response
According to the cited websites the main topic was the wage increase that could be regarded as a macroeconomic issue. The government responded to it by lowering the social contribution tax, which was not a different topic, only a tool for resolving the dispute between employees and employers. This can be regarded broadly as two topics, but we did not find any discussion of social spendings. The first article mentions the opportunities were discussed how to help companies in difficult situation, but that is not a social spending policy. The main problem is that there is not an official statement or minutes of the meeting about the forums, so each side can announce its own version. In our opinion the lack of detailed descriptions makes these forums relatively closed.

IBP Comment
In light of the published news articles describing the consultation forums, for cross-country consistency the response is revised from "d" to "c."

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 for collecting inputs from the public during the implementation of the budget. The only general mechanism is the contacts of the Ministry of Finance, however that mechanism does not encourage citizens to provide inputs about the implementation of the budget, does not involve them to monitor the budget, hence not a public participation mechanism.
A similar initiative is the ad-hoc National Consultations, the most recent one was about family policies and there have never been a consultation about the formulation or implementation of the budget. (https://nemzetikonzultacio.kormany.hu/)

Peer Reviewer
Opinion: Agree

Comments: The government time to time launches campaign which are called "National consultation" although these can not be considered as an independent participation mechanism as they are supporting the propaganda of the government leading party.

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, the executive uses participation mechanisms during the budget implementation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).
Comments: During the whole budget cycle from the preparation to the implementation of the budget, it is possible for the citizen to seek out the relevant budgetary organization, and he/she can ask information or make a proposal. If the Ministry of Finance is contacted, the ministry has 15 days to respond, and in exceptional cases, the date can be extended. This can take an ad-hoc form.

Researcher Response
We only assessed mechanisms where the government actively seeking the opinions of the citizens in budgetary questions. In our view providing a contact opportunity is a rather passive mechanism.

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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 vulnerable and underrepresented community and/or civil society organizations 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 does not have any participation mechanism.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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.

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 does not have any participation mechanism.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. The executive's engagement with citizens covers all six topics.
Comments: In fact any of the six topics can be covered by the questions of the citizens.

Researcher Response
It is true that any question may be raised by the citizens to the government. We did not find the contact opportunity as an active mechanism, so we evaluated the question as „no participation mechanism exists".

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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 there 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: Nem hivatalos összefoglaló az Országos Közszolgálati Érdekegyeztető Tanács 2018. június 18-i és június 25-i üléséről
In English: Unofficial summary of the meeting of National Reconciliation Council of Public Services (OKÉT) on 14 June 2018 and on 25 June 2018
URL: http://www.liganet.hu/page/256/art/9827/akt/1/html/a-biztonsag-koltsegvetese.html
URL: http://www.liganet.hu/page/256/art/9848/akt/1/html/elismerest-a-kozszolgalatnak-.html

In Hungarian: Nem hivatalos összefoglaló a Versenyszféra és Kormány Állandó Konzultációs Fóruma 2018. 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 2018
URL: http://www.liganet.hu/page/264/art/9849/akt/1/html/a-liga-figyelmeztet-a-jovedelemcsokkenes-veszelyere-.html

Comment:
Prior to tabling the budget no information is provided to the public about the new policies. Even on the consultative forums the participants criticised the current practice that there had been no prior information about the proposed tax changes. On the meetings the participants only received a summary of the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
a. Comprehensive information is provided in a timely manner prior to citizens engagement in both budget formulation and implementation phases.
Comments: The above criteria are fulfiled: Those members of the public who want to engage know how to do so, in terms of when they can do so.

Researcher Response
The recommended forums are relatively closed because there are no official statement or minutes of the meeting about the discussions and they are held behind closed doors, so the media cannot cover it. For this reason it is publicly unknown what information or invitation the participants receive prior to the forums. The information provided by the government may be insufficient, because the below article describes that the representatives of both the employers and the employees missed the data about the number and geographical distribution of the employees directly affected by the minimum wage increase. According to the article this data was provided to them before the forum in the previous years.
http://www.liganet.hu/page/264/art/10034/akt/1/html/nem-kozeledtek-az-allaspontok.html

IBP Comment
IBP is in agreement with the researcher's "Response to Review." The existing response of "d" is maintained.

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:

Comment:
There is no report from the government about how it used the inputs received during the meetings.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 take 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 does not use any participation mechanism in the budget implementation.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2019. 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 2019
URL: http://ngmszakmaiteruletek.kormany.hu/download/d/f0/32000/2019_TT_180518.pdf
page 2

Comment:
The timetable did not include any deadline for conducting a public participation mechanism. The highlighted deadlines were for other line ministries to send their budget plans to the Ministry of Finance until 23 May and the Ministry had to submit the EBP until 12 June.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 – 135 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:
There was not any engagement with the public from any of the ministries.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, at least one line ministry uses participation mechanisms during the budget formulation or implementation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).
Comments: Ministries have customer service where both citizens and NGOs can raise questions or make suggestions at every phase of the budget cycle. In addition, there are advocacy organizations (Permanent Consultation Forum betwen Private sector and Government or National Reconciliation Council for Public sector) with which the Government sit regularly at the negotiating table and discusses budgetary issues.

Researcher Response
The customer services are passive mechanisms, and we looked for active ones required for the assessment. The contact opportunities are essential for the citizens, but not adequate for ecouraging the citizens to formulate their budget priorities or opinion about the budget. The Permanent Consultation Forum is the executive's mechanism (as stated in the review), so we evaluated it at question 125.

IBP Comment

IBP agrees with the researcher's response that the customer service contacts are passive tools, which would not qualify as participation mechanisms in the sense outlined by Q135. The existing response of "d" is maintained.

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 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.

