



**INTEGRITY
AUTHORITY**

2024

ANNUAL ANALYTICAL INTEGRITY REPORT

Budapest, 30 June 2025

Y/12258



Ferenc Pál Biró
President

Dear Readers,

It is gratifying that in 2024, the Hungarian public procurement system has made tangible progress in several areas. The continued decline of procedures in EU-funded public procurement where contracting authorities have the discretion to select the tenderers points towards greater transparency and stronger competition. The transformation of the institutional system for development policy – along with the creation of the National Development Centre – enables a more transparent and coordinated management of resource use. Moreover, we perceive the increase in the number and effectiveness of the Authority's investigations, along with the further strengthening of dialogue with market participants and society, as a positive development. All of these results contribute to the cleaning up and improvement of the public procurement system.

At the same time, the report also shows that the structure of the public procurement market has changed significantly: the number of contracts has decreased, their values have increased, and market concentration has further strengthened. This trend – particularly the increasing shares of the largest company groups and the consistently high percentage of procedures with one submitted tender – points towards a contraction of competition, which poses risks to efficiency and transparency even in the short run. This is a critical area that the Authority has already pointed out before, and one which shows further negative trends in 2024.

We have paid special attention to centralised public procurement systems – particularly the functioning of central purchasing bodies, such as the DGPPS, the NCO, the DKÜ, and the GTOC. These organisations play a decisive role in the use of public funds, but there are a number of interconnected risk factors that jeopardise their lawful and cost-effective operations. The concentration of companies and company groups, the deficiencies in the control environment, and the insufficiency in data provision and transparency within the centralised public procurement of certain product categories carry significant risks collectively. These factors jeopardise not only the functioning of central purchasing bodies but also the compliant use European Union funds. Data insufficiencies, gaps in contract registration and disclosure, as well as high concentration indicators, all show that a comprehensive development of processes and data provision is essential.

The use of European Union funds also shows a mixed picture: while the percentage of procedures in which contracting authorities have the discretion to select tenderers has decreased, the percentage of contracts with one submitted tender remains high, with transparency issues surrounding private equity funds still a topical subject. Experiences from investigations concluded in 2024 confirm that preventive measures, the development of control mechanisms, and the enhancement of data transparency, are essential to ensuring the integrity of the public procurement system.

The recommendations put forth in the report aim to improve the transparency, competitiveness and efficiency of centralised public procurement and the overall market. We propose mandating the comprehensive registration of contracts related to framework agreements in the electronic public procurement system, strengthening the transparency of ownership structures, and conducting regular and objective evaluations of the cost-effectiveness of contracts which are based on framework agreements.

The Integrity Authority is committed to supporting the responsible, transparent, and efficient use of public funds through its professional operations. We trust that our report will provide decision-makers, market participants, and the society with a useful basis for furthering the development of the public procurement system.

Budapest, 30 June 2025

Ferenc Pál Biró
President

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Introduction

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1.1 Background

Serving as an autonomous state administrative body, the Authority operates in accordance with the provisions of Act XXVII of 2022 on the control of the use of European Union budget funds ("(‘Integrity Authority Act’).Act"). The Authority aims to bolster efforts in preventing, uncovering and rectifying instances of fraud, conflicts of interest, corruption, and other related illegalities and irregularities that arise during the implementation of European Union financial support.

The Authority takes action in all cases where it considers that an organisation with functions and powers in relation to the use, or the control of the use of, European Union funds has failed to take the necessary steps toward safeguarding the sound financial management of the European Union budget and the European Union’s financial interests, or where the risk of such failure arises.

In discharging its functions, the Authority has regard to the integrity risk assessment report, with its integrity report under Section 11 of the Integrity Authority Act taking into account its earlier reports and the adoption of recommendations included therein. The Authority must prepare and publish its annual analytical integrity report for the calendar year 2024 on its website by 30 June 2025, while also sending it to the National Assembly for information purposes in accordance with Section 12(1). Subsequently, the Government will outline in its response to the Authority how it will handle the findings and recommendations presented in the annual analytical integrity report.

In accordance with the relevant provisions of the Integrity Authority Act, the annual analytical integrity report includes the following:

- a.** an analysis of the concentration of the public procurement market linked to the use of European Union funds, as well as the difference, including the possible causes thereof, between the estimated value and the contract amount in public procurement procedures;
- b.** an examination of the effectiveness of laws within the Authority’s remit and of the problems that arise during their implementation, an analysis of the law enforcement and administrative practice, and the definition of risk indicators;
- c.** an analysis of the application of framework agreements and the practice of contracts concluded on the basis of framework agreements, including their allocation among each economic operator.
- d.** an evaluation of the control system responsible for controlling the use of European Union funds in identifying and effectively preventing risks of corruption, fraud and conflicts of interest, as well as uncovering and remedying such cases;
- e.** recommendations pertaining to subjects under points (a) to (d), and
- f.** an evaluation of how bodies with functions and powers in relation to the control of the use of European Union funds have taken earlier reports and recommendations into account.

For the purposes of this assessment, the Authority has compiled, reviewed and analysed the relevant information and data it was provided with, as well as those publicly available, as of 24 May 2025. The Authority has taken into account its previous reports, the corresponding government responses, information gathered throughout the year, earlier reports by the Anti-Corruption Task Force, the results of the performance measurement framework assessing the efficiency and cost-effectiveness of public procurement from 2024, as well as other data received from the organisations/managers concerned.

The Introduction briefly outlines the chapters of the annual analytical integrity report (1.2), summarises the main changes to the institutional system for development policy in 2024 (1.3), and presents in more detail the National Development Centre (‘NDC’), along with the related organisational and legislative changes (1.4). Finally, it lists the abbreviations used (1.5).

1.2 The Structure of The Report, A Brief Summary of The Chapters

The Authority's annual analytical integrity report dedicates separate chapters to detail the main subject areas it investigated, with summaries at the beginning and at the end of each chapter featuring the main findings of the analyses and investigations carried out in the respective areas.

Chapter 2 opens with an international outlook, providing an overview of the state of market concentration before moving on to **present concentration outliers** within Hungary's public procurement market under review. The aim of this chapter is to conduct a concentration analysis which, although capable of pinpointing risks, is not primarily intended to uncover instances of misuse or fraud. In some cases, even concentration outliers are not necessarily the result of unlawful processes – which is why individuals in this chapter are not anonymised. Nevertheless, the current concentration context can serve as a good starting point for future investigative work – such as risk analyses or, if warranted, reviews.

Using methodologies common in international practice, this chapter presents outliers for each indicator, continuing the data analysis from earlier annual reports. Although the data received from the national institutional system remains fragmented and partially incomplete, the information is often unverified, as noted in the Foreword of the first (2022) annual analytical integrity report. Methodological developments make it possible to present market shares not only for companies but also for company groups, even in the absence of a uniform, structured, and verified database.

This chapter offers a positive evaluation of the transparency of data sources from various perspectives, while also providing recommendations with the aim of completing them. Given that the chapter features several technical details, Chapter 2.3 gives a summary of its content, providing hyperlinks to reference tables and figures detailed in later subchapters. Subchapters 2.4 to 2.8 present the analytical methodology which, although featuring discrete and deterministic procedural steps, can be considered a methodologically well-founded set of estimates because of the data verification and access gaps mentioned earlier. Furthermore, it also presents and analyzes the indicators of public procurement procedures. Finally, Subchapter 2.9 summarises the concentration outliers. The main text of the chapter features abbreviated data tables in several places, while also making references to the annexes where detailed data tables pertaining to the chapter present the aspects under review.

Chapter 3 assesses the efficiency of public procurement rules. In the context of examining the effectiveness of public procurement rules, the Authority has continued to focus on the extent to which the rules governing competitive tendering, along with the resulting legal practice, are systemically capable of fulfilling the fundamental objectives of public procurement, such as ensuring broad competition, transparency, and the efficient use of public funds. The chapter focuses in great detail on the circumstances that lead to low competition levels in public procurement procedures and thoroughly examines the risks indicating prejudice to the fairness of competition. In this context, a separate subchapter is dedicated to exploring the different dimensions of competition restriction, along with the most common behaviours related to the restriction of competition by contracting authorities and tenderers.

The chapter identifies additional risks to public procurement integrity, analyzes the relationship between the principle of responsible financial management of public funds and the restriction of competition, while also drawing attention to the potential consequences stemming from the transformation of the public procurement profession and to the detrimental impact a lack of proper expertise in the preparation of public procurement procedures may have on competition levels. The chapter highlights a number of topics the management of which may increase tenderers' confidence in public procurement and provide them with easier and more predictable access to public procurement opportunities. The chapter presents practices, identified by the Authority's investigation procedures, which

jeopardise public procurement integrity, providing recommendations to support effective countermeasures. The final part of the chapter focuses on centralised public procurement systems, which are significant in their own right, presenting proposals that can enhance the operational efficiency of commonly applied framework agreements and dynamic purchasing systems.

The fourth main chapter presents the findings of the investigations conducted by the Authority in 2024 within the scope of its functions and powers under the Integrity Authority Act. The European Union funds subject to the Authority's 21 investigations concluded in 2024 exceeded HUF 57 billion. The Report presents the experiences gained through the Authority's investigation procedures, along with the corresponding recommendations, as follows:

1. Experiences and corresponding recommendations relating to the regulatory environment
2. Experiences and corresponding recommendations relating to control mechanisms
3. Experiences and corresponding recommendations relating to project implementation

In light of the investigations conducted within the scope of its functions and powers under the Integrity Authority Act, the Authority evaluates the implemented measures and provides recommendations both to the legislature and the actors of the control system responsible for controlling the use of European Union funds.

In reviewing the regulatory environment (Subchapter 4.2), the Authority formulates recommendations in several fields. When assessing requests for additional funding in projects, the Authority proposes involving an independent expert witness and emphasises adequate preparation for public works projects. In defining the range of beneficiaries, particular attention should be directed towards the acquisition of ownership by civil society organisations. In light of the uncovered anomalies, it is also necessary to ensure the accurate registration and accounting of events, training courses, and conferences.

In addition, the Authority provides a detailed summary of its experiences relating to the control mechanisms (4.2). It considers it important that the managing authority expand the examination of market prices and proposes a consistent application of exclusion in addressing irregularities. Expanding the ARACHNE system and developing an automatic flag system mechanism would allow for the systemic identification, tracking and monitoring of suppliers implicated in – or suspected of – collusive or fraudulent practices. Conducting a substantive review and ensuring a more transparent management of guarantee declarations – especially bank guarantees – also appear among the recommendations. Because of their potential to give rise to transparency issues, particular focus is also directed towards cases where projects are removed from EU funding. Recommendations are also formulated for LEADER funding.

Finally, the Authority recorded additional investigative experiences during project implementation (4.3). It proposes expanding the review of places of implementation and draws attention to the risks associated with outsourced implementation – especially those related to the involvement of suppliers and subcontractors. It identified contradictory decisions by managing authorities relating to contract amendment requests of the same subject as a problem. Finally, it believes it is important to improve the accuracy of procedures in the case of both project transfers and changes in beneficiaries.

Although the annual analytical integrity reports from previous years dedicated separate chapters to the asset declaration system, this year's report does not address this area, as no progress was made in national regulations in the year under review. The Authority still maintains its previous findings regarding the asset declaration system¹. The final chapter presents the annexes, with the list of tables and figures concluding the report.

¹For more details, see Annual Analytical Integrity Report 2022, Annual Analytical Integrity Report 2023, Case Report on Asset Declarations 2023 (<https://integritashatosag.hu/jelentesek/>)

1.3 Main Changes in The Institutional System for Development Policy in 2024

In the context of analysing the changes in Government Decree No 272/2014 of 5 November 2014 on the procedure for using certain EU funds in the 2014–2020 programming period ('Government Decree No 272/2014 of 5 November 2014') and Government Decree No 256/2021 of 18 May 2021 on the rules governing the use of grants from certain EU funds in the 2021–2027 programming period ('Government Decree No 256/2021 of 18 May 2021'), the 2023 Annual Analytical Integrity Report presented a significant change in the institutional system for development policy that, prompted by the formation of the Ministry of Public Administration and Regional Development ('MPARD') on 1 January 2024, led to the removal of certain deputy state secretariats with competence in operational programmes from the organisational structure of the Prime Minister's Office and to their subsequent integration into the MPARD.

The organisational transformation of the institutional system for development policy did not end with this, as Government Decree No 218/2024 of 31 July 2024 on the amendment of certain government decrees in connection with the establishment of the National Development Centre and other development policy-related matters ("Government Decree No 218/2024 of 31 July 2024") entered into force on 1 August 2024. In this context, on 30 August 2024, a communication was published on palyazat.gov.hu,² announcing the formation of the National Development Centre (NDC) pursuant to an amendment to the Government Administration Act which entered into force on 1 August 2024.

1.4 National Development Centre

In accordance with Section 33/C(1) of the Government Administration Act, the NDC operates as an organisation with legal personality under the authority of the minister with responsibility for the use of European Union funds, as part of the ministry headed by the same minister, with management-related functions discharged by the state secretary referred to in Section 33/B(1). In accordance with Section 33/B(2), as part of the institutional system for EU development policy, the NDC performs coordinating functions, as well as tasks related to the use of funds under Hungary's Recovery and Resilience Plan in the capacity of a managing authority for certain programmes, along with tasks related to the implementation of international cooperation programmes.

As regards the aforementioned organisational change, it is noteworthy that the regulation of the institutional system for development policy became law through its incorporation into the Government Administration Act. Furthermore, a deed of foundation and³ bylaws⁴ have also been adopted with respect to the NDC, as a separate legal entity. In accordance with Point 3.1 of the Deed of Foundation, the MPARD, the ministry led by the minister with responsibility for the use of European Union funds, serves as the managing authority of the NDC.

Changes to Annex 3 of Government Decree No 272/2014 of 5 November 2014 and Annex 1 of Government Decree No 256/2021 of 18 May 2021 indicate that, beginning on 1 August 2024, the NDC essentially took over the leadership of managing authorities previously operating under the MPARD. Meanwhile, apart from one exception, no changes took place in the management of the programmes operating under the Cabinet Office of the Prime Minister, the Ministry of Agriculture, or the Ministry of Interior. In addition to the organisational changes involving the NDC, another change, extending beyond the year

² <https://www.palyazat.gov.hu/kozlemenyek/kzlemny-egyes-kormnyrendeleteknek-a-nemzeti-fejlesztsi-kzpont-ltrehozsvall-szefgg-valamint-ms-fejlesztspolitikai-trgy-mdostsval-szefggsben>

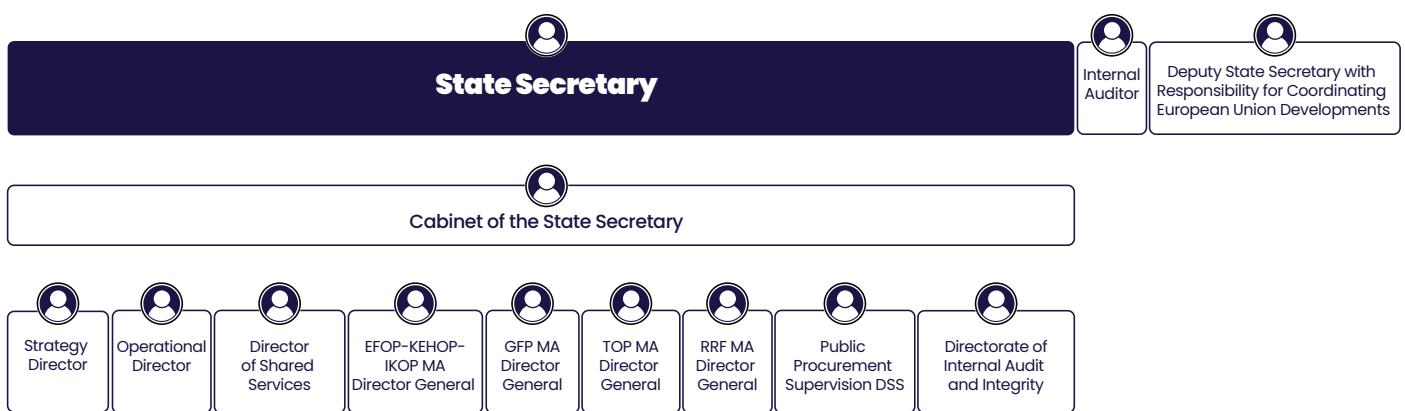
³ KTM-EUFÁT/40/2 (2024)

⁴ Directive No 25/2024 of 31 July 2024 of the Ministry of Public Administration and Regional Development

under review (2024), was the transfer of the managing authority of the Digital Renewal Operational Programme Plus from the Cabinet Office of the Prime Minister to the Ministry of Energy, effective 25 February 2025.

Section 2(1) of Directive No 25/2024 of 31 July 2024 of the Ministry of Public Administration and Regional Development on the Bylaws of the National Development Centre ('Directive No 25/2024 of 31 July 2024 of the MPARD') stipulates that within the NDC, the deputy state secretary with responsibility for coordinating European Union developments, directors general, as well as the directors listed in the following organisational chart, operate under the authority of the state secretary (see Figure 1).

Directors and departments operate under the supervision of the director general.



Organisational Units of the National Development Centre (NDC)

The organisational change also made it necessary to amend certain government decrees on development policy (Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021). Meanwhile, further substantive amendments were added to complement the government decrees. Notably, Government Decree No 256/2021 of 18 May 2021, which governs the current programming period, incorporated some of the Authority's recommendations from its 2023 Annual Analytical Integrity Report.

