

# Why is it Necessary for Hungary to Join the European Public Prosecutor's Office?

Some empirical evidence and considerations

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PETI Public Hearing 'How could Hungary's accession to the  
European Public Prosecutor's Office help to unlock EU funds for Hungary'  
September 24, 2025 14:30-16:00  
Brussels, European Parliament

# Key Messages

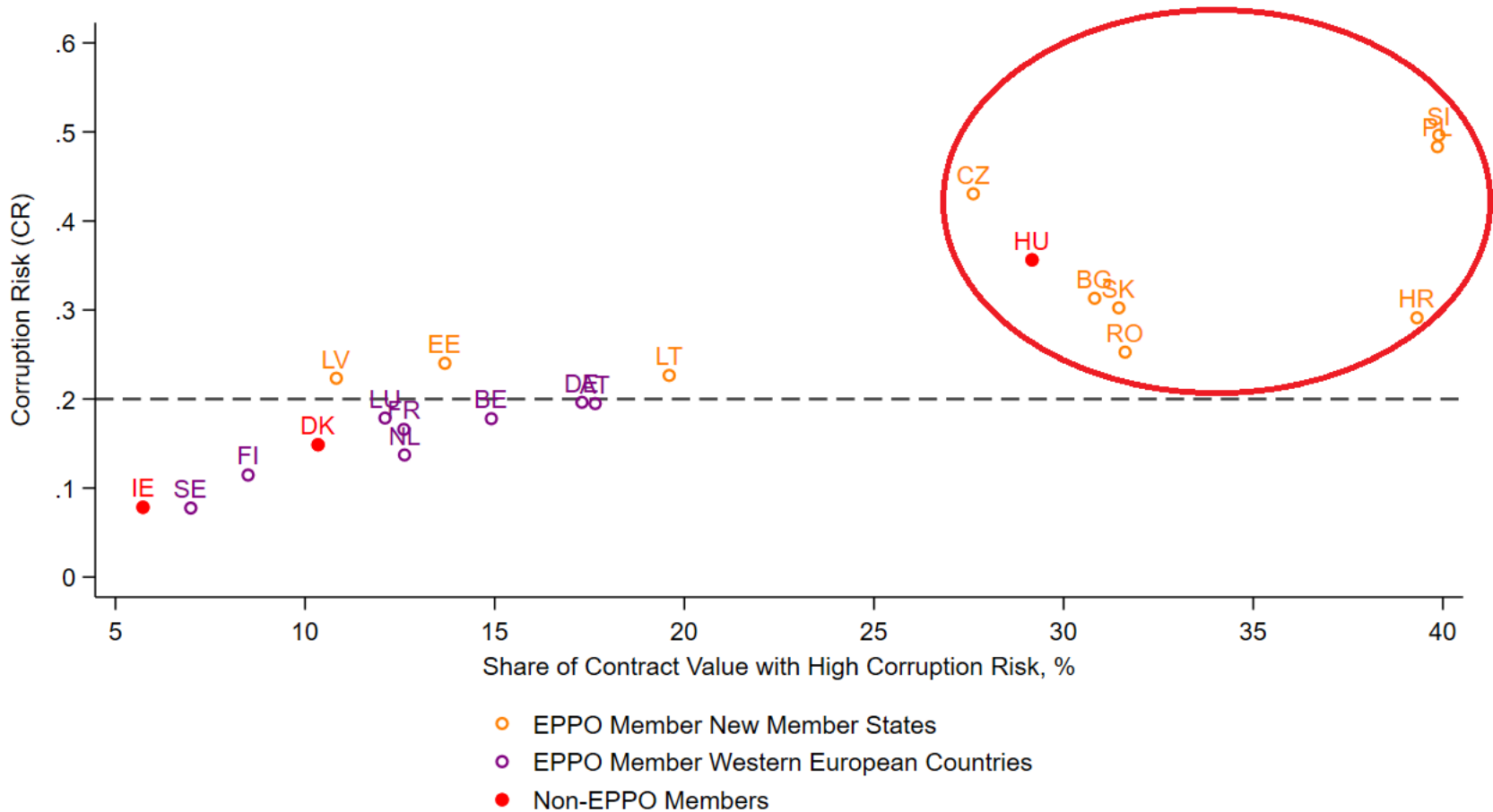
1. Stricter controls can raise both the objective and perceived probability of detection—and thereby deter corrupt behavior. The potential offenders feel more likely to be caught.
2. Hungary's situation is unique
  - (a) it is not a member of EPPO (with Ireland and Denmark);
  - (b) the risk of corruption associated with EU funds is relatively high;
  - (c) the value and proportion of EU funds is also high.
3. Strengthening the control of EU subsidies spending is a pay-off, as the benefits for EU taxpayers would outweigh the associated costs.  
(Exp. benefit of additional control > Exp. cost of additional control)