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)*

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 2018. július 4-én, szerdán 10 óra 00 perckor az Országház Széll Kálmán termében (főemelet 64.) megtartott üléséről
In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 10:00 on 4 July 2018 in the Széll Kálmán boardroom of the Parliament
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KVB/1807041.pdf
pp. 6-37

In Hungarian: Jegyzőkönyv az Országgyűlés Költségvetési bizottságának 2017. május 24-én, szerdán 9 óra 10 perckor az főemelet 64. számú tanácstermében megtartott üléséről
In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 9:10 on 24 May 2017 in the boardroom No. 64 of the Parliament
URL: http://www.parlament.hu/documents/static/biz40/bizjkv40/KVB/1705241.pdf
pp. 6-42

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. However it may provide the opportunity to such testimonies if the organizations ask for it. In 2018 the Hungarian Academy of Sciences asked for such an opportunity and had the chance to testify in front of the Committee. The representatives of the Academy talked about the proposed changes in the funding structure of the Academy.
In 2017 in the meeting where the proposed budget was debated no one testified from the public.
Apart from this there is no other participation mechanism that the public could use to provide inputs for the formulation of the budget. Since the testimonies are ad-hoc and not initiated by the legislature we evaluated this question as there is no participation mechanism.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
c. Yes, public hearings are held. No testimony from the public is provided during the public hearings, and there are no other mechanisms through which public contributions are received, but the legislature invites specific individuals or groups to testify or provide input (participation is not, in practice, open to everyone).
Comments: As the researcher pointed out, Fiscal Committee, or other commettes of Parlament, and any MP can hold public hearings. Therefore, the propesed answer cannot be "d", at least "c". The cause of low number of hearings and public deliberations on the budget is not the lack of transparency, but rather the disinterest of the public.

Researcher Response
We disagree with the review. The answer requires the legislature to actively seek out the public's opinion by inviting specific individuals or groups to the meetings. This is not regular, and works in the other way, specifically the groups ask for opportunity to tell their opinions about the submitted budget. This is not an active role from the committee, thus it is not true there is a regular participation mechanism in practice.

IBP Comment
IBP agrees with the researcher that, as hearings are initiated by non-parliamentary actors, they are not a participatory mechanism implemented by the legislature. The existing response of "d" is maintained.

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.

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:
There is no official and regular public participation mechanism conducted by the legislature.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Disagree
Suggested Answer:
b. The legislature seeks input on at least three (but less than six) of the above-mentioned topics.
Comments: The discussion organized by head of budget commitee deal with 3 topics at least: 1. Macroeconomic issues 2. Revenue forecasts, policies, and administration 3. Social spending policies

Researcher Response
We did not find any regular participation mechanism operated by the Budgetary Committee, so we evaluated the question according to it. It is true that on the ad hoc testimonies initiated by the interested individuals or groups any of the three topics can be discussed.

IBP Comment
In light of the researcher's response to and IBP's comment on Q136, the existing response of "d" is maintained for Q137.

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 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 legislature may receive inputs from the citizens' about the EBP through non-structured mechanism (like emails, forums, dialogues) but does not disclose any information about them and how it used during legislative deliberations.
One main difficulty in operating a participation mechanism is the tight timeframe that allows about two-three weeks to evaluate the EBP and collect the citizens' opinion. Since there is no pre-budget statement or prior information about the proposed policies the public cannot form its opinion before the EBP is submitted. This means the legislature only has a few weeks to collect the opinions from the public, consider and debate them along with the EBP, make budgetary amendment proposals. It is not assured that a looser schedule would generate a participation mechanism but the legislature should allow more time to the debate or adapt to the narrow timeframe to capture the citizens' opinions about the EBP.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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 2018. november 6-án, kedden 10 óra 03 perckor az Országház Széll Kálmán termében (főemelet 64.) megtartott üléséről
In English: Minutes of the Meeting of the Budgetary Committee of the Parliament held at 10:03 on 6 November 2018 in the Széll Kálmán boardroom of the Parliament
URL: http://www.parlament.hu/documents/static/biz41/bizjkv41/KVB/1811061.pdf

Comment:
On the meeting of the Fiscal Committee when the Year-End Review and the Audit Report was discussed only the state secretary responsible for the budget was invited to it. The Audit Report was referenced only once during the meeting when the state secretary mentioned that the State Audit Office had found the contents and structure of the Year-End Review appropriate from a legal point of view. This is on pp. 15-16.
There is no structured and regular mechanism from the legislature to capture the citizens' inputs about the Audit Report.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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).

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 awereness 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.
The SAO has a "Financial Awereness" 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). Publishing only the contacts is minimalistic compared to other countries' practices.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

IBP Comment
The researcher's comment is well-received. As they note, a contact form provides only minimal information to the public. To maintain consistency across survey countries, the response is therefore revised from "a" to "b."

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 2017. évi szakmai tevékenységéről és beszámoló az intézmény működéséről az Országgyűlés részére
In English: Report on the activities of the State Audit Office and summary of the operation of the institution in 2017
URL: https://asz.hu/storage/files/files/jelentes/2018/b8.pdf?ctid=271

Comment:
In the last round of the Survey the SAO published the number of received proposals, and how much of them were utilized. The most recent yearly report did not contain similar information, so we modified the answer to 'd'.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree

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:

Comment:
Based on the response received from the State Audit Office of Hungary the SAO does not maintain any formal mechanism that allow the public to participate actively in the investigation. This is due to the legal constraints as the SAO does not have the mandate to undertake actions such as debriefing witnesses. The main form of public participation is sending notifications to the SAO that decides if the notification is established enough for further investigation.

Peer Reviewer
Opinion: Agree

Government Reviewer
Opinion: Agree