In response to the Authority's proposal highlighting the need for the **more frequent engagement of external and independent experts** in on-site audits, it was stipulated in the government decree that managing authorities will engage external experts in conducting on-site audits when it is warranted by the nature of the call for applications and the complexity of the project.

Furthermore, in order to improve the rate of success in identifying projects implicated in fraudulent practices, the Authority proposes that **extraordinary audits should be prioritised over on-site audits announced in advance**. In response, the government decree was amended to allow managing authorities to waive prior notification of extraordinary on-site audits if that would jeopardise the success of the audit. The amendments are evaluated in detail in Chapter 4, which also includes a follow-up to the 2023 Annual Analytical Integrity Report.

1.5 List of Common Abbreviations

ARACHNE – risk scoring tool developed by the European Commission
DIAI – Directorate of Internal Audit and Integrity
CPV – Common Procurement Vocabulary: the European Union's single classification system for public procurement to describe the subject of contracts
DPS – Dynamic Purchasing System
DKÜ – Digital Government Agency
Arbitration Board – Public Procurement Arbitration Board
EPPS – Electronic Public Procurement System
PMC – Preliminary market consultation
Integrity Authority Act – Act XXVII of 2022 on the Control of the Use of European Union Budget Funds
EAFRD – European Agricultural Fund for Rural Development
EMFF – European Maritime and Fisheries Fund
TFEU – Treaty on the Functioning of the European Union
SEUP – System of European Union Programmes
DGAEF – Directorate General for Audit of European Funds
HCA – Hungarian Competition Authority
Authority – Integrity Authority
Integrity Report – Annual Analytical Integrity Report
Directive – Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC
CAP – Common Agricultural Policy
PPA – Act CXLIII of 2015 on Public Procurement
DGPPS – Directorate General for Public Procurement and Supply
Framework – Performance Measurement Framework for Evaluating the Efficiency and Cost-effectiveness of Public Procurement; created by Government Decision No 1425/2022 of 5 September 2022, to which Hungary undertook commitments as part of the procedure launched under Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (conditionality regulation); the results of the Framework must be disclosed by 28 February each year PPSD or Public Procurement Supervision Department – Prime Minister's Office Deputy State Secretariat with responsibility for public procurement supervision Public Procurement Supervision Department
Government Administration Act – Act CXXV of 2018 on Government Administration
GTOC – Government Training Organisation Centre
FA, FA1 and FA2 – framework agreement where FA1 indicates public procurement procedures and contracts aimed at concluding framework agreements, while FA2 indicates tender procedures conducted based on framework agreements
MPARD – Ministry of Public Administration and Regional Development
NTCA – National Tax and Customs Administration
NMA – National Managing Authority
NCO – National Communications Office
OECD – Organisation for Economic Co-operation and Development
OLAF – European Anti-Fraud Office (Office européen de lutte antifraude)
Civil Code – Act V of 2013 on the Civil Code
Competition Act – Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices
RDP – Rural Development Programme

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Concentration Analysis of Public Procurement Data

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2.9 Concentration Outliers, Potential Causes, Lessons Learnt

2.1 Summary

The primary objective of the Authority's analysis is to present the concentration processes of the public procurement market and identify integrity risks. The data analytic content in the annual analytical integrity report is regulated by Section 11(1)(a) and (c) of the Integrity Authority Act. In accordance with the provisions of the Act, the Authority presents public procurement processes from 2024 with a focus on the use of European Union funds. Nevertheless, the complete and comprehensive analysis prescribed also necessitates an examination of the public procurement market as a whole. The EPPS Database of Contract Award Notices, which has supported the execution of public procurement procedures since 2018, served as the primary data source for the following analyses. However, at the Authority's request, additional⁵ data sources were provided by institutions involved in public procurement processes.

The chapter provides a brief international overview of market concentration (2.2), followed by a general summary assessment of public procurement processes in Hungary in 2024, with references to more detailed analyses and tables presented in subsequent subchapters (2.3). The content of individual data sources and the considerations applied in processing are explained in detail in the methodological description provided in Subchapter 2.4. This subchapter presents the databases that were used, outlines data preparation steps for the EPPS Database of Contract Award Notices, and provides recommendations for improving the accuracy of the analysis.

Subchapter 2.5 presents the most important statistical data of the public procurement market, followed by two subsequent subchapters that detail the results obtained on the basis of the Concentration Index (CI) and the Herfindahl-Hirschman Index (HHI) (2.6 and 2.7). The analysis is complemented by an elaboration of participatory indicators suggestive of concentration, which might point to potential collaboration among participants in public procurement procedures. This subchapter (2.8) presents the number of tenders, the participants submitting only successful tenders, as well as organisations submitting paired (successful–unsuccessful) tenders.

The chapter concludes with a summary of the concentration outliers (2.9).

2.2 International Overview of The State of Market Concentration

In 2024, the OECD prepared a methodological guide for the Integrity Authority on the analysis of public procurement market concentration⁶. The findings presented therein reveal a global trend characterised by increasing market concentration and a decline in competition. This trend holds true both for the United States and the European Union, where average industry concentration has moderately increased over the past 20 years, accompanied by a significant rise in the proportion of highly concentrated industries.

The European Commission has also recognised the risks posed by growing market concentration in various industries. In response, it has refined Commission Communication 'Guidance on enforcement priorities when dealing with abusive exclusionary conduct by dominant undertakings' (2023/C 116/01). As of March 2023, for instance, the concept of 'anti-competitive foreclosure' has been broadened to include situations where the conduct of a dominant undertaking not only excludes competitors entirely, but also has a negative impact on an effective competitive structure.

⁵ These include, among other elements, a summary of tenderers in public procurement procedures, data on estimated value from preparatory documents, as well as detailed data, provided by the DGPPS and the DKÜ, on framework agreements (FA1) and procedures based thereon.

⁶ GUIDANCE NOTE FOR THE INTEGRITY AUTHORITY OF HUNGARY ON ANALYSING MARKET CONCENTRATION (a report provided by the OECD in May 2024 as part of the collaboration between the OECD and the Integrity Authority).

Transparency is crucial for the monitoring of public procurement procedures, the assurance of accountability, as well as open and competitive public procurement processes. Market concentration and the low level of competition pose a problem across the European Union, undermining the efficiency and effectiveness of public procurement systems. The European Court of Auditors' 2023 report⁷, which examined public procurement procedures between 2011 and 2021, pointed out a trend of decreasing competition. The report cited the awarding of contracts and the use of public procurement procedures with one submitted tender as the most important drivers of this trend. The report showed that in some sectors – such as energy (from 16% to 29%) and medical equipment (from 9% to 20%) – the number of direct awards without a call for tenders has significantly increased, but the rise of procedures with one submitted tender is evident across all sectors. While the proportion and annual growth of public procurement procedures with one submitted tender were lower in the construction industry, this ratio was higher and increased more rapidly over the years in the case of healthcare, as well as transport services and equipment. Lower competition levels can be linked to a high degree of specialisation, increasing R&D costs, and the importance of strategic relationships with suppliers. The report pointed out that nearly half of the respondents believe that the high level of procedures with one submitted tender and contract awards without a call for tenders can be explained by market limitations (i.e. limited number of market participants). According to the report, there is a need for ongoing monitoring of public procurement integrity and market concentration within EU member states. Respondents – both tenderers and contracting authorities – indicated that public procurement procedures represent a significant administrative burden; the proportion of small and medium-sized enterprises (SMEs) involved in public procurement has not grown significantly; and strategic – for example, environmental, social and innovative – aspects are rarely considered in public tenders.

In October 2024, the OECD published its analysis on the development of public procurement competition in Hungary⁸, focusing on the potential reduction of procedures with one submitted tender. Following a comprehensive situation analysis supported by data analysis, the OECD proposes, among other measures, speeding up public procurement decision-making and phasing out non-open procedures to encourage SME participation. Furthermore, the proposals include simplifying the use of the Electronic Public Procurement System (EPPS) to improve access to information for potential tenderers.

In March 2025, the European Parliament's Internal Market and Consumer Protection Committee (IMCO) completed a draft report on public procurement, which was still in the discussion phase back in mid-year⁹. Referencing a special report by the European Court of Auditors, the draft identifies the significant decline in public procurement competition, along with the increase in the number of procedures with one submitted tender or none at all, as among the greatest challenges, characterising such developments as regrettable. The draft recommends establishing uniform guidelines, monitoring mechanisms, and effective enforcement tools to ensure legal certainty and consistency in EU public procurement. Furthermore, the draft report addresses the continued limited participation of SMEs in public procurement and the potential ways to increase it, including the reduction of administrative responsibilities in public procurement and the most important tasks related to the digitisation of the field.

⁷Public Procurement in the European Union – Over a ten-year period ending in 2021, competition diminished in the case of contracts awarded for construction works, goods, and services, as detailed in *Special Report 28/2023: Public Procurement in the EU* (europa.eu)

⁸Improving Competitive Practices in Hungary's Public Procurement, REDUCING SINGLE-BIDS AND ENHANCING SUPPLIER PARTICIPATION, OECD, 2024. Availability on 26 May 2025: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/10/improving-competitive-practices-in-hungary-s-public-procurement_5b81fabe/5d1c1ec1-en.pdf

⁹As of 26 May 2025, the draft's committee website and text – both in English and Hungarian – are available at the following locations:

[https://oeil.secure.europarl.europa.eu/oeil/en/procedure-file?reference=2024/2103\(INI\)#section6](https://oeil.secure.europarl.europa.eu/oeil/en/procedure-file?reference=2024/2103(INI)#section6)

https://www.europarl.europa.eu/doceo/document/IMCO-PR-767975_EN.pdf

https://www.europarl.europa.eu/doceo/document/IMCO-PR-767975_HU.pdf

2.3 General Evaluation of Public Procurement Processes in 2024

Good Quality Data Sources

The Authority had at its disposal good quality data sources with a wide range of information for analysing public procurement concentration. Some of these are freely accessible and can also be downloaded in searchable database format from the EPPS. Among these, the most important is a nearly comprehensive data pool featuring the winners of individual procedures, along with their key parameters (gaps are discussed in detail in Subchapter 2.4.3). Other databases were provided to us by government agencies, at the request of the Authority. Among these, the database containing information on the tenderers in the procedures is crucial. This database, by itself, includes the 'selected successful' tenders, but by linking it with the winners database, their identification can be carried out with a high degree of certainty. Also noteworthy is the provision of data on estimated values from the 'database of preparatory documents', which serves as a far more comprehensive source of information than the winners database.

At the end of Subchapter 2.4, the Authority provides recommendations for further developing the public procurement data pool. The aim is to ensure that all public procurement data necessary for a comprehensive and detailed analysis of the system – including the assessment of cost-effectiveness in procedures – are fully accessible in a queryable format.

This subchapter proceeds to summarise and provide a general evaluation of public procurement processes. The presentation of data sources and of the analysis starts in Subchapter 2.4, with references for tables and figures pointing to the sections of detailed explanations, which, in certain cases, provide precise definition for specific terms.

Evolution of Contract Portfolios

In the public procurement market, the number of contracts directly related to the supply of goods or services decreased by 10.7%, while the total value of contracts increased by 19.7%, reaching HUF 3,740.4 billion. These two figures reflect an average contract value increase of 34.1%, primarily driven by some high-value public procurement procedures related to public works projects. In contrast, FA1 procedures in 2024 saw the conclusion of 1,036 contracts, marking a 16.4% increase in volume, while the total value of these contracts amounted to HUF 3,218.8 billion, representing a 7.1% decrease compared to 2023 (see [Table 2](#)).

The evolution of framework agreements in 2024 was heavily influenced by the number of contracts involving European Union funding, which more than doubled (from 74 to 168), with their total value seeing a more than threefold increase. In this context, a notable increase of HUF 1,001 billion was registered in the portfolio of framework agreements for IT services. The total value and share of contracts awarded to consortia also saw a significant decline in 2024. The total value of consortium contracts aimed at framework agreements (FA1) amounted to HUF 1,227.5 billion, representing a 46.4% decrease compared to the previous year. Concurrently, the share of such contracts also dropped significantly, from 66.1% to 38.1%. The total value of non-FA1 consortium contracts dropped by 45.6% to HUF 545.7 billion, with their share also decreasing from 32.1% in 2023 to 14.6%. However, the average contract value continues to exceed that of non-consortium contracts (see [Table 3](#)).

In 2024, the decline of non-open procedures – in which contracting authorities have the discretion to select the tenderers in public procurement procedures – continued. An example of this is demonstrated in the decrease in the share of contract value across the overall public procurement market (non-FA1 contracts) from 5.6% in 2023 to 5.2% in 2024 (see [Table 5](#)). The number of 'non-open' procedures for the procurement of goods and services involving European Union funding has already declined to a minimal level over the past two years (8 cases in 2023 and 6 in 2024), while this procedure type was completely phased out for FA1 procedures after 2021 (see [Table 6](#)).

Regional Data

In respect of the 2024 contract portfolio, Budapest stands out as a key location for contract execution in both the overall public procurement market and its EU-funded subset. (The contract portfolio amounts to HUF 1,367.2 billion in the overall market and HUF 410.1 billion in the EU-funded submarket.) In the overall public procurement market – thanks primarily to the exceptionally high-value procurement related to the construction of the Danube Bridge in Mohács – the contract portfolio recorded by Baranya County (HUF 343.2 billion) stands out (see [Figure 3](#)), while in the EU-funded submarket, the portfolios of Borsod-Abaúj-Zemplén County (HUF 30.9 billion) and Pest County (HUF 29.6 billion) are also regarded as significant (see [Figure 4](#)).¹⁰

Contract Portfolio Volume of Product and Service (CPV) Divisions (excluding FA1 Contracts)

In 2024, the contract portfolio of Division (45) 'Construction Works' remained prominent in the overall public procurement market, accounting for 33.1% (or HUF 1,239.9 billion) of the total contract value. This is followed by Division (79) 'Business Services', with a total contract value of HUF 409.1 billion, and CPV Division (60) 'Transport Services (excluding waste transport)', with a total contract value of HUF 373.3 billion – reaching a 20.4-fold increase compared to the previous year.

In the case of services involving European Union funding, the highest total contract values were recorded in the following divisions: (45) 'Construction Works' (HUF 290.4 billion), (48) 'Software Packages and Information Systems' (HUF 231.1 billion – 2.7 times the previous year's amount), and (30) 'Office and Computing Machinery, Equipment, and Supplies excluding Furniture and Software Packages' (HUF 102.4 billion) (see [Table 4](#)).

Contract Portfolio Associated with Private Equity Funds (excluding FA1 Contracts)

In its 2024 report, the Authority made its first attempt to examine the public procurement contract portfolio of winners affiliated with the owners of private equity funds. With such an operational structure, the possibility of uncovering the ownership background of contract holders is severely limited. However, data from the past five years show that the contract portfolios of¹¹ companies with private equity funds in their ownership backgrounds increased from HUF 181.7 billion in 2020 to HUF 199.5 billion in 2024¹².

The contract portfolio of HUF 199.5 billion, identifiable in the overall public procurement market, represents a 5.3% share, exceeding the 4.4% recorded in 2023. In the case of procedures involving European Union funding, the contract portfolios of entities with private equity fund interests total HUF 82.3 billion, representing a 9.3% share – an increase from 6.6% in the previous year (see [Table 12](#)). (However, both fall short of the 6.7% and 13.9% values recorded in 2022, respectively.)

In respect of the overall public procurement market in 2024, companies affiliated with the ownership group of private equity funds held the largest contract portfolio in CPV Division (48) 'Software Packages and Information Systems', amounting to HUF 48.2 billion, while their highest market share was recorded in Division (65) 'Utilities and Public Services', at 56.0% (see [Table 14](#)).

Evolution of Contracts with One Submitted Tender and of Tender Numbers in 2024

In 2024, the share of contracts with one submitted tender experienced a slight decrease in the overall public procurement market, from 29.9% to 29.2%. In the case of procedures involving European Union funds, this indicator more than doubled, rising from 5.9% to 12.7%. ([Table 17](#)). Otherwise, the share of the number of tenders did not change significantly.

¹⁰ Contract values reported at county level are lower than the actual figures, as county-specific information in the EPPS Database of Contract Award Notices is not comprehensive (coverage stands at 69.01% for the overall market and 73.16% for procedures involving European Union funding).

¹¹ From among the intermediate years, the estimated contract portfolio was even higher in 2021 and 2022 – amounting to HUF 214.7 billion and HUF 317.4 billion, respectively.

¹² The steps applied in the analysis are elaborated in greater detail in [Subchapter 2.6](#).

Ratio of Contract Value to Estimated Value (Excluding FA1 Contracts)

An examination of the ratio of contract value to estimated value reveals that, in most cases, the two figures are either equal or nearly equal. In 2024, the value of the quotient ranged between 99% and 101% in 23.1% of procedures across the overall public procurement market, and in 5.7% of procedures involving European Union funding. A quotient value close to 100% is especially conspicuous in the case of public procurement contracts without a preceding framework agreement, affecting 21.1% of such contracts (and 5.5% in cases involving EU funding). This raises the question of whether, in these cases, the successful tenderers had any information regarding the estimated value at the time of submitting their tenders – which were considerably close to that value.

An unfavourable development in 2024 was that the average quotient of contract value to estimated value in FA2 procedures stood at 1.17. (Therefore, in contrast to the previous four years, the figure exceeds 1.) Observing an average value below 1 between 2020 and 2023 was encouraging, as the contract value of FA2 procedures can exceed the estimated value – which is based on the unit price specified in the framework agreement – only in exceptional cases. ([Figure 12](#)). The average quotient of procedures unrelated to framework agreements, and that of those involving European Union funds, remained below 1 in both 2023 and 2024, with or without a preceding framework agreement ([Figure 13](#)).