# Key Messages

4. **Effective control of EU funds is an important issue**  
OLAF audits and the European Commission's anti-corruption measures have contributed to a reduction in corruption risk in EU-funded public procurement, as indicated by the declining proportion of contracts awarded to a single bidder.
5. **There is clear empirical evidence of political favoritism in Hungary**  
Companies affiliated with Lőrinc Mészáros (Orbán's childhood friend) have been gaining an increasing share of the public procurement market. Since 2016, these companies have won 13% of the total value of EU-funded contracts.  
Companies affiliated with individuals who have good relations with Orbán have a significantly higher success rate than companies without political connections.
6. **Hungary's accession to the European Public Prosecutor's Office is desirable from the point of view of EU (Hungarian) taxpayers.**  
This step would help to reduce the risk of corruption and curb political favoritism.

## Corruption Risk of EU Funds: Hungary's place in the EU

Fig. 1: Corruption Risk (CR) and Contract Value with High CR, 2007-2023.



Notes: CRCB's own calculation based on the Tenders Electronic Daily data; only contracts above the EU thresholds; with framework agreements;  
CR: the rate of contracts where there was only one bidder in the total number of contracts awarded;  $0 \leq CR \leq 1$ ; horizontal black dashed line at 0.2 is the EU benchmark:  $CR \approx 0.2$  ('unsatisfactory performance');  $N=5,284,628$ .

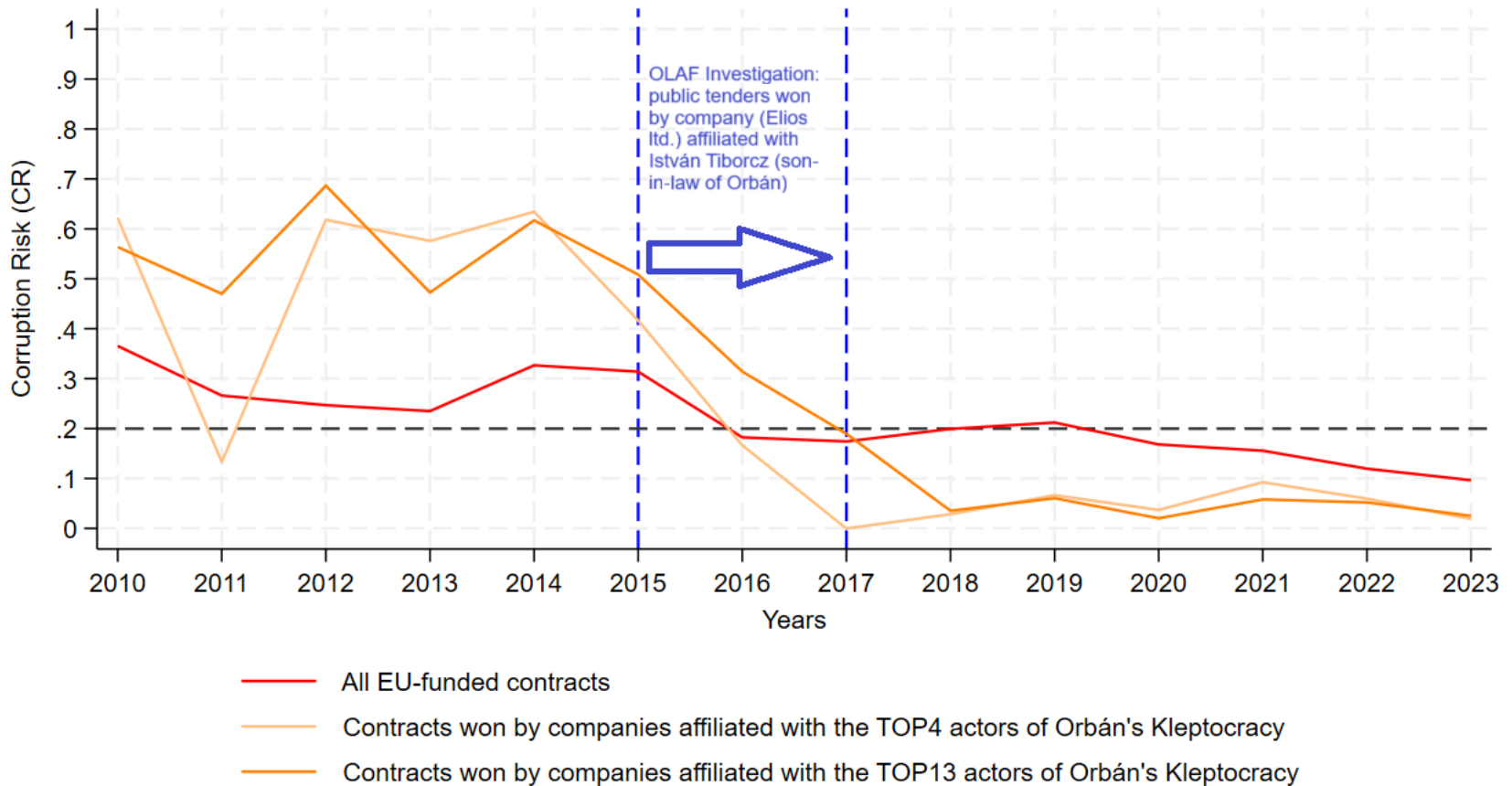
Fig. 2: Value and Share of EU-funded Contracts, 2007-2023.



