When Hungary joined the World Bank in 1982, the Bank’s program in the country focused on building the foundations for economic liberalization, expanding productive capacity (particularly in industry and agriculture), and modernizing infrastructure, including transport, energy, and telecommunications. During the 1990s, the Bank shifted the focus of its program to support macroeconomic and structural adjustment, human resource development, and institution building.

Bank support for EU accession was underpinned by the completion of a Bank study, “Hungary on the Road to the European Union” (November 1999). Advisory work, performed in collaboration with the European Commission, supported pre-accession institutional development in the energy sector. Work on social cohesion linked the Government with many partners in civil society. An updated assessment of poverty, which found that a core group of long-term poor might emerge in Hungary in spite of robust economic performance and EU accession, included an analysis of policy options to address this issue.

The last World Bank investment project in Hungary closed in December 2008. It was a Municipal Wastewater project that is part of a €100 million (about US$128 million) investment aimed at reducing the pollution load in the Danube River Basin, strengthening compliance with Hungarian and EU environmental standards, and improving wastewater operations in water and wastewater utilities. A Global Environment Facility grant continued the work and helped to support a Nutrient Reduction Project as part of the government’s commitments to protect the Danube and the Black Sea.

Hungary graduated from the Bank’s financial assistance in Spring 2007 but requested an ad hoc policy support loan, as part of an international financial support package, designed to support fiscal reforms to ensure long-run fiscal and macroeconomic sustainability, restore investor confidence, and improve access to the Government, banks and the corporate sector to external funding; the Government’s financial stability program, designed to ensure adequate levels of liquidity and healthy capital cushions, able to absorb the effects of the international crisis and the contraction of economic activity; pension reforms, designed to preserve adequate benefits, while tightening eligibility criteria and containing expenditures to improve the sustainability of the pension system; and cost containment and deficit prevention in the health sector while ensuring access to care. The loan was approved by the World Bank’s Board of Directors in September 2009 and was subsequently dropped on the request of the Government, as they no longer required...
the loan. However, actions under the loan had been achieved, and the loan and access to the loan was considered helpful in enabling Hungary to find access to alternative market sources of funding.

Hungary continues to benefit from a number of cross-country analytical and advisory activities, including EU11 Regional Economic Reports.

The collaborative relationship between Hungary and the World Bank has provided opportunities to learn lessons and develop analytical instruments which also benefit other countries in the Region which started their transitions later.

As a development partner, Hungary contributes to the International Development Association (IDA), the Bank’s concessional window, and plays an active role in regional and multilateral institutions.