2.4 Data Sources and Analytical Methodology

2.4.1 Databases and Information Used as Sources

Several public reports aimed at the statistical processing of the extensive – and largely publicly available – Hungarian public procurement dataset, as well as the presentation of its indicators, are regularly published by the competent institutions (see, for example, publications by the Public Procurement Authority or by the Ministry of Public Administration and Regional Development (MPARD), responsible for producing the results of the Performance Measurement Framework). The primary aim of the Authority's analysis is not to produce another report of this kind, but to present concentration processes within the public procurement market. This is especially important because outliers in the concentration indicators can be attributed to various causes, indicating both detrimental trends and integrity risks. When analysis is lacking, it becomes difficult to determine whether outliers are due to legal requirements, industry-specific characteristics, or the exceptional competence of certain companies – or whether they stem from other causes, such as non-compliant and illegal conduct by participants in public procurement procedures.

Freely downloadable, the database of the EPPS – a system supporting the implementation of public procurement procedures since 2018 and providing a nearly comprehensive account of procedure outcomes – served as the main source of data for the analyses presented below. During the analysis, we used data from the updated database issued on 28 February 2025.

At the request of the Authority, institutions participating in public procurement procedures – including central purchasing bodies and competent government agencies – provided additional data sources. The results obtained and presented through the processing of the data sources were produced exclusively during the Authority's data analysis. The content of individual data sources and the considerations applied in processing are explained in detail in the methodological description provided in Subchapter [4.2](#).

The concentration analysis of the public procurement market was carried out in accordance with a methodology previously agreed upon with the OECD. Using the most commonly employed, internationally recognised indicators, concentration outliers were identified based on the number of market participants, the market share of individual participants (concentration index), as well as the Herfindahl-Hirschman Index – the most widely used tool for assessing market concentration.

In contrast to previous years, the 2024 analysis determined concentration indicators beyond the level of individual companies, extending its scope to include company groups linked through common ownership¹³. When presenting concentration values, the results of company groups are typically displayed in separate columns, alongside the results of individual companies. In doing so, common (private individual) owners of company groups consisting of at least two companies, as well as companies that are not part of any company group – but have achieved a notably high level of concentration on their own – are also indicated¹⁴.

Taking company groups into account understandably leads to higher levels of concentration. This is because the proportion of ownership (interests) overlaps has significantly increased in certain industries and markets over the past decades. As a result, the indicators calculated at company level likely underestimate the true extent of concentration, as they do not capture hidden concentrations linked to ultimate beneficial (private individual) owners. The growing role of private equity funds in recent years also complicates the analysis. The share of this institutional form in public procurement was also analysed, with the findings presented in this report. Furthermore, the Authority presents data from previous years in the 2024 concentration analysis. This is because developments from the year under review can only be presented realistically if the preceding events are also presented, contextualising the latest findings. Data for 2024 are generally presented together with those for 2023, which serves as the base year. Concentration indicators calculated for the combined period of the past five years (2020–2024) are also presented where warranted.

The Database of Contract Award Notices contains, without aggregation, the most important information from the notices at contract level, making it a rich, well-structured, and easily analysable source of information in its own right. Additional data were also required to conduct a comprehensive concentration analysis and to support the findings of the Report. These were provided to us by the Deputy State Secretariat for Public Procurement Supervision of the MPARD via the DIAI, at the request of the Authority, ensuring the broadest and most accurate content possible. Among these, the Authority used the list of data from the EPPS on tendering organisations involved in procedures conducted between 2019 and 2024, as well as a detailed statement of the initially estimated total contract value – sourced from the form for providing the estimated value in the EPPS's 'Preparatory Files' interface – as part of the concentration analysis.

2.4.2 Data Preparation of The EPPS Database of Contract Award Notices

After downloading the Database of Contract Award Notices, the following corrective steps were applied during data preparation:

- We did not view a procedure as being aimed at a framework agreement if 'Joint information' or 'Joint information on the outcome of procedures EF', referring to the eForms system, was specified as the notice type. After reviewing the database and conducting a sampling, it can be stated with a high degree of certainty – with the exception noted in the following section – that the indication of intent to establish a framework agreement was incorrect.
- This correction was not applied to contracts marked as concluded within a dynamic purchasing system (DPS), as in the case of a DPS, the notice types mentioned in the previous section may also be linked to FA1 procedures.

¹³ As part of this analysis, companies within the sphere of interest of a single owner, along with their combined contract portfolios, were treated as a single unit. Identification was carried out based on available company information. However, the analysis built on this information can, of course, be considered reliable only to a limited extent, as the 'snapshot' used for the analysis reflects an ever-changing system of relations with only limited accuracy. As a result, the company group analysis can rightfully be considered an estimate of limited validity due to methodological constraints.

¹⁴ Each company is considered only once in all cases, either individually or as part of a company group. Therefore, these tables do not contain overlaps or duplications.

- With regard to the awarding of contracts, we considered the content of the calculated (corrective) column in the downloaded database to be normative. (Forming part of the database, the correction is likely based on content recorded for the date of announcement and the contractual price.)

Based on information about the awarding of contracts, 215,646 records out of the 259,187 initiatives for contract conclusion in the database contain information on awarded contracts.

The filters applied during data cleaning prior to data extraction, along with their results, were as follows:

- Contract values recorded in a currency other than HUF were not considered¹⁵. In the case of 5,180 records in the database, the currency was either different from HUF or not recorded at all, which reduced the number of examined contracts to 210,466.
- In the vast majority of cases, contract values below HUF 1,000 are recorded incorrectly. Therefore, we took them into account only in certain cases, following manual verification (e.g. in the case of outliers in a tenderer's successful tenders). 879 contracts did not exceed the limit, so the number of records considered was reduced to 209,587.
- The final step of filtering involved restricting data extraction and analysis to the five calendar years between 2020 to 2024. Using this limitation, we analysed the data from a total of 89,229 contracts. Their value totalled HUF 32,597.5 billion.

This contract number and amount include data on FA1 procedures as well. Excluding these, 85,126 contracts amounting to HUF 19,303.8 billion were analysed.

Classification and Analytical Considerations

The classification of certain contracts by calendar year is based on the calendar year of the notice regarding the conclusion of the contract. If this information was not present in the database, the year in which the contract was concluded serves as reference.

A single contract represents a distinct base unit both in terms of tendering opportunity and awarding. Therefore, by default, we examined the data on the level of individual contracts¹⁶.

Even when combined with the procedure lot number, the procedure identifier displayed in the database – typically starting with 'EKR' or 'KBE' – does not unequivocally identify a specific contract. Certain procedures, or – less commonly, and mostly in the case of those based on framework agreements – procedure lots, may also be associated with multiple tendering opportunities and, as a result, several independent contracts. In the workflow, contracts were identified by the serial number assigned to each record in the downloaded database. In this way, data on FA1 contracts can be separated within the Database of Contract Award Notices. Based on concluded framework agreements, public procurement procedures conducted in the second part of the procedure (FA2) – such as reopening of competition, direct orders, or written consultations – can be filtered by the procedure identifier code.

The volume of extracted data and the individual examination of the documents for each procedure in the database clearly indicate that the data on FA2 contracts concluded in the second part of the procedure are only partially included in the database. Determining

¹⁵ The reason for this was that in several cases, the conversion resulted in unrealistic amounts in HUF and that the inaccuracy of the recording was also confirmed by the content of the individual contract award notices, examined through random sampling.

No further information was available to distinguish between accurate and incorrectly recorded data.

¹⁶ Each record in the EPPS database of Contract Award Notices contains data on either a concluded contract or a failed attempt to conclude a contract.

the extent of the missing data will only be possible through further comprehensive analysis of data from various sources (e.g. centralised public procurement organisations).

The database also contains the CPV codes for the goods, services, and public works that are the subject of public procurement, listed under the columns 'Main CPV Code(s)' and 'Additional CPV Codes'. In our analysis, only CPV divisions, defined by the first two digits of the CPV code, were considered. If this method did not result in a clear classification for a specific contract, the primary CPV division associated with the contract had to be determined to facilitate analysis. According to the applied methodology, the division selected in such scenarios is the one with the highest (clearly identifiable) contract value (for the years 2019–2023, on aggregate).

Also taking into account the data in preparatory documents, information on estimated value is available for a considerable share of contracts, reaching 85.8% for the year 2024¹⁷.

With regard to additional analyses, we also mention the following points:

- To define the data on public procurement involving EU funds, we used the 'Yes' condition in the 'Procurement related to a project and/or programme financed from EU funds' column of the Database of Contract Award Notices as a filtering criterion.
- The presentation of the distribution of the contract number and total contract value by region was based on the NUTS codes, found in the Database of Contract Award Notices. During the analysis, only those contracts were considered where the counties of Hungary were clearly identifiable¹⁸.
- In determining the number of successful and unsuccessful tenders for individual companies, the starting point was the database – provided at the request of the Authority by the responsible government bodies – which contains the tenderers for each lot. Where possible, successful and unsuccessful tenderers were distinguished by linking the (publicly available) database of winners with the Tenderers' Database. Where it was not possible to link the two databases because of the different structure of the lot value, the company designated as the successful organisation in the Tenderers' Database was considered the winner of the procedure. These two methods made it possible to identify the successful and unsuccessful tenderers in almost 90% of non-FAI procedure lots.

Additional methodological considerations will be discussed in the context of each concentration indicator.

¹⁷ The data on estimated value could not be examined comprehensively because of partial gaps in recording. Additionally, we excluded data in which the lot code format differed from that extractable from the Database of Contract Award Notices, as well as unclear outliers.

¹⁸ If more than one county could be identified as a place of implementation, all of them were considered, assigning to each a proportional share of the contract (for example, one-third for three NUTS codes).

2.4.3 Suggestions for Improving the Accuracy in Analysis

In a bid to make the analysis of the Hungarian public procurement market data more accurate, practical and transparent, the Authority proposes that the following changes be made to the registration system:

1. Important data relating to public procurement procedures are displayed in the publicly available contract award notice documents. Yet their compilations and analysis are only partially available, as some of the data exist only in PDF format rather than in a database format, making them inaccessible through basic extraction tools.

Although the eForms system, operational since 25 October 2023, contains significantly more information, it covers only a portion of the procedures conducted after its introduction – specifically those carried out under the EU regime. Therefore, in many cases, this requirement does not apply to procedures involving European Union funding. (In many cases, these are not subject to obligations under the EU regime.) For this reason, in its 2023 Integrity Report, the Authority proposed expanding the data content within the eForms system to cover all procedures in the future. In its response, the Government agreed with the proposal and designated the development of the EPPS as a measure to be implemented, subject to availability of funds. This, however, has not been done as of the end of May 2025.

Therefore, we propose that the freely downloadable Database of Contract Award Notices include, effective 1 January 2026, the following information available in the EPPS:

- Data available on tenderers and other participants (capacity-building organisations, subcontractors) in procedures (or procedure lots), with a particular emphasis on names, addresses, consortium participation, and bid amounts;
- Displayed in separate columns, data on the estimated value of procedures, available in the preparatory documentation.

In line with the Government's development plans, we continue to recommend expanding the eForms data content, starting in 2026, to encompass all procedures, so that contracting authorities can provide more accurate and reliable data for future procedures in a standardised format.

Although data on procedures related to framework agreements are largely available in the EPPS, data recording is partially incomplete. Information is completely missing for a large number of contracts, while data on procedures related to framework agreements are partially recorded in the EPPS, based on information at our disposal.

In the case of FA2 procedures, it is warranted to include a separate column indicating which framework agreement each supply contract is linked to. (Framework agreement procedure (or lot) code.) In its 2023 Integrity Report, the Authority had already proposed implementing this development, which would significantly enhance transparency in FA2 procedures. In its response, the Government indicated that Implementing Decision (EU) 2019/1780 (eForms regulation) does not allow for the incorporation of such content into the eForms system. Taking this into consideration, we propose mandating that, starting on 1 January 2026, the column titled 'Subject of Procedure' within contract award notices include the EPPS identifier of framework agreements serving as the basis for FA2 procedures.

In accordance with Section 2(1) of Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement, recording FA2 data is the responsibility of contracting authorities. Consistent compliance with this requirement is necessary to ensure the transparency of procedures. For this reason, it is warranted to initiate a legislative amendment and to apply appropriate instruments of instruction and oversight.

The most important components of FA2 contractual prices, products forming the subject-matters of procurement procedures, as well as the unit prices and quantities of services, are currently not available. Because of this, one of the most important objectives in centralised public procurement, namely to examine and analyse price efficiency, cannot be achieved. We propose displaying FA2 data on quantity and unit prices in separate columns within the Database of Contract Award Notices. Because of the heightened importance of examining price efficiency, it is advisable to ensure that the measure also encompass past FA2 procedures, and that the comprehensive information is displayed in the Database of Contract Award Notices, starting 1 January 2026.

In many cases, contracts are extended following the expiry of the framework agreement period. There is no information posted about this in the EPPS, meaning that the renewed validity of framework agreements and the renewed availability of contractual amounts do not become public. We propose ensuring that the relevant information is logged in the EPPS and recorded in, and made accessible through, the EPPS Database of Contract Award Notices – retroactively for earlier procedures through to the end of 2025, and on a continuous basis for procedures launched thereafter.

We propose verifying, starting in October 2025, the technical conformity of the tax numbers provided in order to identify the data of winners and tenderers. Adequate synchronisation can ensure that the names of economic operators (those showing in the Company Register) are entered into the EPPS correctly. The Government did not agree with the Authority's recommendations of this nature from the 2023 Integrity Report. The reason for this – as cited by the Authority as a general principle – is the unchanged display of contract award notice data within the databases containing them. The Authority maintains that ensuring data accuracy and analysability requires a solution that allows for the correction of incorrectly recorded data.

Accurate and comprehensive knowledge of the intended share of joint tenderers at the time of contract conclusion, as well as their actual share following contract performance, is a fundamental prerequisite for understanding the related processes. Without these, it is not possible to determine and analyse the actual public procurement contract portfolios of companies. The disclosure of relevant data by contracting authorities is a legal requirement, but it does not yield any useful information in practice. Therefore, we propose an immediate review of the mechanisms for ensuring consistent enforcement of the legal provision (Section 8(d) of Government Decree No 424/2017 19 December 2017) concerning the distribution of the contract amount among consortium members. Based on this, the share of each consortium member in the contractual consideration must be recorded in the EPPS, with the requirement that final data be provided as part of the data to be recorded in connection with contract performance. In practice, however, data recording is inaccurate and incomplete, making it unsuitable for meaningful analysis. Therefore, our current analysis assumed equal shares for each consortium member (e.g. in case of 4 winners, 4 x 25%).

The Government partially agreed with the same proposal in the 2023 Integrity Report but did not consider any action necessary. According to them, incorrect data recording, or the lack thereof, is considered a violation of public procurement law. The determination of this matter, along with the application of legal consequences, falls within the scope of authority of the Public Procurement Authority's Public Procurement Arbitration Board. The Integrity Authority maintains that the evident dysfunctionality of the legal requirement cannot be rectified through individual review procedures. This would require enhanced monitoring of compliance with the requirement, as well as additional measures – such as the potential imposition of legal consequences.

2.5 Key Statistical Data of the Public Procurement Market

As detailed in the methodological description in the earlier subchapter, the key market indicators in this report have been primarily derived from processing the publicly available EPPS Database of Contract Award Notices¹⁹.

Considering framework agreements in the processing of public procurement data

Some public procurement procedures are not directly aimed at purchasing goods or services. FA1 procedures lay the foundations for future contracts. Framework agreements are intended for a specific period and serve to manage aggregated procurement needs that are difficult to plan ahead. A contract (framework agreement) concluded between a contracting authority (or authorities) and one or more successful tenderers specifies contract duration and other essential conditions (e.g. compensation, foreseen quantity) that must be enforced for related procurement procedures in the future.

Based on framework agreements, contracting authorities are authorised to enter into contracts to fulfill specific procurement needs in line with predetermined rules. Actual procurement is carried out by contracting authorities based on the provisions of framework agreements, either by direct purchasing orders, contract conclusion following written consultation, reopening of competition, or a combination thereof. The stated objective of framework agreements is to ensure speed and efficiency by pre-selecting potential winners.

Therefore, public procurement procedures conducted under a framework agreement consist of two stages. *The first stage, marked as FA1, involves the selection of potential suppliers and the determination of essential conditions for future orders. No actual performance (such as the delivery of goods, provision of services, or financial compensation) takes place during the FA1 stage.*

The actual public procurement procedure (i.e. delivery of goods, provision of services, or financial compensation) takes place in the second stage, marked as FA2.

Most records presented in the report focus on actual performance (numbers, sum total, or other parameters). Therefore, these do not include FA1 data, which is not indicated separately in the tables. They do, however, include data related to FA2s, as well as to contracts for the supply of goods or the provision of services that are not linked to a previously concluded framework agreement. (Of course, along with additional conditions indicated in the tables.)

For essential statistical indicators (e.g. number of procedures, value of contracts, product divisions, non-open procedures), FA1 data is also communicated. This information is presented separately and clearly in the tables in all cases.

This database includes, among other elements, FA1 procedures as well. The number and contract values of these procedures are either presented separately below or, unless otherwise indicated, are not taken into account. This is because these values represent only potential, rather than actual, supplier orders. Actual financial transactions are based on public procurement contracts concluded under framework agreements (FA2), either through reopening of competition, direct orders, or written consultations. These contracts are included in the analysis unless otherwise indicated.

We applied the methodological considerations outlined earlier to determine the results.