Notes: CRCB's own calculation based on the Tenders Electronic Daily's data; only contracts above the EU thresholds; with framework agreements; N=5,574,120.

## Raising the Risk of Detection: The Potential Impact of Investigations.

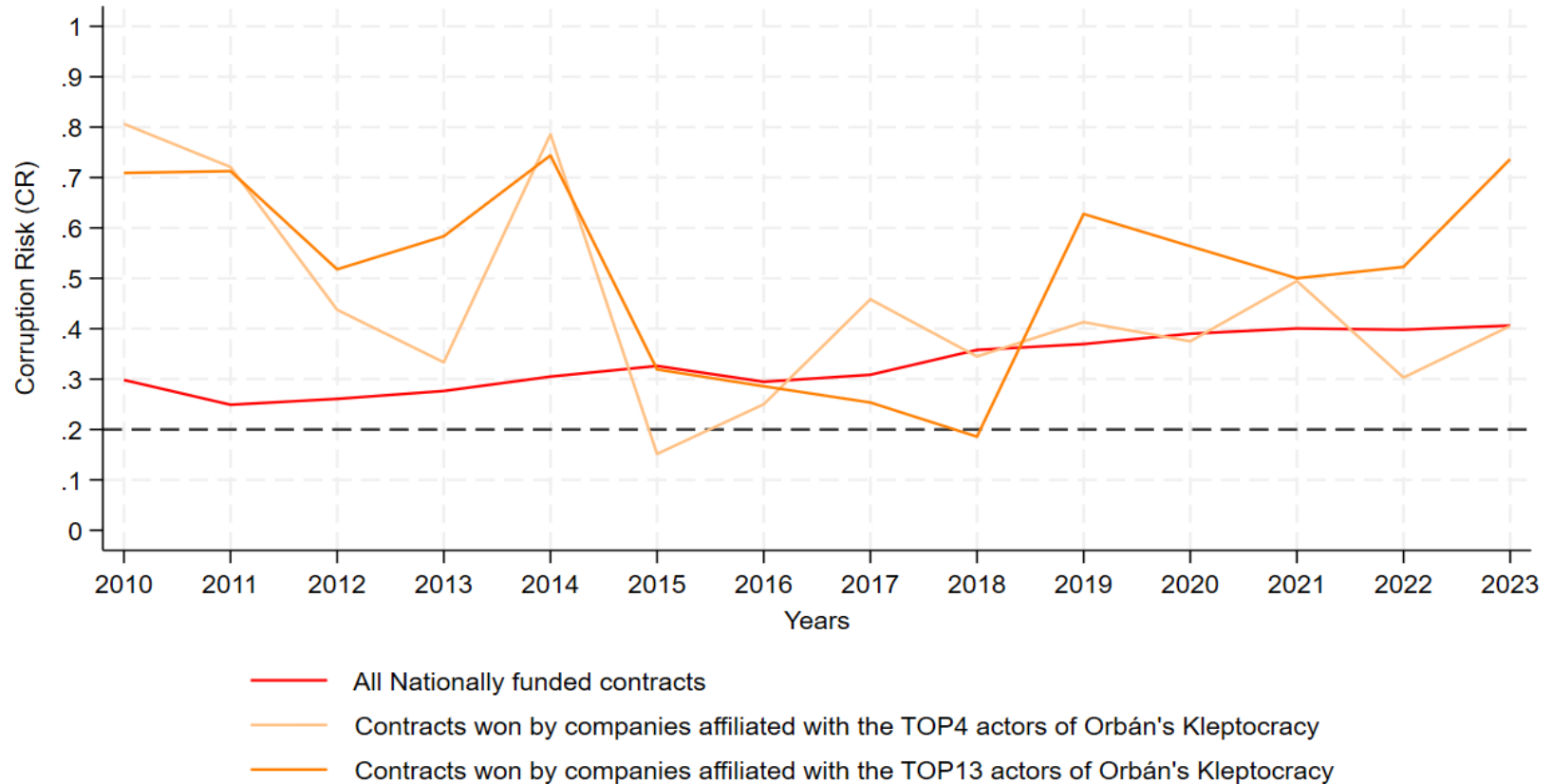
Fig. 3a: The OLAF Investigations & Trends of Corruption Risk of EU-funded Contracts, 2010-2023.