¹⁹ Based on a somewhat different information base and methodology, the statistical data provided in the flash reports of the Public Procurement Authority slightly differ from the indicators presented in this report.

The number of public procurement procedures were defined on three levels:

- The 'number of successful procedures' indicates how many procedures (each with a distinct identifier) had their results announced in a specific period. Regardless of whether multiple – and distinct – invitations to tender were issued within a single public procurement procedure, leading to the conclusion of several contracts;
- the 'number of procedure lots' takes into account that several lots, each with a distinct identifier in the EPPS database, may be connected to a single procedure;
- in determining the value for the 'number of contracts', distinct contracts concluded within a single lot are also taken into account. It primarily occurs in the case of contracts concluded (FA2) under framework agreements (FA1) that multiple separate contracts are associated with the same lot.

The Authority's experiences and consistent expert information show that the EPPS database cannot be considered complete. It can primarily occur in the case of FA2 procedures that contracting authorities do not register data on the process, leading to these contracts not being included in the database or in the Public Procurement Bulletin. Framework agreement data from central purchasing bodies may be the primary source of information on the volume of these missing contracts.

Public Procurement Procedures, Number and Values of Contracts

The number of public procurement procedures over the past five years has been as follows²⁰:

Table 1 Trends in the number of public procurement procedures and contracts across the overall public procurement market (2020–2024)

Year of Contract Award Notice	Is the procedure aimed at concluding a framework agreement?	Number of procedures	Number of procedure lots	Number of contracts
2020	Yes (FA1)	255	699	699
	No	7 222	15 460	16 483
2021	Yes (FA1)	327	683	683
	No	7 642	15 618	17 528
2022	Yes (FA1)	314	795	795
	No	7 531	15 562	17 315
2023	Yes (FA1)	337	885	890
	No	7 301	15 919	17 857
2024	Yes (FA1)	363	1 030	1 036
	No	6 801	14 286	15 943

The table presents the number of procedures announced between 2020 and 2024 across the overall public procurement market, differentiating between the quantitative data relating to framework agreements (FA1) and contracts for the procurement of goods or services. In line with international practice, the table presents the number of contracts, procurement procedures – often encompassing multiple contracts – and procedure lots. The number and share of FA1 procedures have seen a continuous rise over the past few years, accompanied by an increase in the number of lots and contracts as well.

The table provides a clear illustration of the steady increase in the number of FA1 contracts over the past three years. However, no such trend can be observed in the case of non-FA1 contracts. Moreover, the number of contracts concluded in 2024 dropped by 10.7% compared to the previous year. Reduction can also be seen in the number of lots and contracts.

²⁰ The data is sourced from the EPPS Database of Contract Award Notices, following a preliminary filtering process (as described in detail in the methodology), which includes the exclusion of contracts not concluded in HUF. Therefore, the table does not include data on contracts concluded in a currency other than HUF, nor on those with values below HUF 1,000. As a result of retroactive data corrections and the methodological improvements in the data query process, values in the table can differ from those presented in the 2023 Integrity Report.

Public procurement contract data in terms of framework agreement involvement and EU funding

The following table presents the total value of contracts, along with data from the past five years on contracts that are either fully or partially funded by the European Union.

Table 2

Key data from the public procurement market in terms of framework agreement involvement and EU funding (2020–2024)

Year of Notice	Is it aimed at a framework agreement?	Number of contracts	Including: contracts involving EU		Total value of contracts (HUF billion)	Including: contracts involving EU	
			number	share		amount (HUN bn)	share
2020	Yes (FA1)	699	59	8,4%	1 463,8	513,2	35,1%
	No	16 483	4 647	28,2%	3 284,4	907,2	27,6%
2021	Yes (FA1)	683	68	10,0%	3 400,2	1 872,3	55,1%
	No	17 528	4 166	23,8%	4 436,2	1 352,6	30,5%
2022	Yes (FA1)	795	64	8,1%	1 744,2	1 022,3	58,6%
	No	17 315	4 432	25,8%	4 718,0	1 761,0	37,3%
2023	Yes (FA1)	890	74	8,3%	3 466,6	459,7	13,3%
	No	17 857	5 023	28,1%	3 124,8	1 092,9	35,0%
2024	Yes (FA1)	1 036	168	16,2%	3 218,8	1 471,6	45,7%
	No	15 943	3 029	19,0%	3 740,4	884,9	23,7%

The table presents key data from the public procurement market between 2020 and 2024. By 2024, the number of framework agreements (FA1 procedures) had increased significantly, with the share of contracts involving European Union funds having doubled compared to 2023. In 2024, as a result of a notable (3.4-fold) increase in the share of European Union funds in framework agreements compared to 2023, the share of European Union funding in FA1 procedures was higher (45.7%) than in non-FA1 procedures (23.7%).

In terms of the number of contracts, trends in contracts involving European Union funding match those in the overall public procurement market: the number of FA1 procedures has been gradually increasing over the past three years. In examining the submarket of EU-funded contracts, however, the increase observed in 2024 is striking: the number of contracts more than doubled, while the total contract value more than tripled. The most important contributing factor to this is the rise in the number and value of framework agreements for IT services in 2024. It represents a sevenfold increase in the number of contracts (from 2 to 14), while in terms of value, it marks a 10.6-fold rise, amounting to a notable HUF 1,001 billion in spending in 2024.

Contracts involving European Union funding account for a larger share among framework agreements: in 2024, the EU funding share of total contract value was 45.7% in FA1 procedures, compared to 23.7% in non-FA1 procedures. Despite a 10.7% decrease in the number of contracts, the total contract value of non-FA1 procedures increased by 19.7% within the overall public procurement market. This can be attributed to the procurement outcomes of some high-value public works projects from 2024 that did not involve European Union funding. The most important among these is the completion of the Danube Bridge in Mohács, along with the related road network, as well as the M49 expressway section between Ökörítőfülpös and Csenger (country border). (Public contracts worth HUF 295 billion and HUF 142 billion, respectively – both awarded to Duna Aszfalt Zrt.) While such a divergent trend is not characteristic of the public procurement market involving European Union funding (excluding FA1 procedures), the average value of EU-funded procurement contracts increased significantly in 2024: despite a 40% decline in the number of contracts that year, the total contract value decreased only by 19.2%.

Consortium Contracts

The successful contracting party is in many cases not a single company but a group of joint tenderers (consortium), which is crucial for the results of the concentration analysis. There is no reliable information regarding the division of the contract value among consortium members. In such cases, dividing the share equally among consortium members is the usually applied methodology. The share of consortium contract values are shown in the table below.

Table 3
Consortium contract data (2020–2024)

Year of Notice	Is it aimed at a framework agreement?	Number of contracts	Including: consortium contracts		Total value of contracts (HUF bn)	Including: consortium contracts Amount (HUF bn share)
			number	share		
2020	Yes (FA1)	699	135	19,3%	1 463,8	954,8 65,2%
	No	16 483	1 543	9,4%	3 284,4	928,9 28,3%
2021	Yes (FA1)	683	197	28,8%	3 400,2	2 444,6 71,9%
	No	17 528	2 033	11,6%	4 436,2	1 391,8 31,4%
2022	Yes (FA1)	795	170	21,4%	1 744,2	1 423,8 81,6%
	No	17 315	1 925	11,1%	4 718,0	1 083,5 23,0%
2023	Yes (FA1)	890	201	22,6%	3 466,6	2 289,8 66,1%
	No	17 857	1 505	8,4%	3 124,8	1 002,6 32,1%
2024	Yes (FA1)	1 036	72	6,9%	3 218,8	1 227,5 38,1%
	No	15 943	801	5,0%	3 740,4	545,7 14,6%

The table presents the trends in consortium contracts during public procurement procedures between 2020 and 2024. The share of consortium contracts in FA1 procedures remains high (38.1%), suggesting that although the number of consortium contracts has decreased, their average value is significantly higher compared to contracts with a single winner.

The decline in consortium contracts observed in 2024 is particularly notable when examining trends over the past five years. When looking at the number of FA1 procedures, the share of consortium contracts decreased from 22.6% to 6.9%, while their share of total contract value dropped from 66.1% to 38.1%. Last year, the share of non-FA1 contracts dropped from 8.4% to 5%, while their total contract value decreased from 32.1% to 14.6%.

When examining these figures, it is noteworthy that consortium contracts aimed at concluding framework agreements account for only 6.9% of all contracts, yet still represent a declining – but nonetheless significantly high – 38.1% share of the total contract value. This shows the above-average value of consortium framework agreements.

Contract Portfolio of Product and Service Divisions

The following table shows key data from product and service divisions the contract portfolios of which (excluding FA1 procedures) were the largest in 2024. Accordingly, data on contracts involving European Union funding are also presented.

Table 4

Number and total value of public procurement contracts in the top 10 product and service divisions (CPV) by contract portfolio; in 2024

CPV division	Number of contracts	Year 2024		
		Including: Contracts involving EU funding	Total value of contracts (HUF bn)	Including: Total value of contracts with EU funding (HUF bn)
(45) Construction Works	3 979,0	1 838,0	1 239,9	290,4
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	862,0	33,0	409,1	1,7
(60) Transport Services (Excluding Waste Transport)	215,0	10,0	373,3	0,1
(48) Software Packages and Information Systems	218,0	79,0	244,6	231,1
(72) IT Services: Consultancy, Software Development, Internet, and Support	575,0	156,0	205,6	99,1
(9) Petroleum Products, Fuels, Electricity and Other Energy Sources	338,0	0,0	194,9	0,0
(34) Transport Equipment and Supplementary Transport Items	608,0	27,0	160,5	1,1
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	2 073,0	147,0	114,9	58,4
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	530,0	126,0	112,6	102,4
(55) Hotel, Restaurant, and Retail Services	53,0	7,0	100,6	1,7

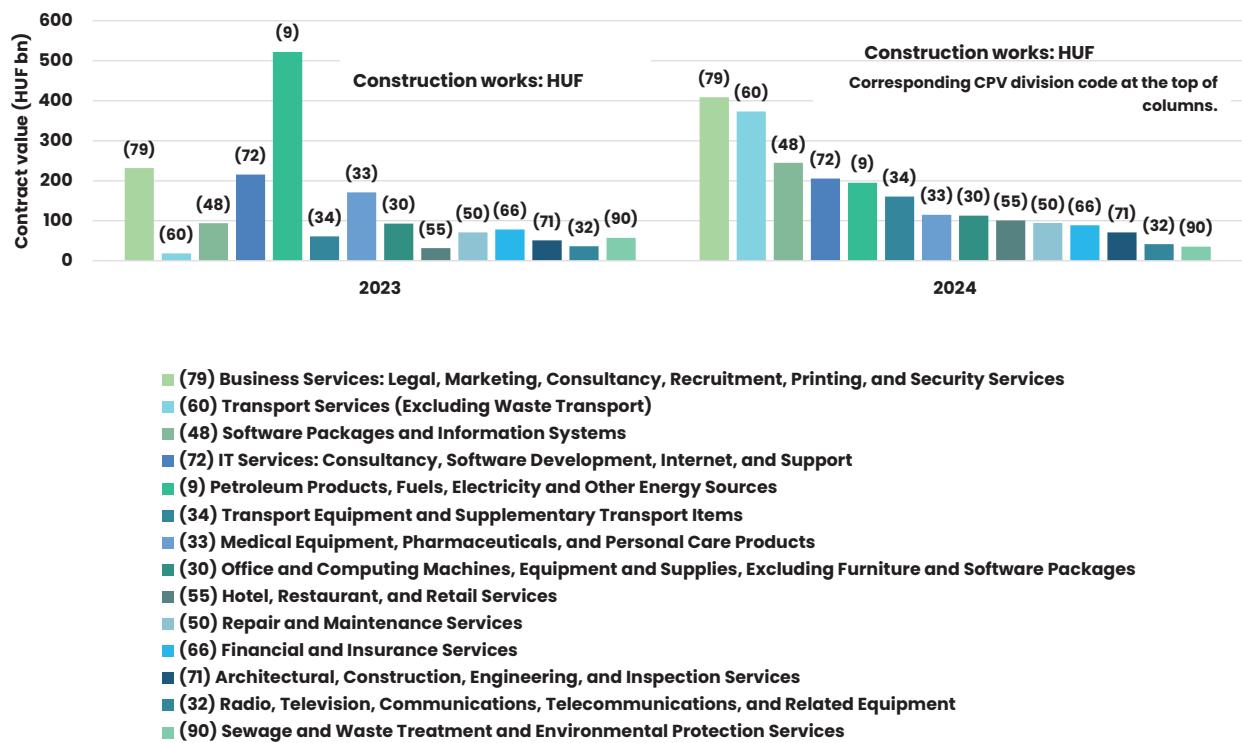
Table 4 shows the number and value of public procurement contracts in product and service divisions (CPV) with the largest contract portfolios in 2024, with a special focus on contracts involving European Union funding.

The outstanding figures for construction works (CPV Division 45) in the table are striking, both in terms of the number of contracts (3,979 in total) and the total contract value (HUF 1,239.9 billion). Nonetheless, the share of contracts involving European Union funding – at 23.4% – is relatively low in this CPV division. However, the share of contracts involving European Union funding is considerably high for IT services and software packages (CPV Division 48) – particularly in terms of total contract value, which stands at 94.5% – in line with funding support linked to the EU's digitalisation goals. The procurement of energy sources – such as petroleum products – is carried out exclusively from national funds (CPV Division 9). In the procurement of medical equipment (CPV Division 33), the share of European Union funding is relatively high, amounting to 50.8%, whereas business services are almost exclusively funded from national sources (CPV Division 79).

The following figure compares data on CPV divisions with the largest contract portfolios across the overall public procurement market.

Figure 1

Total contract value of the top 15 CPV divisions by contract portfolio, ranked in descending order based on data from 2024, excluding '(45) Construction Works', 2023-2024

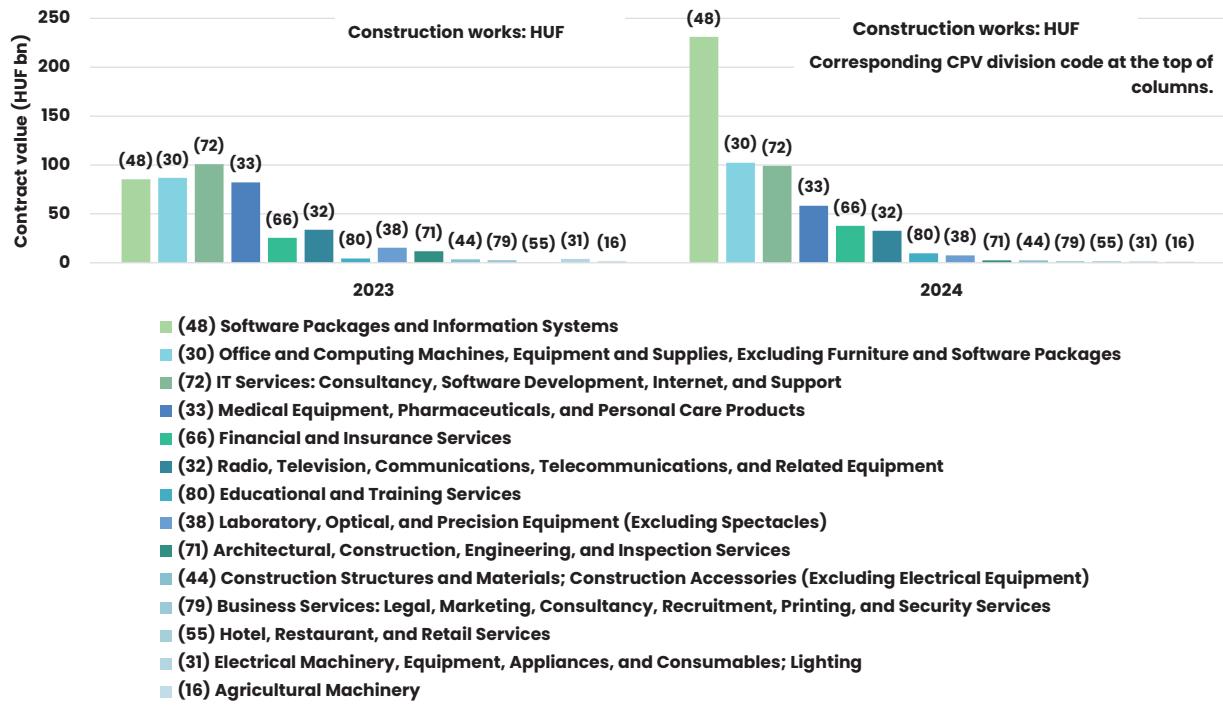


The figure shows the total contract value of the 15 largest CPV divisions in 2023 and 2024. Business Services (79), Transport Services (60), and Software Packages and Information Systems (48) show significant increase in 2024.

The following figure shows the scale of total contract value for the most important CPV divisions in terms of public procurement procedures involving European Union funding.