Notes: CRCB's own calculation based on the Hungarian Public Procurement Authority's data; with framework agreements:  $0 \leq CR \leq 1$ ; horizontal black dashed line at 0.2 is the EU benchmark:  $CR \approx 0.2$  ('unsatisfactory performance'); the blue dashed line at 2015: the OLAF has opened 'the Elios case' (January 30, 2015); the blue dashed line at 2017: the OLAF has closed 'the Elios case' (December 22, 2017); the TOP4 actors: Lőrinc Mészáros (Orbán's childhood friend), István Garancsi (Orbán's close friend), István Tiborcz (Orbán's son-in-law), and Lajos Simicska (Orbán's college roommate); the list of the TOP13 actors can be found at <https://www.crcb.eu/?p=3704>; N=92,066.



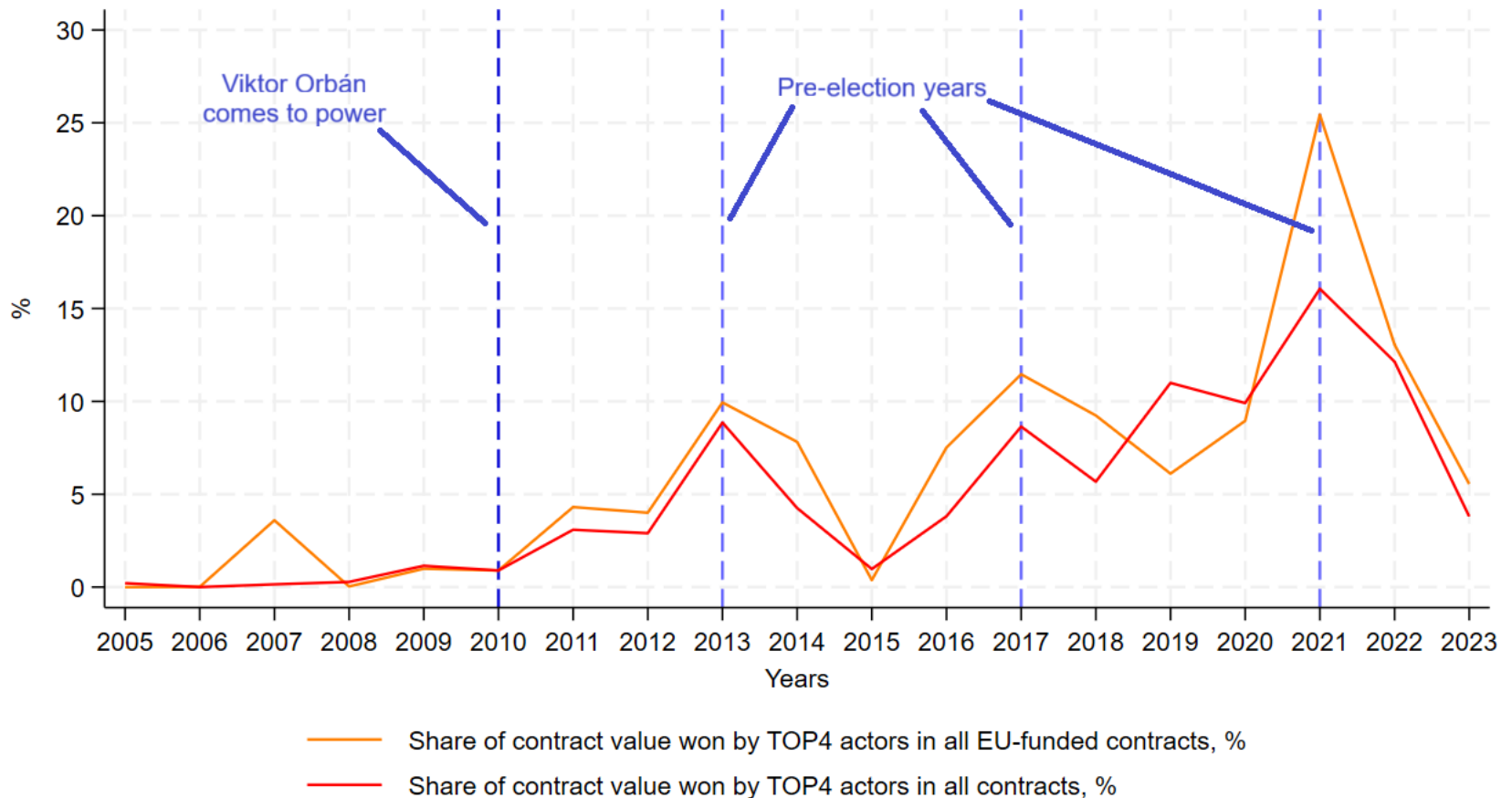
Fig. 3b: Trends of Corruption Risk of Nationally Funded Contracts, 2010-2023.