Figure 2

Figure 2: Total contract value of the 15 CPV divisions with the largest contract portfolios with EU funding, ranked in descending order based on data from 2024, excluding '(45) Construction Works', 2023–2024



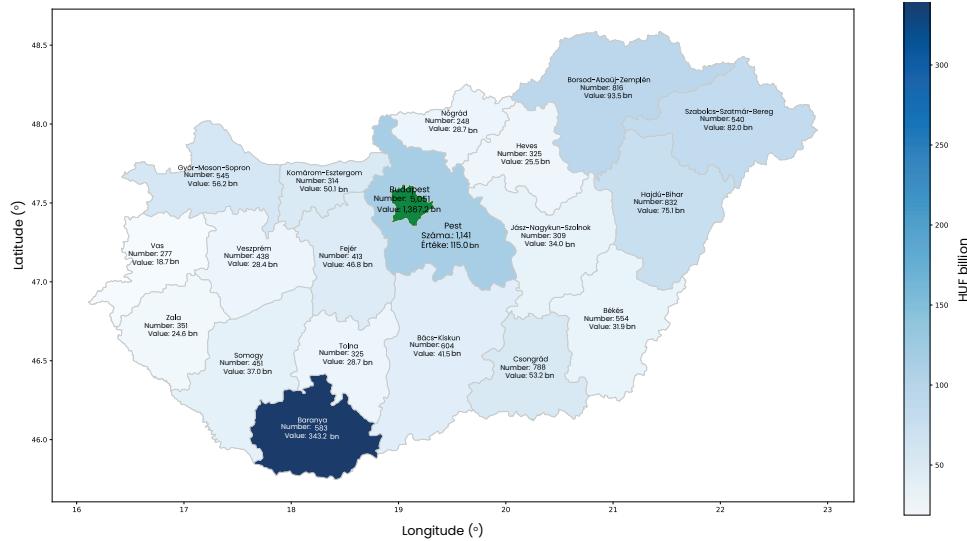
The figure shows CPV divisions with the 15 largest contract portfolios involving European Union funding in 2023 and 2024. Software Packages and Information Systems (48) experienced a more than two-fold increase, with IT Services (72) still playing a decisive role. Meanwhile, EU-funded contract portfolios for construction works have dropped by more than 50%, with Medical Equipment (33) also experiencing a decline. The reinforcement of digitalisation and IT developments is in line with the EU's strategy on modernisation and digital transitioning (Digital Europe Programme).

Regional Data

The following figures show the breakdown of the total value of public procurement contracts by place of implementation across counties. County classification is based on a regional registration code, known as 'NUTS'. Unfortunately, data at county level is incomplete, meaning that the classification does not cover all public procurement procedures. The data coverage, calculated by contract value, is presented in the charts.

Figure 3

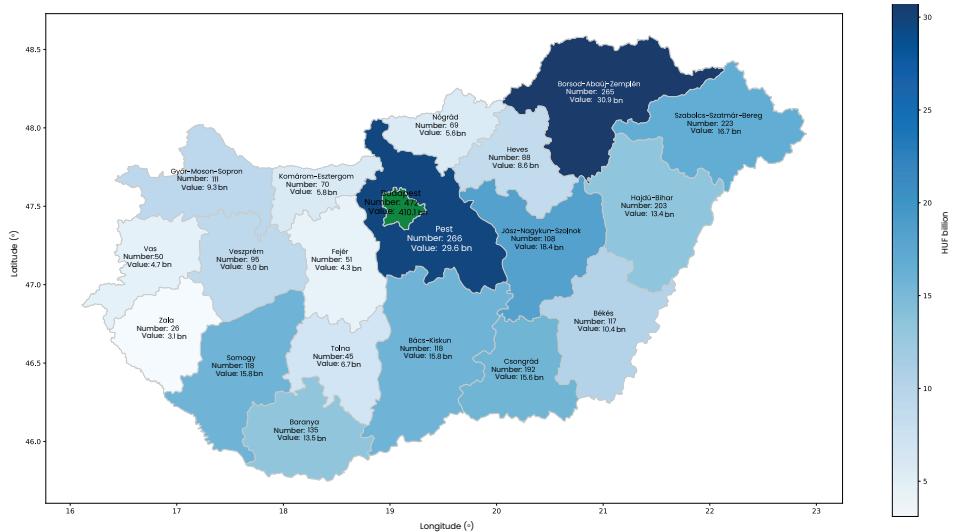
*Data from the counties of Hungary across the overall public procurement market in 2024,
data coverage: 69.01%*



Total value of public procurement contracts by place of implementation (breakdown by counties)

Figure 4

EU-funded public procurement data from the counties of Hungary in 2024, data coverage: 73.16%



Total value of public procurement contracts involving European Union funding by place of implementation (broken down by counties)

Budapest stands out on the map chart in terms of both the number and total value of contracts. In the overall public procurement market, Baranya County also registers a notably high contract portfolio, which – as mentioned previously – is explained by a major public procurement procedure related to the construction of the Danube Bridge in Mohács, involving an exceptionally large contract value. Contract volumes from Pest County and Borsod-Abaúj-Zemplén County are prominent across the EU-funded public procurement market. The explanation for this phenomenon is that, among the areas characterised by high contract values in 2023, it was Budapest and these two counties where average contract values increased significantly.

Non-open Procedures

Provided that certain conditions are met, Hungary's public procurement regulatory framework allows for contracting authorities to select the pool of tenderers in public procurement procedures. These are the procedures that are considered 'non-open' procedures. As discussed in a different chapter of this report, the regulatory framework of 'non-open procedures' is based on realistic considerations, yet its implementation is inconsistent in practice. The volume of non-open procedures over the past five years is shown in the following tables.

Table 5

Key data from non-open procedures across the overall public procurement market (2020–2024)

Year of Notice	Is it aimed at a framework agreement?	Number of contracts	Including: contracts concluded		Total value of contracts (HUF bn)	Including: contracts concluded Amount (HUF bn share)
			number	share		
2020	Yes (FA1)	699	20	2,9%	1 463,8	5,1 0,3%
	No	16 483	2 738	16,6%	3 284,4	291,5 8,9%
2021	Yes (FA1)	683	23	3,4%	3 400,2	4,1 0,1%
	No	17 528	2 675	15,3%	4 436,2	289,9 6,5%
2022	Yes (FA1)	795	12	1,5%	1 744,2	2,4 0,1%
	No	17 315	1 753	10,1%	4 718,0	208,7 4,4%
2023	Yes (FA1)	890	21	2,4%	3 466,6	3,9 0,1%
	No	17 857	1 469	8,2%	3 124,8	175,3 5,6%
2024	Yes (FA1)	1 036	24	2,3%	3 218,8	4,4 0,1%
	No	15 943	1 289	8,1%	3 740,4	195,5 5,2%

Table 5 shows key data from non-open procedures across the public procurement market between 2020 and 2024. The share of these procedures in framework agreements (FA1) remained low (2-3%) throughout. In the case of non-framework agreements, however, their share was halved over a period of five years (from 16.6% in 2020 to 8.1% in 2024), mirroring the decline in their total contract value (from 8.9% in 2020 to 5.2% in 2024).

Table 6

Key data from non-open procedures across the EU-funded public procurement market (2020–2024)

Year of Notice	Is it aimed at a framework agreement?	Number of contracts	Including: contracts concluded		Total value of contracts (HUF bn)	Including: contracts concluded Amount (HUF bn share)
			number	share		
2020	Yes (FA1)	59	—	—	513,2	—
	No	4 647	1 334	28,7%	907,2	100,7 11,1%
2021	Yes (FA1)	68	2	2,9%	1 872,3	0,1
	No	4 166	887	21,3%	1 352,6	84,9 6,3%
2022	Yes (FA1)	64	—	—	1 022,3	—
	No	4 432	23	0,5%	1 761,0	7,4 0,4%
2023	Yes (FA1)	74	—	—	459,7	—
	No	5 023	8	0,2%	1 092,9	0,9 0,1%
2024	Yes (FA1)	168	—	—	1 471,6	—
	No	3 029	6	0,2%	884,9	0,4 0,0%

Table 6 shows data from non-open procedures within the EU-funded public procurement market between 2020 and 2024. Open procedures are increasingly gaining ground in EU-funded public procurement, whereas the role of non-open procedures has declined. The share of non-open procedures in the case of non-framework agreements was considerably high in 2020, reaching 28.7%; however, by 2024, this share had decreased significantly and practically disappeared, falling to 0.2%.

In the case of non-FA1 procedures, the number of contracts concluded as part of non-open procedures clearly shows a decreasing trend across the overall public procurement market. This trend is not clear in the case of FA1 procedures; nevertheless, formulating such a requirement cannot be considered reasonable because of the low number of contracts.

By 2024, the use of non-open procedures had been gradually phased out in procedures involving European Union funding, while for FA1 procedures, they were insignificant even before then.

2.6 Concentration Index (CI) Results

The share of contract value held by organisations with a significant share in the overall public procurement market is indicated by the Concentration Index (CI).

The CI indicator shows the combined market share of a specific number (e.g. 1, 5, or 10) of the largest market participants (CI1, CI5, or CI10). CI1 refers to the market share of the participant with the largest contract portfolio, while CI5 and CI10 indicate the market shares of the five and ten largest participants, respectively. Share equation: $CIN = (\text{N} \text{ refers to the combined value of contracts held by the company with the largest contract portfolio} / \text{The overall contract portfolio})$. The reason for a significant market share can vary, considering both the organisation's product structure and contract composition. (For example, in which sectors did it win public contracts, and is its prominent market share due to one exceptionally high-value contract and/or several other considerably high-value contracts?)

Calculated by taking into account the overall public procurement market and contracts involving European Union funding, the concentration index therefore reflects the combined effect of multiple factors. Thus, a more accurate assessment of concentration in the public procurement market also requires separate analyses of individual submarkets – primarily product and service (CPV) divisions. Procedures in which the winners were not identifiable were not considered during the determination of the concentration index. Their values, along with the benchmark (the total contract portfolio in the denominator), do not appear in the contract portfolios (share counters) of individual companies. Unidentifiable winners account for 0.2% of the total value of public procurement contracts in 2024.

The following table presents the most successful participants in the overall public procurement market.

Tables 7 *CI indicators of companies and company groups across the overall public procurement market of Hungary in 2023*

Winning company rankings	Company name	2023					
		Total contract value of company (HUF bn)	Company CI Index*	Company group ranking	Company group owner**	Total contract value of company groups (HUF bn)	Company group CI Index*
1	MVM Next Energiakereskedelmi Zrt.	257,5	8,3 %	1	MVM Next Energiakereskedelmi Zrt.	257,5	8,3 %
2	MOL Magyar Olaj- és Gázipari Nrt.	147,3	13,1 %	2	MOL Magyar Olaj- és Gázipari Nyrt.	147,3	13,1 %
3	Colas Út Építőipari Zrt.	104,1	16,5 %	3	Gyula Balásy	133,4	17,4 %
4	MENTO Környezetkultúra Kft.	91,6	19,5 %	4	Colas Út Építőipari Zrt.	104,1	20,8 %
5	HE-DO Útépítő, Kereskedelmi és Szolgáltató Kft.	89,1	22,3 %	5	László Dobróka, Lászlóné Dobróka, Tamás Mihály Dobróka	95,1	23,9 %
6	MVM CEEnergy Zrt.	70,0	24,6 %	6	István Hercsik	93,7	26,9 %
7	BAYER CONSTRUCT						
7	Építőipari és Szolgáltató Zrt.	66,4	26,8 %	7	MVM CEEnergy Zrt.	70,0	29,2 %
8	Market Építő Zrt.	45,9	28,3 %	8	István Sokorai	66,4	31,4 %
9	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	39,2	29,5 %	9	Lőrinc Mészáros	47,1	32,9 %
10	LOUNGE DESIGN Szolgáltató Kft.	32,4	30,6 %	10	István Garancsi	46,0	34,4 %

*Cumulative ownership share

**In addition to corporate groups, the column also contains data for companies with the largest ownership shares that are not part of any corporate group.

Tables 8

CI indicators of companies and company groups across the overall public procurement market of Hungary in 2024

2024								
Winning company rankings	Company name	Total contract value of company (HUF bn)	Company CI Index*	Company group ranking	Company group owner**	Total contract value of company groups (HUF bn)	Company group CI Index*	
1	Duna Aszfalt Út és Mélyépítő Zrt.	452,3	12,2 %	1	László Szijj	453,0	12,2 %	
2	ArrivaBus Kft.	356,9	21,8 %	2	ArrivaBus Kft.	356,9	21,8 %	
3	B + N Referencia Ipari, Kereskedelmi és Szolgáltató Zrt.	92,7	24,2 %	3	Gyula Balásy	251,5	28,5 %	
4	MVM Next Energiakereskedelmi Zrt.	84,4	26,5 %	4	Lőrinc Mészáros	112,5	31,5 %	
5	4iG Nyrt.	80,2	28,7 %	5	B + N Referencia Ipari, Kereskedelmi és Szolgáltató Zrt.	92,7	34,0 %	
6	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	79,9	30,8 %	6	MVM Next Energiakereskedelmi Zrt.	84,4	36,3 %	
7	Lounge Event Kft.	75,4	32,8 %	7	4iG Nyrt.	80,2	38,5 %	
8	MVM CEEnergy Zrt.	70,0	34,7 %	8	MVM CEEnergy Zrt.	70,0	40,3 %	
9	Telekom	67,5	36,5 %	9	Telekom	67,5	42,2 %	
10	Rendszerintegráció Zrt.	67,3	38,3 %	10	Rendszerintegráció Zrt.	67,3	44,0 %	

*Cumulative ownership share

**In addition to corporate groups, the column also contains data for companies with the largest ownership shares that are not part of any corporate group.

Tables 7 and 8 show the most successful companies and – based on available information – company groups (including companies that cannot be classified into a company group) across Hungary's public procurement market between 2023 and 2024, excluding framework agreements. The comparison between these two years presents a clear picture of the rearrangement of market power dynamics and the rise in concentration among the most prominent participants, representing an increase of nearly ten percentage points for the ten largest company groups in under a year. In many cases, one or more owners has acquired significant shares in the public procurement market through multiple different companies. According to the 2024 data, the CI (cumulative share) of the top 10 successful companies amounts to 38.3%, while that of the related company groups stands at 44.0%. This points towards hidden ownership concentration, meaning that the influence at the ownership level was greater than what company data alone would reveal.

Figure 5

Total contract value of the top 10 Companies and Company groups in 2024 across the overall public procurement market of Hungary

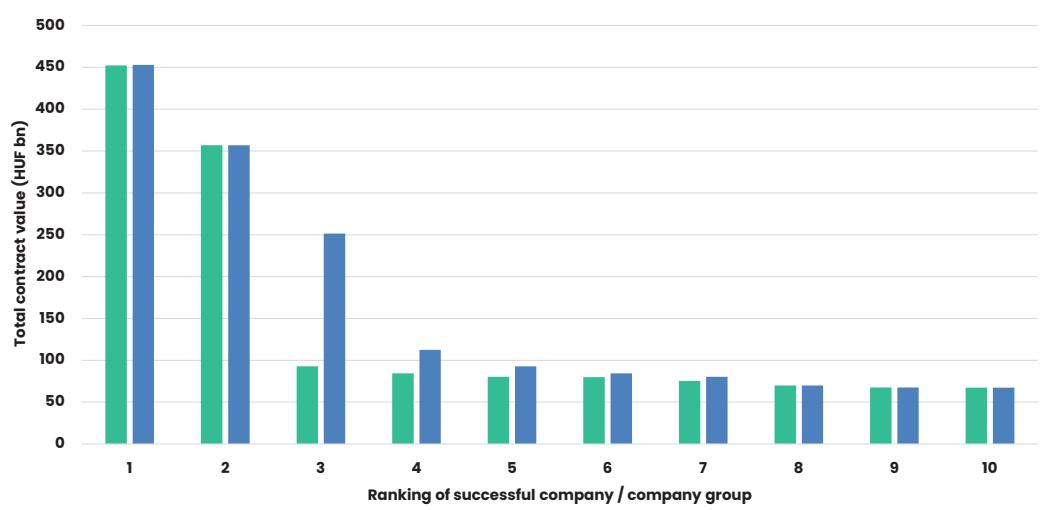


Figure 5 shows the calculated value of ownership concentration for the 10 companies and company groups with the largest shares across the overall public procurement market. The difference between the company group share, shown in blue, and the company share, indicated in green, represents the contract portfolio of company group members with smaller market shares than the largest member. (Thus, their added value to the market share of company groups.)

Analysing Company Groups

Creating company groups

Members²¹ of a company group are defined as (at least two) companies in which the same private individual appears as the ultimate beneficial owner. (Two private individuals are considered identical if their name, tax number, year of birth, and mother's name all match.) Each company was assigned to only one company group. If a company had more than one private individual as its ultimate beneficial owner, it was assigned to the group where the estimated lower bound of the ownership share of the 'connecting' private individual²² was higher. If, because of the coincidence of the lower threshold values, this is not clear, the company in question will be classified into the company group that has received the larger amount based on the EPPS Contract Award Notice over the past five years.²³

To determine the number of successful contracts of company groups, the number of successful contracts of individual companies is aggregated. In doing so, overlaps are eliminated, meaning that contracts in which one or more members of a company group are among the winners – typically as part of a consortium – are also counted only once. The total contract value of a company group is the aggregate sum of the contracts held by the individual companies, proportionally determined in the case of multiple winners.

²¹ For the purpose of establishing company groups, only the ultimate beneficial owners of those companies that have appeared at least once as winners in the EPPS Database of Contract Award Notices were examined. By applying a similar method – and thus subject to similar limitations – to that used for determining the sphere of interest of private equity funds, it has become possible to take into account an individual's indirect ownership interest in a given company, held through another entity.

²² Information in accessible company databases served as the basis for the ultimate beneficial ownership share. During the formation of company groups, the calculation based on the lowest value of the ownership share was taken into consideration.

²³ The 'ultimate beneficial owner' status was considered an interest; therefore, the contract value was not adjusted by the ownership share. This approach may, in certain cases, provide a reasonable approximation of concentration based on a detailed examination, while in other cases it may result in overestimation.