Notes: CRCB's own calculation based on the Hungarian Public Procurement Authority's data; with framework agreements;  $0 \leq CR \leq 1$ ; horizontal black dashed line at 0.2 is the EU benchmark;  $CR \geq 0.2$  ('unsatisfactory performance'); the TOP4 actors: Lőrinc Mészáros (Orbán's childhood friend), István Garancsi (Orbán's close friend), István Tibocz (Orbán's son-in-law), and Lajos Simicska (Orbán's college roommate); the list of the TOP13 actors can be found at <https://www.crcb.eu/?p=3704>; N=174,333.

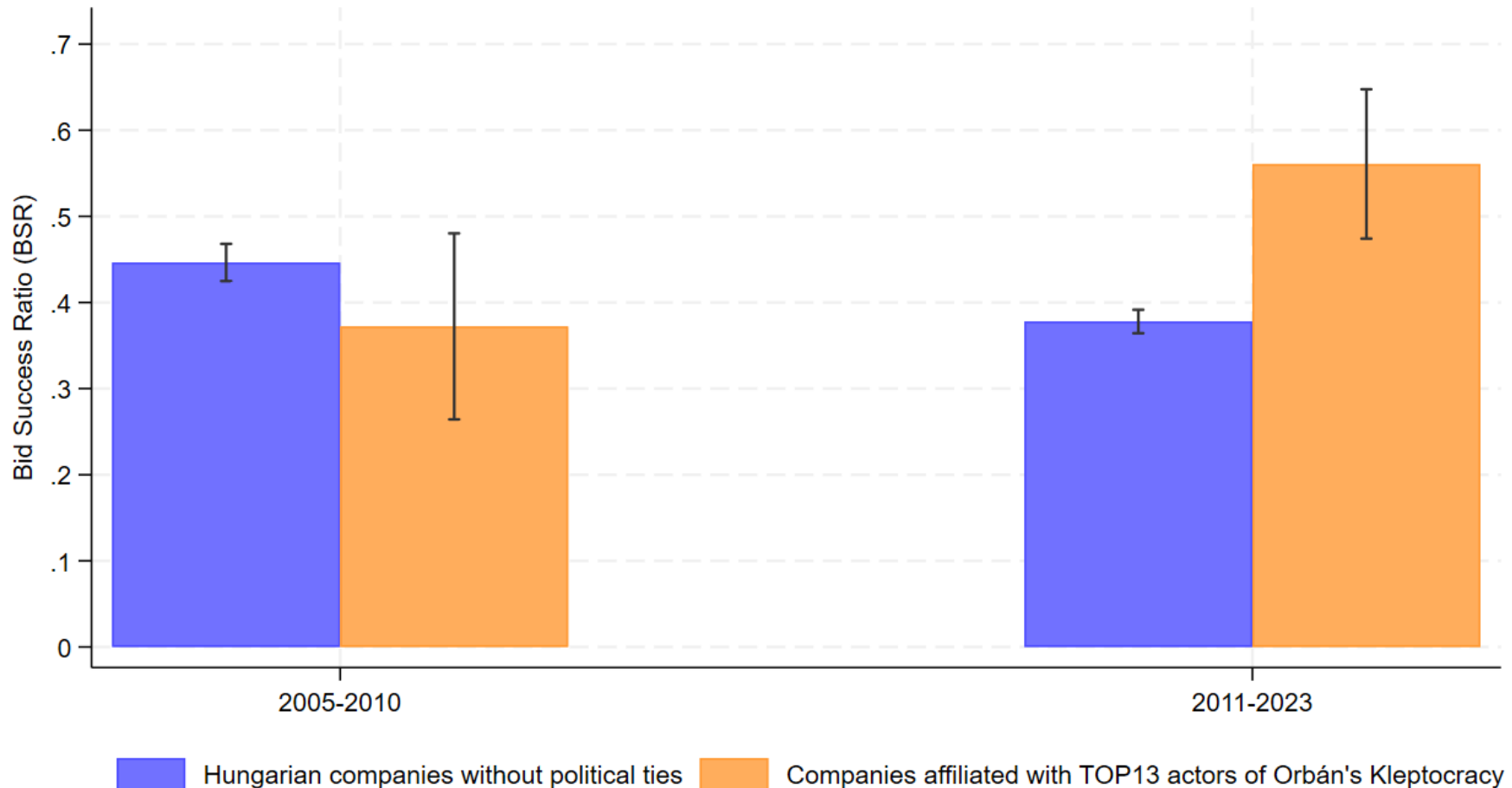
## The Use of EU Subsidies in Hungary: Some Evidences on the Rise of Kleptocracy.