In 2023, the highest contract values were achieved by MVM Next and MOL, with respective shares of 8.3% and 12.2%, whereas in 2024, Duna Aszfalt and ArrivaBus were the leaders, holding shares of 12.2% and 21.8%, respectively. Furthermore, members of some company groups have continued to remain dominant players in the market, operating through multiple companies. The comparison between these two years presents a clear picture of the rearrangement of market power dynamics and the rise in concentration among the most prominent participants.

The following tables (Tables 9 and 10) present the companies and company groups with the largest contract portfolios within the submarket of European Union funding in the period 2023–2024, along with the values of the concentration index (CI). In cases where the ultimate beneficial owner could not be identified based on the available or provided databases, the names of the organisations are indicated.

Tables 9

CI indicators of companies and company groups in 2023 on the EU-funded public procurement market

Winning company rankings	Company name	2023					
		Total contract value of company (HUF bn)	Company CI Index*	Company group ranking	Company group owner**	Total contract value of company groups (HUF bn)	Company group CI Index*
1	Colas Út Építőipari Zrt.	94,5	8,8 %	1	Colas Út Építőipari Zrt.	94,5	8,8 %
2	MENTO Környezetkultúra Kft.	88,8	17,0 %	2	István Hercsik	89,5	17,1 %
3	HE-DO Útépítő, Kereskedelmi és Szolgáltató Kft.	85,7	25,0 %	3	László Dobróka, Lászlóné Dobróka, Tamás Mihály Dobróka	89,4	25,4 %
4	"VATNER" Ipari, Kereskedelmi és Szolgáltató Kft.	23,4	27,1 %	4	Péter Vati	38,5	28,9 %
5	Mészáros és Mészáros Ipari, Kereskedelmi és Szolgáltató Zrt.	20,8	29,1 %	5	Lőrinc Mészáros	22,2	31,0 %
6	MEDISZER Kórházeltechnikai és Kereskedelmi Kft.	15,1	30,5 %	6	MBH Bank Nyrt.	12,8	32,2 %
7	MBH Bank Nyrt.	12,8	31,6 %	7	GRÁNIT Bank Nyrt.	12,8	33,4 %
8	GRÁNIT Bank Nyrt.	12,8	32,8 %	8	Telekom Rendszerintegráció Zrt.	12,5	34,5 %
9	Telekom Rendszerintegráció Zrt.	12,5	34,0 %	9	KÖTIVIÉPB Közép-Tisza Vidéki Vízépítő és Telekommunikációs Kft.	12,0	35,6 %
10	KÖTIVIÉPB Közép-Tisza Vidéki Vízépítő és Telekommunikációs Kft.	12,0	35,1 %	10	Imre Katona	11,5	36,7 %

*Cumulative ownership share

**In addition to corporate groups, the column also contains data for companies with the largest ownership shares that are not part of any corporate group.

Tables 10

CI indicators of companies and company groups in 2024 on the EU-funded public procurement market

Winning company rankings	Company name	2024					
		Total contract value of company (HUF bn)	Company CI Index*	Company group ranking	Company group owner**	Total contract value of company groups (HUF bn)	Company group CI Index*
1	4iG Nyrt.	66,4	7,5 %	1	4iG Nyrt.	66,4	7,5 %
2	IMG Solution Zrt.	62,9	14,7 %	2	Gábor János Szentgyörgyi	62,9	14,7 %
3	Delta Systems Kft.	61,5	21,7 %	3	Delta Systems Kft.	61,5	21,7 %
4	Telekom Rendszerintegráció Zrt.	61,4	28,6 %	4	Telekom Rendszerintegráció Zrt.	61,4	28,6 %
5	ATOS Magyarország Kft.	57,7	35,2 %	5	ATOS Magyarország Kft.	57,7	35,2 %
6	Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Kft.	18,5	37,3 %	6	BRAVO Company group	20,1	37,5 %
7	EURO ONE Számítástechnikai Zrt.	17,9	39,3 %	7	Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Kft.	18,5	39,6 %
8	SERCOS Informatika Kft.	13,7	40,9 %	8	Zoltán Fauszt	14,9	41,2 %
9	DXC Technology Magyarország Kft.	13,5	42,4 %	9	SERCOS Informatika Kft.	13,7	42,8 %
10	Sysman Informatikai Zrt.	13,3	43,9 %	10	DXC Technology Magyarország Kft.	13,5	44,3 %

*Cumulative ownership share

**In addition to corporate groups, the column also contains data for companies with the largest ownership shares that are not part of any corporate group.

Tables 9 and 10 present the biggest winners in the public procurement market involving EU funds between 2023 and 2024, excluding framework agreements. The calculated share of the top 10 company groups (CI10 index) increased by nearly eight percentage points within a single year in this market segment.

Tables 9 and 10 present the biggest successful companies and company groups across the public procurement market involving European Union funding between 2023 and 2024, likewise excluding FA1 procedures. As seen in Table 9, the total contract value of the ten largest company groups accounted for 36.7% of the overall market in 2023, rising to 44.3% by 2024. This means that the CI10 concentration index increased by nearly eight percentage points in under a year. In 2023, the largest contract portfolios were achieved by Colas Út Építőipari Zrt. and MENTO Környezetkultúra Kft., while 4iG Nyrt. and IMG Solution Zrt. emerged as leaders in 2024. Moreover, certain company groups belonging to specific owners have remained significant market participants, operating through multiple companies. According to data from 2023, the CI10 index stood at 35.1% for the top 10 successful companies and 36.7% for their respective company groups; in 2024, these figures rose to 43.9% and 44.3%, respectively. This shows that the extent to which company groups are taken into account – meaning the added value of taking into account multiple companies connected to a single owner – is relatively small in the EU-funded public procurement submarket.

The mere 1.6 and 0.4 percentage point differences between the two values suggest that, between 2023 and 2024, market concentration in procedures involving European Union funding was nearly identical at the company level and at the ownership or company group levels. This points towards low-level, hidden concentration of company groups, meaning that it was not typical for a single ownership structure to dominate the market through multiple separate companies. (If the difference were greater, it would suggest that multiple companies connected to the same group of owners had acquired significant shares, meaning that the actual market concentration would be higher than what is apparent based on individual companies alone.) A question is raised as to the extent to which the leading positions of companies with the largest market shares in the public procurement market can be considered stable. Is it fair to say that the position held by the biggest winners is 'rock solid', meaning that their exceptionally high contract portfolios rank among the highest year after year? When a company consistently ranks among the most successful over several years, it suggests that it outperforms all others in terms of key factors essential for market success. This can be substantiated by the company's professional expertise, capacities, quality of completed services (references), and its advocacy capabilities. Additional analysis is required in all cases to determine whether this exceptional rate of success is due to any conduct that is inconsistent with the requirements of a balanced market.

We also examined the 'stability' of the 30 companies with the largest contract portfolios, presenting the results in the following tables.

Table 11 Number of appearances of the top winners on the TOP30 list over the 5 years between 2020 and 2024

Appearances between 2020–2024 (calendar year)	Number of companies across the overall public procurement market	Number of company groups across the overall public procurement market	Number of companies across the EU-funded public procurement market	Number of company groups across the EU-funded public procurement market
5	3	4	1	1
4	5	3	4	8
3	8	8	8	7
2	19	23	24	26
1	53	48	57	40
Total:	88	86	94	82

Table 11 shows the number of companies and company groups that appeared on the TOP30 public procurement list over the past five years (2020–2024), as well as the number of years in which they were included.²⁴

²⁴In accordance with the methodological guidelines, the data series presenting company groups once again includes groups of companies formed by companies linked to the same private individual owner, as well as individual companies, without any overlaps.

As the table shows, the list featuring the 30 most successful companies and company groups is not stable. Across the overall market, only three companies and four company groups appeared among the TOP30 every year, suggesting consistent market dominance. This is even more concentrated for public procurement procedures with European Union funding: only one company and one company group made it onto the list of the 30 companies with the largest contract portfolios in all five years. Furthermore, it is noteworthy that a lot of companies – numbering 53 in the overall market and 57 in the EU market – made it onto the list only once, indicating significant fluctuation among participants. Additionally, it is also noteworthy that the EU market had more company groups (eight in total) that appeared in all four years, compared to only three in the overall market. This points towards a stronger presence of company groups in relation to EU funding.

Shares of Entities with Private Equity Fund Interests

Although not dominant, institutions within the sphere of interest of private equity funds occupy a significant position in the public procurement market. This institution, which typically operates in a closed form, allow investors to maintain confidentiality, making it impossible to uncover the ownership structures of companies within their spheres of interest. While the tax authority's register previously included the beneficial owners of private equity funds, this information was removed from the register in 2023. Therefore, the private individuals influencing the operation of private equity funds are currently not identifiable, be it with regard to investors, management, or those who are the ultimate beneficiaries.²⁵

Identifying Private Equity Funds and Their Interests

Companies classified as falling within the sphere of interest of private equity funds are those that, according to the EPPS Database of Contract Award Notices, were awarded contracts and had at least one private equity fund among their ultimate beneficial owners²⁶.

The number of contracts associated with private equity funds is determined by aggregating the contracts of the companies in which they hold ownership. Overlaps are filtered out in this case as well, meaning that if multiple companies associated with the same private equity fund appear among the winners of a contract, the contract is counted only once. The contract value associated with private equity funds is defined as the total value of contracts awarded to companies within their spheres of interest, distributed proportionally in cases involving multiple winners. The number of contracts and contract value thus defined are regarded as the share of a private equity fund.

The following table summarises the share of entities with private equity fund interests in the public procurement market.

²⁵ For a detailed explanation and a comprehensive legal analysis, see: *Titoktartás mellékhatásokkal; A Magyarországon működő magántőkealapok átláthatósága, [Confidentiality with side effects: Transparency of private equity funds operating in Hungary]* Transparency International Magyarország, 2024. Availability on 30 May 2025:

https://transparency.hu/wp-content/uploads/2024/09/magantokealapok_web_final.pdf

²⁶ Private equity funds holding ultimate beneficial ownership shares in a company were identified based on their names. We then filtered out false positives but did not examine false negatives (i.e. cases where relevant funds were not identified). If multiple private equity funds appeared among the ultimate beneficial owners of a company, we selected the one with the higher minimum ownership share – defined as the lower limit of the ownership range reported in the available company information system (e.g. for a 20–35% range, the minimum value is 20%). This approach allowed for a clear classification in all cases, with two instances requiring additional consideration.

Table 12

Public procurement share of companies under the ownership interests of private equity funds between 2020 and 2024, annually

OVERALL PUBLIC PROCUREMENT MARKET						
Year of Notice	Number of contracts	Including: entities with private equity fund interests	Share of contracts by entities with private equity fund interests (%)	Total value of contracts (HUF bn)	Including: Contracts of private equity fund companies (HUF bn)	Share of total contract value by entities with private equity fund interests (%)
2020	16 483	530	3,2%	3 284,4	181,7	5,5%
2021	17 528	664	3,8%	4 436,2	217,4	4,9%
2022	17 315	528	3,0%	4 718,0	314,7	6,7%
2023	17 857	472	2,6%	3 124,8	138,6	4,4%
2024	15 943	281	1,8%	3 740,4	199,5	5,3%
EU-funded public procurement market						
Year of Notice	Number of contracts	Including: entities with private equity fund interests	Share of contracts by entities with private equity fund interests (%)	Total value of contracts (HUF bn)	Including: Contracts of entities with private equity fund interests (HUF bn)	Share of total contract value by entities with private equity fund interests (%)
2020	4 647	58	1,2%	907,2	78,6	8,7%
2021	4 166	114	2,7%	1 352,6	72,7	5,4%
2022	4 432	197	4,4%	1 761,0	245,1	13,9%
2023	5 023	208	4,1%	1 092,9	72,3	6,6%
2024	3 029	60	2,0%	884,9	82,3	9,3%

According to available information, the share of private equity funds is larger in EU-funded public procurement than in the overall public procurement market.

As seen in Table 12, the share of total contract value held by entities with private equity fund interests ranged around 5% in the overall public procurement market – except in 2022, when it approached 7%. The share of total contract value in EU-funded public procurement is typically higher. The figure stood at 9.3% in 2024, whereas 2022 saw the highest share in this market segment, reaching 13.9%

The following table presents private equity funds whose entities achieved the highest shares in 2024.

Table 13

Private equity funds with the largest shares across the public procurement market in 2024

OVERALL PUBLIC PROCUREMENT MARKET				EU-funded public procurement market		
Ranking	Name of private equity fund	Number of contracts	Total value of contracts (HUF bn)	Name of private equity fund	Number of contracts	Total value of contracts (HUF bn)*
1	Ig Com Private Equity Fund	82	82,5	Ig Com Private Equity Fund	35	66,5
2	Konzum Pe Private Equity Fund	11	40,6	Global Alfa Private Equity Fund	1	11,8
3	Riverland Private Equity Fund	30	33,7	Turigum 2 Private Equity Investment Fund	9	2,2
4	Global Alfa Private Equity Fund	3	14,9	Prime Peak Private Equity Fund	7	0,9
5	Mbh Private Equity Fund	14	10,2	Konzum Pe Private Equity Fund	2	0,7
6	Progressus Private Equity Fund	11	5,3	Riverland Private Equity Fund	4	0,2
7	Turigum 2 Private Equity Investment Fund	15	3,1	Prime Deal Private Equity Fund	1	0,0
8	Status Next Environmental Private Equity Fund	9	2,5	Status Next Environmental Private Equity Fund	2	0,0
9	Prime Peak Private Equity Fund	13	1,6			
10	Sycamore Buyout Fund I. Private Equity Fund	5	1,0			
11	Kék Bolygó Climate Protection Private Equity Fund	1	0,7			
12	Solva II Private Equity Fund	5	0,7			
13	Atlas Private Equity Fund	12	0,6			
14	Aventurin Private Equity Fund	2	0,6			
15	Portfolion Zöld Private Equity Fund	19	0,5			

* A value of 0 means that the contract amount is below HUF 0.1 billion as per rounding rules.

Private equity funds with the highest shares in 2024, based on available data.

As shown in Table 13, the entities of leading private equity funds achieved contract portfolios worth several tens of billions of HUF in the overall public procurement market in 2024. A smaller share of contracts – but a decisive 80.6% share of total contract value – associated with the entities of first-placed 1g COM Private Equity Fund was realised in the EU-funded public procurement market.

The following table presents the share of entities with private equity fund interests by product and service (CPV) divisions as well.

Table 14

Share of entities with private equity fund interests within certain product and service divisions in 2024 across the public procurement market by contract value

CPV Division	OVERALL PUBLIC PROCUREMENT MARKET					
	Number of contracts	Including entities with private equity fund interests	Share of contracts by entities with private equity fund interests (%)	Total value of contracts (HUF bn)	Contracts of entities with private equity fund interests (HUF bn)*	Share of total contract value by entities with private equity fund interests (%)
(48) Software Packages and Information Systems	218	13	6,0%	244,6	48,2	19,7%
(45) Construction Works	3 979	18	0,5%	1239,9	41,4	3,3%
(50) Repair and Maintenance Services	630	25	4,0%	94,5	40,8	43,2%
(72) IT Services: Consultancy, Software Development, Internet, and Support	575	55	9,6%	205,6	18,8	9,1%
(66) Financial and Insurance Services	181	2	1,1%	88,7	14,8	16,7%
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	140	18	12,9%	41,6	11,4	27,4%
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	530	16	3,0%	112,6	8,9	7,5%
(65) Public Utilities, Public Services	32	2	6,3%	6,7	3,7	56,0%
(34) Transport Equipment and Supplementary Transport Items	608	21	3,5%	160,5	3,5	2,2%
(90) Sewage and Waste Treatment and Environmental Protection Services	584	11	1,9%	35,2	2,6	7,3%
(9) Petroleum Products, Fuels, Electricity and Other Energy Sources	338	9	2,7%	194,9	1,4	0,7%
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	2 073	5	0,2%	114,9	1,0	0,8%
(71) Architectural, Construction, Engineering, and Inspection Services	493	10	2,0%	70,9	0,8	1,2%
(64) Postal and Telecommunications Services	30	8	26,7%	4,8	0,8	16,8%
(16) Food, Beverages, Tobacco, and Related Products	1 010	46	4,6%	26,2	0,5	2,1%
(60) Transport Services (Excluding Waste Transport)	215	8	3,7%	37,3	0,5	0,1%
(70) Real Estate Services	5	1	20,0%	0,8	0,1	18,5%
(38) Laboratory, Optical and Precision equipment (Excluding Spectacles)	522	1	0,2%	19,0	0,1	0,3%
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	862	2	0,2%	409,1	0,0	0,0%
(85) Health and Social Care Services	43	1	2,3%	11,2	0,0	0,2%
(51) Installation Services (Excluding Software)	27	1	3,7%	1,5	0,0	1,6%
(39) Furniture (Including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	429	7	1,6%	7,5	0,0	0,2%
(63) Transport Support and Auxiliary Services, Travel Agency Services	24	1	42,2%	4,6	0,0	0,1%
EU-funded public procurement market						
CPV Division	Number of contracts	Including entities with private equity fund interests	Share of contracts by entities with private equity fund interests (%)	Total value of contracts (HUF bn)	Contracts of entities with private equity fund interests (HUF bn)*	Share of total contract value by entities with private equity fund interests (%)
(48) Software Packages and Information Systems	79	9	11,4%	231,1	46,9	20,3%
(66) Financial and Insurance Services	2	1	50,0%	37,9	11,8	31,2%
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	126	13	10,3%	102,4	8,9	8,7%
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	75	13	17,3%	32,7	8,5	25,9%
(72) IT Services: Consultancy, Software Development, Internet, and Support	156	15	9,6%	99,1	5,4	5,4%
(45) Construction Works	1 838	2	0,1%	290,4	0,7	0,3%
(34) Transport Equipment and Supplementary Transport Items	27	3	11,1%	1,1	0,1	12,7%
(71) Architectural, Construction, Engineering, and Inspection Services	92	1	1,1%	2,6	0,0	1,4%
(90) Sewage and Waste Treatment and Environmental Protection Services	9	3	33,3%	0,3	0,0	8,6%

* A value of 0 means that the contract amount is below HUF 0.1 billion as per rounding rules.