Fig. 4: The of Share of TOP4 Actors in Public Contracts, 2005-2023.



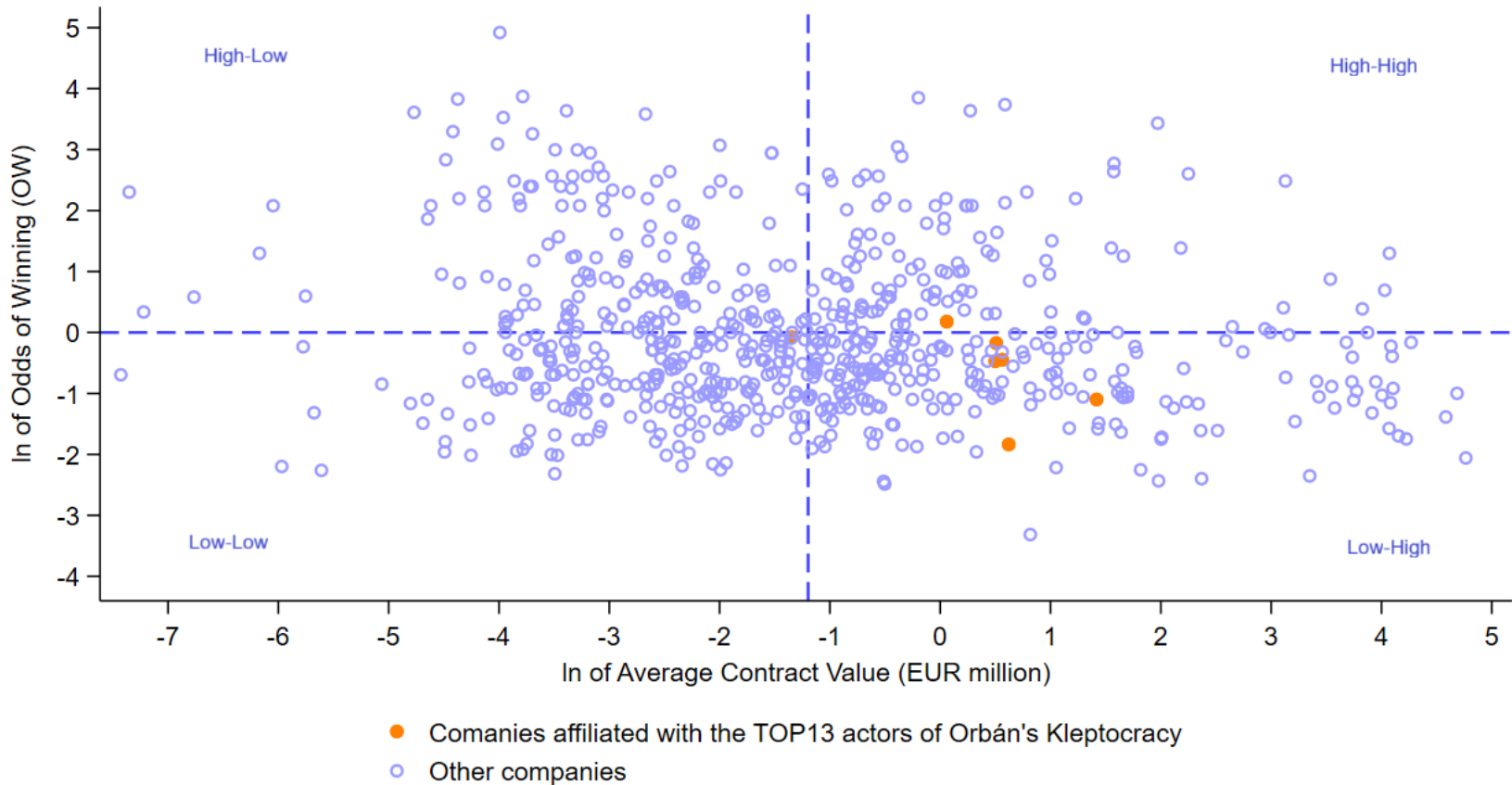
Notes: CRCB's own calculation based on the Hungarian Public Procurement Authority's data; with framework agreements; the blue dashed line at 2010: Orbán comes to power; light blue dashed lines (at 2013, 2017, and 2021): the years before the parliamentary elections; TOP4 actors: Lőrinc Mészáros (Orbán's childhood friend), István Garancsi (Orbán's close friend), István Tibocz (Orbán's son-in-law), and Lajos Simicska (Orbán's college roommate); N=303,565.

Fig. 5: Political Ties and Winning Rate of the EU-funded Contracts, 2005-2023.



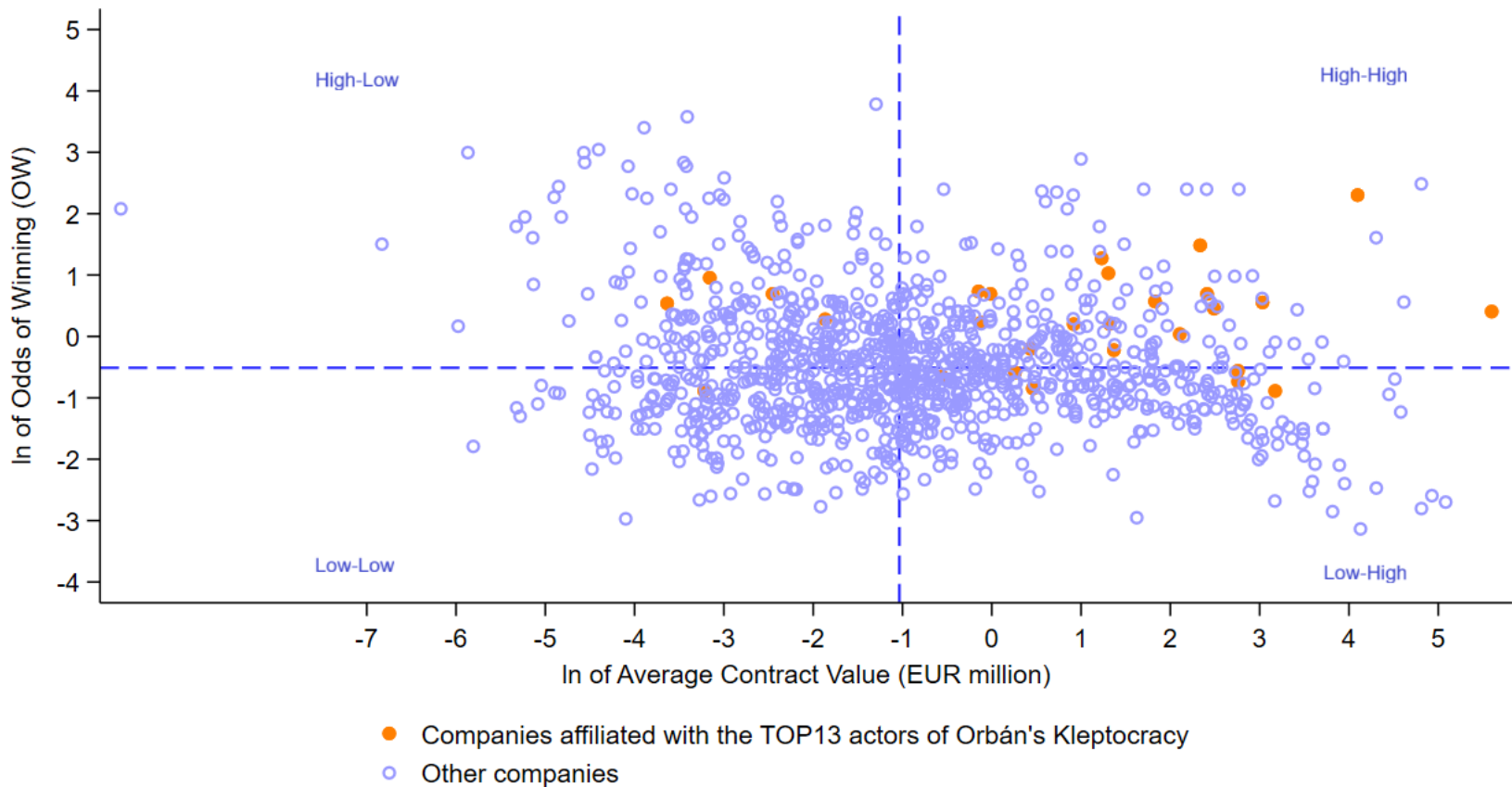
Notes: CRCB's own calculation based on on the Hungarian Public Procurement Authority's data; with framework agreements;  
 Bid Success Ratio (BSR) of a Company(i) = Number of Contracts Won by Company(i) / Number of Bids Submitted by Company(i);  $0 \leq \text{BSR} \leq 1$ ;  
 black lines: 95%CI; the list of the TOP13 actors can be found at <https://www.crcb.eu/?p=3704>;  
 Wilcoxon-Mann-Whitney test for period 2005-2010:  $z = 0.638$ ,  $p = 0.5232$ ; Wilcoxon-Mann-Whitney test for period 2011-2023:  $z = -3.804$ ,  $p = 0.0001$ ;  $N(\text{period}[2005-2010]) = 532$ ;  $N(\text{period}[2011-2023]) = 945$ .

Fig. 6a: Impact of the Political Ties: Odds of Winning and Average Value in EU-Funded Contracts, 2005-2010



Notes: CRCB's own calculation based on the Hungarian Public Procurement Authority's data; with framework agreements; only for companies with more than 6 bids. Based on data from 1,947 companies that, between 2005 and 2023, won either the largest number or the highest value of public procurement contracts in a given year. These companies won 75 percent of the total value of all public procurement contracts and 77 percent of the value of EU-funded contracts between 2005 and 2023. Odds of Winning of a Company(i) = (Number of Contracts Won by Company(i)+1) / (Number of Bids Lost by Company(i)+1); OW>0: the list of the TOP13 actors can be found at <https://www.crcb.eu/?p=3704>; the vertical and horizontal blue dashed lines are at the median values (-1.20 and 0.00 respectively); N=1,007.

Fig. 6a: Impact of the Political Ties: Odds of Winning and Average Value in EU-Funded Contracts, 2011-2023



Notes: CRCE's own calculation based on the Hungarian Public Procurement Authority's data; with framework agreements; only for companies with more than 6 bids. Based on data from 1,947 companies that, between 2006 and 2023, won either the largest number or the highest value of public procurement contracts in a given year. These companies won 75 percent of the total value of all public procurement contracts and 77 percent of the value of EU-funded contracts between 2005 and 2023. Odds of Winning of a Company(i) =  $\frac{\text{Number of Contracts Won by Company(i)} + 1}{\text{Number of Bids Lost by Company(i)} + 1}$ ;  $OW > 0$ ; the list of the TOP13 actors can be found at <https://www.crcb.eu/?p=3704>; the vertical and horizontal blue dashed lines are at the median values (-1.03 and -0.51 respectively); N=1,007.

# Key Messages

Hungary's accession to the European Public Prosecutor's Office is desirable from the point of view of the EU taxpayers.

Thank you for your attention!

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*The data used in the presentation is available here: <http://www.crcb.eu/?p=3725>  
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