Private equity funds with the highest shares by product and service (CPV) divisions in 2024, based on available data

Results (Table 14) show that in 2024, the shares of total contract value held by entities with private equity fund interests in the overall public procurement market were the highest in the categories of (50) 'Repair and Maintenance Services' (43.2%); (32) 'Radio, Television, Communications, Telecommunications, and Related Equipment' (27.4%); as well as (65) 'Public Utilities, Public Services' (56.0%). With respect to EU-funded procedures from 2024, entities with private equity fund interests held the largest shares in the divisions of (48) 'Software Packages and Information System' (20.3%); (66) Financial and Insurance Services' (31.2%); and (32) 'Radio, Television, Communications, Telecommunications, and Related Equipment' (25.9%).

2.7 Comparative Concentration Analysis of Product Divisions (HHI)

2.7.1 Presenting the Herfindahl-Hirschmann Index (HHI)

The public procurement market is neither uniform nor homogeneous, as it encompasses a wide range of tasks, covering various product and service categories, as well as different price segments with varying levels of quality. The complexity of the public procurement market is further enhanced by the specificities of each country's territorial and procedural regulatory framework, as well as the structure and interrelationship of market participants.

Therefore, the Contract Award Notice Database of Hungary's public procurement procedures does not show data for a single market only, but rather an aggregation of data from many markets. Although analysing the market as a whole also yields interesting information, it is the indicators of well-defined submarkets that are truly considered useful. The Authority's 2024 report uses product categories (CPV divisions) as the basis to examine market segments.

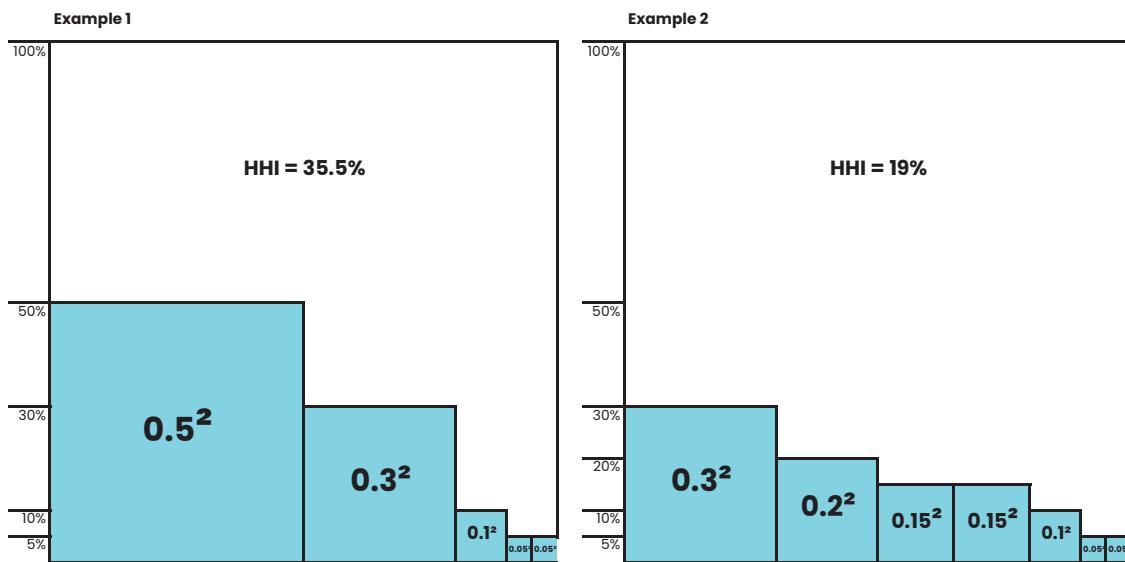
The most widely used concentration indicator for the comprehensive examination of the public procurement market and its segments is the Herfindahl-Hirschman Index (HHI)²⁷.

Determining the value of the Herfindahl-Hirschman Index (HHI)

The unadjusted HHI index is calculated by summing the squares of the individual market participants' percentage shares based on contract value. According to Example 1, the number of market participants totals 5, with shares as follows: 50%, 30%, 10%, 5%, 5%. This case is illustrated in the figure on the left. (Figure 6)

Figure 6

HHI examples



²⁷ Several conventions are used when determining the value of the HHI Index. It is common to give values between 0 and 1, or scores between 0 and 10,000 expressed as 'points'. Consistent with last year's annual analytical integrity report, values between 0 and 1 in this subchapter are expressed as percentages. In all cases, we use the 'normalised version' of the HHI index, which provides a comparative concentration value even when the number of market participants differs across submarkets.

The base of a unit square (i.e. with a length and width of 1) is divided according to the shares, and a small square is placed for each share. In this case, the HHI value is obtained as the sum of the areas of the small blue squares. In Example 1:

$$\mathbf{HHI} = 0,5^2 + 0,3^2 + 0,1^2 + 0,05^2 + 0,05^2 = 0,355 = \mathbf{35,5\%}.$$

Thus, the combined area of the smaller squares – marked with blue fill and corresponding to the shares – accounts for 35.5% of the total unit square. If a single company held the entire contract portfolio of the submarket, its share would fill the entire unit square, meaning that the HHI value would be 1 (or 100%), indicating a monopoly.

As indicated in Example 2, smaller squares appear instead of the larger shares (50% and 30%) – namely 30% and 20%, as well as 15% and 15% – which naturally results in a significantly lower sum of squared shares. (With the same combined width, the height of the squares is significantly lower.) The HHI value in this case:

$$\mathbf{HHI} = 0,3^2 + 0,2^2 + 0,15^2 + 0,15^2 + 0,10^2 + 0,05^2 + 0,05^2 = 0,19 = \mathbf{19\%}.$$

It is easy to see that the more evenly distributed the shares are among a given number of market participants, the smaller the combined shares of the resulting squares will be.

This report uses the normalised value of the indicator as HHI index, using the same name. The calculation method is as follows:

$$\mathbf{HHI_norm} = \frac{\mathbf{HHI} - \frac{1}{n}}{1 - \frac{1}{n}},$$

where n means the number of market participants.

The main advantage of the normalised form is that it takes a value between 0 and 1 (including the endpoints of the interval), making it possible to compare concentration levels across different markets.

It should be noted that if the value of n is high (at least 30), then – essentially regardless of the distribution of shares – $\mathbf{HHI} \approx \mathbf{HHI_norm}$, meaning that correction has a significant impact only in markets with few participants.

In Example 1, $\mathbf{HHI}=0.355$ and $n=5$, yielding

$$\mathbf{HHI_norm} = \frac{0,355 - \frac{1}{5}}{1 - \frac{1}{5}} = 0,19375 = \mathbf{19,375\%}$$

which represents a significant reduction – yet one that correctly reflects the distribution and remains comparable across different values of n.

In Example 2, $\mathbf{HHI}=0.19$ and $n=7$, which yields

$$\mathbf{HHI_norm} = \frac{0,19 - \frac{1}{7}}{1 - \frac{1}{7}} = 0,055 = \mathbf{5,5\%}$$

meaning that the normalised index no longer indicates concentration.

In quantifying the HHI – both when calculating the contract portfolio attributed to each company and the benchmark for market shares – we only considered contracts with identifiable winners.

2.7.2 Concentration of Product and Service (CPV) Divisions

The overall concentration of the public procurement market – whether considering the market as a whole, its EU-funded segment, or submarkets defined by price segments (deciles) – is generally low, whether measured by the HHI or other indicators. This is because these cases in fact involve the aggregate concentration of multiple submarkets that differ substantially in their characteristics. When examining the combined set of all product and service categories, the impact of outliers in individual areas becomes less significant. However, within the submarkets of product and service divisions, competition among participants can be presumed, thereby making the concentration of the overall submarket a valid measure. Significant concentration can be observed in certain CPV divisions, with the variations in concentration being interpretable as well.

The following table presents the 2023 and 2024 HHI indexes of those product divisions whose outstanding HHI values of at least 40% indicate the presence of an oligopolistic market or monopoly. Tables 15 and 16 present HHI outliers for the overall public procurement market, as well as for the EU-funded public procurement submarket.

Table 15 Concentration of product and service markets in 2023 and 2024, HHI values over 40%

CPV division	OVERALL PUBLIC PROCUREMENT MARKET										over 40%	
	2023					2024						
	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups
(14) Mining, Basic Metals, and Related Products	6	18	0,6	55,4 %	6	55,4 %	10	16	0,7	52,6 %	10	52,6 %
(41) Collected and Purified Water	1	1	0,3	100,0 %	1	100,0 %	1	1	0	100,0 %	1	100,0 %
(60) Transport Services (Excluding Waste Transport)	83	289	18,3	4,8 %	82	4,8 %	67	215	373,3	91,3 %	66	91,3 %
(64) Postal and Telecommunications Services	10	41	15,8	48,7 %	10	48,7 %	8	30	4,8	12,8 %	8	12,8 %
(73) Research and Development Services and Related Consultancy Services	3	6	0,5	73,3 %	3	73,3 %	0	0	0	0,0 %	0	0,0 %
(75) Administrative, Defense, and Social Security Services	1	1	0,1	100,0 %	1	100,0 %	3	3	0,3	8,1 %	3	8,1 %
(76) Oil and Gas Industry Services	8	134	8,4	61,7 %	8	61,7 %	11	178	11	49,4 %	11	49,4 %
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	274	829	230,9	8,9 %	262	33,2 %	218	849	407,5	14,7 %	206	42,7 %
(98) Other community, social, and personal services	34	58	4,3	14,3 %	33	14,3 %	53	95	28,6	65,0 %	52	65,0 %

Product and service divisions with HHI values of at least 40% in the overall public procurement market, based on available data

Table 15 clearly shows that outliers in the overall public procurement market are generally associated with regulated product categories and sectors. In these cases, market entry is typically subject to regulatory requirements, resulting in a small number of market participants. However, it may happen that demand appears only sporadically in a specific submarket, resulting in a small number of winners and companies. This is typically the case for CPV divisions such as (41) 'Collected and Purified Water', as well as (75) 'Administrative, Defense, and Social Security Services', which include security tendering procedures. Also included in this category is CPV Division (73) 'Research and Development Services and Related Consultancy Services', where the scale of the market is defined by the needs of state-owned contracting authorities.

In certain sectors, however, HHI outliers may occur even alongside a significantly higher number of winners and contracts. This applies primarily to CPV Divisions (60) 'Transport Services (excluding waste transport)' and (79) 'Business services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services', both of which recorded exceptionally high HHI values in 2024. In the latter case, this is only apparent at company group level, where companies dominating communication-related public procurement (New Land Media Kft., Lounge Design Kft., Lounge Event Kft.) are linked by a common owner.

Table 16

Concentration of product and service markets in 2023 and 2024, HHI values over 40%

CPV division	EU-FUNDED PUBLIC PROCUREMENT											
	2023						2024					
	Number of winners	Number of contracts*	Contract value (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups
(3) Crop Production, Animal Husbandry, Fishing, Forestry, and Related Products	6	7	0,1	13,1 %	6	13,1 %	1	4	0	100,0 %	1	100,0 %
(15) Food, Beverages, Tobacco, and Related Products	0	0	0	0,0 %	0	0,0 %	1	1	0	100,0 %	1	100,0 %
(18) Clothing, Footwear, Luggage, Travel Goods and Accessories	7	8	0,1	3,1 %	7	3,1 %	1	1	0,1	100,0 %	1	100,0 %
(31) Electrical Machinery, Equipment, Appliances, and Consumables; Lighting	10	17	3,9	25,5 %	10	25,5 %	4	4	1,5	85,9 %	4	85,9 %
(35) Security, Firefighting, Police, and Defense Equipment	1	1	0	100,0 %	1	100,0 %	1	1	0	100,0 %	1	100,0 %
(43) Mining, Quarrying, and Construction Machinery	10	13	0,2	5,4 %	10	5,4 %	1	1	0,1	100,0 %	1	100,0 %
(50) Repair and Maintenance Services	1	1	0,1	100,0 %	1	100,0 %	1	1	0	100,0 %	1	100,0 %
(65) Hotel, Restaurant, and Retail Services	2	3	0,4	85,0 %	2	85,0 %	4	7	1,7	98,0 %	4	98,0 %
(68) Transport Support and Auxiliary Services, Travel Agency Services	1	1	0,1	100,0 %	1	100,0 %	0	0	0	0,0 %	0	0,0 %
(64) Postal and Telecommunications Services	3	10	0,9	68,8 %	3	68,8 %	1	2	0	100,0 %	1	100,0 %
(65) Public Utilities, Public Services	0	0	0	0,0 %	0	0,0 %	1	20	0	100,0 %	1	100,0 %
(75) Administrative, Defense, and Social Security Services	1	1	0,1	100,0 %	1	100,0 %	0	0	0	0,0 %	0	0,0 %
(80) Educational and Training Services	16	28	4,3	13,6 %	15	26,1 %	6	6	9,6	98,4 %	6	98,4 %
(85) Health and Social Care Services	4	10	0,2	7,5 %	4	7,5 %	1	1	0	100,0 %	1	100,0 %
(92) Services Related to Leisure, Culture, and Sport	5	5	0,7	69,3 %	5	69,3 %	1	1	0	100,0 %	1	100,0 %
(98) Other Community, Social, and Personal Services	0	0	0	0,0 %	0	0,0 %	1	1	0,2	100,0 %	1	100,0 %

Product and service divisions with HHI values of at least 40% in the EU-funded public procurement market, based on available data

High levels of concentration in EU-funded public procurement tend to occur in sectors characterised by contract portfolios that include a small number of market participants, a limited count of contracts, and a low combined contract value. An exception to this is CPV Division (80) 'Educational and Training Services', which in 2024 reached a contract portfolio of HUF 9.6 billion. This exceptional concentration in 2024 is attributable to a single successful tenderer – ELMS Informatikai Zrt. – which was awarded a HUF 9.5 billion contract for 'Manuscript Development and Educational Content Production'. (Table 16)

Detailed HHI data for product and service divisions, including time series data from the past five years, are presented in the Annex.

2.8 Participation Indicators of Participants in Public Procurement Procedures

The balance of the HUF 3,740 billion public procurement market in 2024 is ensured by the diversity of procedures, supplier competition, and the variety of supplier profiles. However, market dynamics may be undermined not only by concentration phenomena, but also by anti-competitive cooperation between institutions and companies that are explicitly in opposing or competing roles within procurement procedures. Anti-competitive cooperation typically occurs either among tenderers or between contracting authorities and tenderers. Both forms of this illegal cooperation lead to the removal of opposing interests, thereby eliminating the demand for price competition and lower prices in the market. All this ultimately leads to higher prices in public procurement, thereby causing a loss to society.

The concentration of participants in public procurement may also indicate a potential for cooperation among competing parties. This, however, can also be attributed to a variety of other factors. (For example, concentration in both cases may also be attributable to legal requirements or, as market experience shows, the scarcity of qualified companies in the market.) Therefore, the concentration among participants in the procedures does not

per se necessarily imply unfair collaboration. Instead, it should be viewed as a preliminary indication requiring further investigation.

In the sections that follow, we examine the following manifestations of concentration processes in public procurement procedures:

- average number and distribution of tenders;
- distribution of successful and unsuccessful tenders by tendering companies/institutions.
- exceptionally high number or total contract value of parallel tenders submitted by the same successful and unsuccessful organisations, incidence of 'reversed' situations in which the roles of successful and unsuccessful tenderers are reversed;
- contracting authority – successful organisation pairs, outliers of occurrences, high exposure data (e.g. successful tenders in many public procurement procedures are predominantly linked to the same contracting authority).

The structure of the EPPS Database of Contract Award Notices – a publicly accessible source of information on successful tenderers – is slightly different from the Tenderers' Database, provided at the Authority's request, with the latter further serving as a source of information on unsuccessful tenderers. Therefore, successful and unsuccessful tenderers could be linked to the corresponding procedures in about 90% of the concluded contracts. Therefore, the results presented in this chapter may differ slightly from the previous ones.

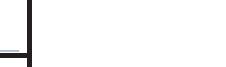
2.8.1 Changes in the Number of Tenders

The following table shows the distribution of the number of contracting authorities in 2023 and 2024. (Table 17) As before, data are presented separately for both the overall public procurement market and the EU-funded public procurement submarket.²⁸

²⁸ The values presented in the table may differ from those published by other organisations because of the different methodology applied by the Authority, as detailed in Chapter 4.2.

Table 17

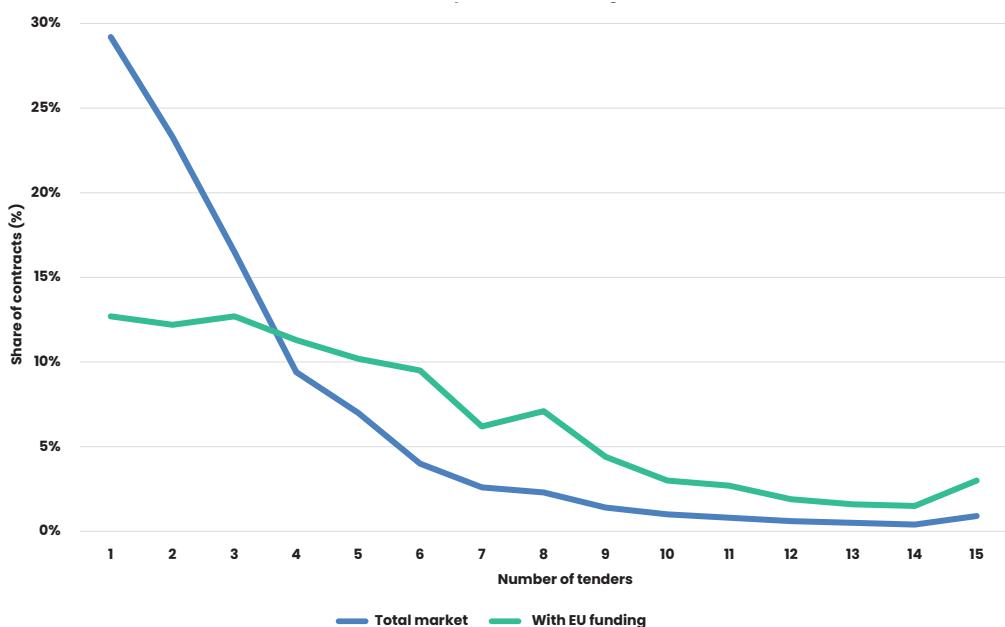
Distribution of the number of tenderers for all public procurement procedures and those involving European Union funding (2023–2024)

Number of tenderers	Year 2023				Year 2024			
	Contracts		Contracts with		Contracts		Contracts with	
	number	share	number	share	number	share	number	share
1	5 335,0	29,9%	297,0	5,9%	4 653,0	29,2%	386,0	12,7%
2	3 916,0	21,9%	891,0	17,7%	3 720,0	23,3%	371,0	12,2%
3	2 676,0	15,0%	761,0	15,2%	2 624,0	16,5%	385,0	12,7%
4	1 749,0	9,8%	625,0	12,4%	1 505,0	9,4%	342,0	11,3%
5	1 542,0	8,6%	795,0	15,8%	1 110,0	7,0%	310,0	10,2%
6	687,0	3,8%	369,0	7,3%	644,0	4,0%	287,0	9,5%
7	484,0	2,7%	289,0	5,8%	412,0	2,6%	188,0	6,2%
8	578,0	3,2%	433,0	8,6%	361,0	2,3%	214,0	7,1%
9	241,0	1,3%	135,0	2,7%	224,0	1,4%	132,0	4,4%
10	169,0	0,9%	114,0	2,3%	162,0	1,0%	90,0	3,0%
11	159,0	0,9%	112,0	2,2%	135,0	0,8%	83,0	2,7%
12	72,0	0,4%	50,0	1,0%	102,0	0,6%	58,0	1,9%
13	66,0	0,4%	39,0	0,8%	75,0	0,5%	47,0	1,6%
14	38,0	0,2%	25,0	0,5%	70,0	0,4%	44,0	1,5%
15	145,0	0,8%	88,0	1,8%	140,0	0,9%	92,0	3,0%
Distribution pattern								
Average number of tenderers:	3,28		4,99		3,25		5,43	

Distribution of the number of tenderers and the proportion of tenderers submitting a specific number of tenders in 2023 and 2024, in both the overall public procurement market and in procedures involving European Union funding

Table 17 clearly shows that the average number of tenderers is higher in EU-funded procedures. (The difference stood at 1.7 in 2023, rising to 2.2 in 2024.) Although the share of procedures with one submitted tender in contracts involving European Union funding increased from 5.9% in 2023 to 12.7% in 2024, it remained below the proportion observed the overall public procurement market. Although by a narrow margin, the share of procedures with one submitted tender remained under 30% in the overall public procurement market in both years.

Figure 7

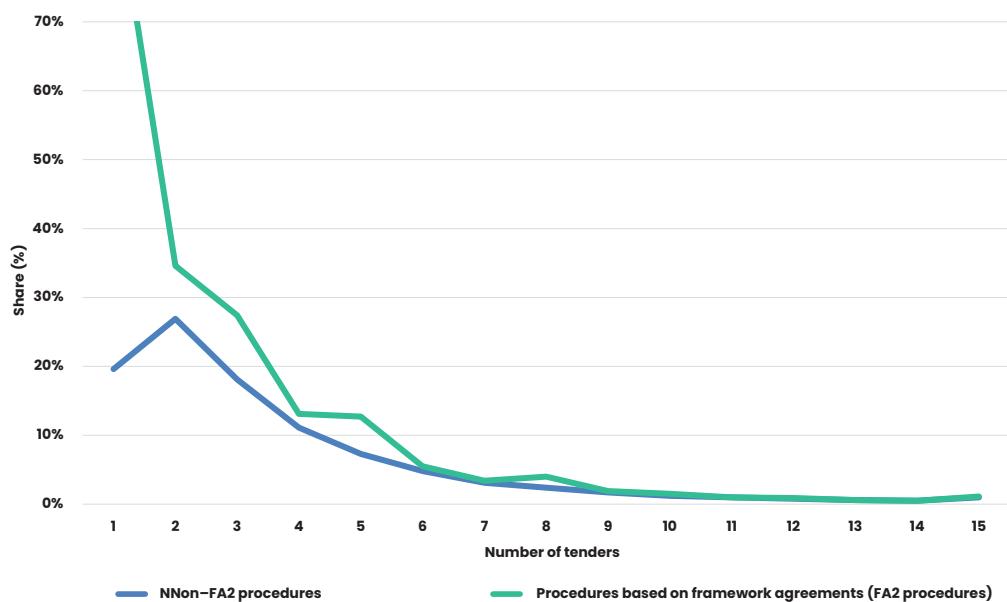
Distribution of the number of public procurement tenders in 2024

The chart (Figure 7) clearly shows the difference registered in 2024 in the distribution of the number of tenderers between the overall market and procedures involving European Union funding.

The share of one to three tenders in the overall public procurement market is considerably higher. From four tenders onward, however, it is the procedures involving EU funding that register a moderately higher share.

The following figure (Figure 8) shows the distribution of the number of tenders for procedures in 2024 by framework agreement (FA2) across the entire public procurement market.

Figure 8

Distribution of public procurement contracts from 2024 by framework agreement involvement

Distribution of the number of tenders in public procurement procedures for the purchase of goods and services, across the overall public procurement market, specifically in FA2 procedures and procedures without a preceding framework agreement

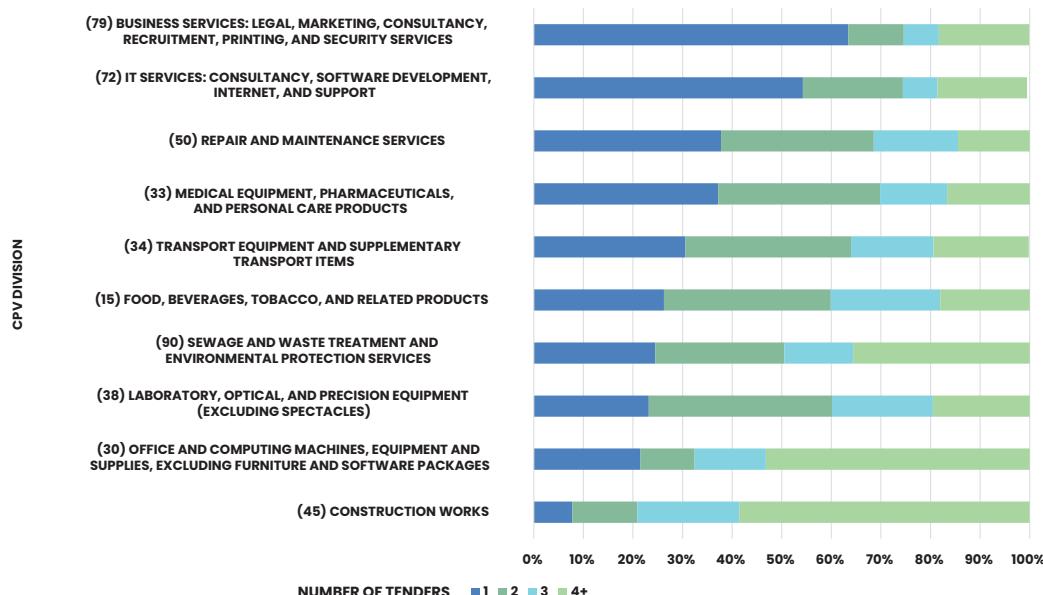
The chart presents data on actual goods delivery and service contracts, grouped according to whether the contract is based on a framework agreement or not. (Data on (FA1) framework agreements are therefore not presented in the chart.) The share of procedures with a maximum of six tenders is visibly and significantly lower in the case of FA2 procedures. This is because in such procedures, only those companies are eligible to submit tenders that have concluded a framework agreement. As a result, taking into account FA2 procedures decreases the average number of tenders and significantly increases the number of procedures with one submitted tender, especially considering that contracting authorities can choose to conclude framework agreements (FA1) even with just one tenderer in line with the provisions of the PPA.

We examine the number of tenders by product divisions as well. The following tables present data on the number of tenders calculated for the overall market and EU-funded public procurement procedures, characteristic to the ten product divisions with the largest contract portfolios in 2024. (Tables 18 and 19)

Tables 18 *Distribution of the number of tenders in 2024 for the top 10 CPV divisions by contract portfolio across the overall public procurement portfolio*
(share of contracts with 1-4+ tenders compared to total number of contracts)

CPV division	Number of tenders			
	1	2	3	4+
(45) Construction Works	7,77%	13,12%	20,56%	58,55%
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	37,19%	32,66%	13,51%	16,64%
(15) Food, Beverages, Tobacco, and Related Products	26,24%	33,66%	22,08%	18,02%
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	63,46%	11,14%	7,08%	18,20%
(50) Repair and Maintenance Services	37,78%	30,79%	16,98%	14,43%
(34) Transport Equipment and Supplementary Transport Items	30,59%	33,39%	16,61%	19,24%
(90) Sewage and Waste Treatment and Environmental Protection Services	24,49%	26,03%	13,87%	35,60%
(72) IT Services: Consultancy, Software Development, Internet, and Support	54,26%	20,17%	6,96%	18,10%
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	21,51%	10,94%	14,34%	53,21%
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	23,18%	36,97%	20,31%	19,53%

Figure 9 *Distribution of the number of tenders in 2024 for the top 10 CPV divisions by contract portfolio across the overall public procurement portfolio*
(share of contracts with 1-4+ tenders compared to the total number of contracts)

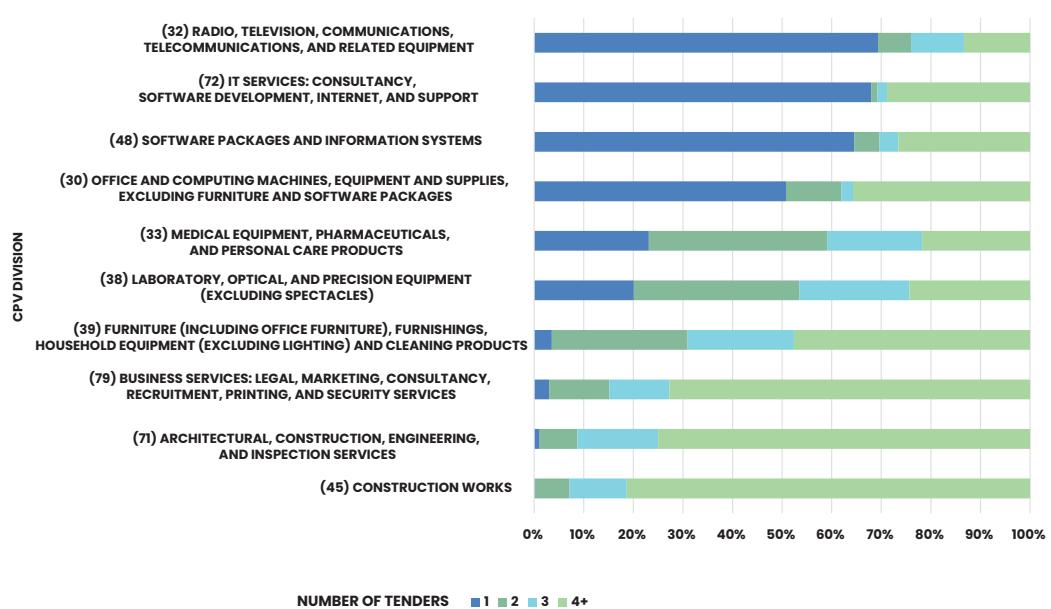


In the overall public procurement market, contracts with one submitted tender occurred most frequently in the divisions of (79) 'Business Services' and (72) 'IT Services' – accounting for 63.5% and 54.3% of all procedures in these categories, respectively. This is largely due to the fact that FA2 procedures represent a significant share in these product divisions. In contrast, the number of tenders in the areas of (45) 'Construction Works' and (30) 'Office Machines' indicates much stronger competition, as more than half of the tendering procedures in these divisions (58.5% and 53.2%, respectively) were awarded based on four or more tenders. The distribution of tenders is more balanced in the cases of (33) 'Medical Equipment', (15) 'Food Products', and (50) 'Repair Services', yet the share of procedures with few tenders remains high.

Tables 19 *Distribution of the number of tenders in 2024 for the top 10 CPV divisions by contract portfolio across the EU-funded public procurement portfolio (share of contracts with 1–4+ tenders compared to the total number of contracts)*

CPV division	Number of tenders			
	1	2	3	4+
(45) Construction Works	0,11%	7,02%	11,53%	81,34%
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	20,11%	33,33%	22,22%	24,34%
(72) IT Services: Consultancy, Software Development, Internet, and Support	67,95%	1,28%	1,92%	28,85%
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	23,13%	36,05%	19,05%	21,76%
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	50,79%	11,11%	2,38%	35,71%
(71) Architectural, Construction, Engineering, and Inspection Services	1,09%	7,61%	16,30%	75,00%
(39) Furniture (Including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	3,57%	27,38%	21,43%	47,61%
(48) Software Packages and Information Systems	64,56%	5,06%	3,80%	26,59%
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	69,33%	6,67%	10,67%	13,33%
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	3,03%	12,12%	12,12%	72,72%

Figure 10 *Distribution of the number of tenders in 2024 for the top 10 CPV divisions by contract portfolio across the EU-funded public procurement portfolio (share of contracts with 1–4+ tenders compared to the total number of contracts)*



As shown in Table 19, public procurement procedures involving EU funding typically exhibited stronger competition in 2024. The share of contracts awarded based on four or more tenders is exceptionally high in the cases of (45) 'Construction Works' and (71) 'Architectural and Engineering Services' (81.3% and 75.0%, respectively), indicating particularly strong competition. In contrast, the share of contracts with one submitted tender is exceptionally high in the cases of (72) 'IT services', (48) 'Software Packages', and (32) 'Telecommunications Equipment', standing at around 68%. The outstanding value for IT services in this case is also related to the high share of FA2 procedures. The distribution of

procedures with one to four tenders is more balanced in the fields of laboratory, medical, and office equipment, but the number of tenders is typically still low. The combined share of procedures with one to four bids is nearly 100%, suggesting competition limitations in the mentioned sector.

2.8.2 Outliers of Organisations with Only Successful Tenders

In a balanced market, a company's repeated participation in public procurement typically results in varied outcomes. Even in exceptional cases where a particular company, thanks to its workforce or experience, outperforms its competitors in a specific market segment, only a portion of its numerous tenders can end up being successful. This can be due to factors such as the specialisation of expertise, as well as capacity constraints. If the presence of these evident competitive market factors is not clear, it is warranted to examine which factors may explain the indicators showing outliers. A company holding an exclusive or dominant winning position represents a type of market concentration that may even raise the possibility of irregularities.

The following table (Table 20) presents outliers linked to institutions that submitted only successful tenders over the past five years, listed in descending order by the number of contracts (i.e. successful tenders).²⁹

²⁹ Note that in this section – contrary to the general practice indicated in the methodological guide – we have included contracts below HUF 1,000 to present a complete picture.

Tables 20

Organisations with only successful tenders, ranked by the number of tenders (2020–2024)

Overall public procurement market						
Ranking	Reg. No	Company name	2020–2024			Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders		
1	11399689	SZEMP Air Légiszolgáltató Kft	61	0		362,0
2	11042291	RSZ-COOP Légiszolgáltató és Kereskedelmi Kft.	60	0		236,0
3	11684057	SDA Informatika Zrt.	45	0		15 335,6
4	24859255	NEG Nemzeti Energiaagazdálkodási Zrt.	41	0		952,5
5	12257003	Arcanum Adatbázis Kft.	37	0		893,4
6	24765442	GeneTiCA Kereskedelmi és Szolgáltató Kft.	30	0		2 239,4
7	10884979	REWIN Magyarország Kft.	27	0		2 373,5
8	10590887	YooWC Kommunális Szolgáltató Kft.	23	0		242,4
9	Scientific Know	Scientific Knowledge Services AG.	21	0		1 478,9
10	11522683	MANTEX Ipari, Kereskedelmi és Szolgáltató Kft.	21	0		572,6
11	12643228	Wolters Kluwer Hungary Kft.	20	0		1 463,0
12	24916655	Green Therm Hungary Kft.	20	0		19,9
13	24167789	SDA DMS Zrt.	19	0		7 794,5
14	353087049DE	SKS Knowledge Services GmbH	19	0		1 561,1
15	25842379	Oriental Lux Kft.	16	0		2 217,4
16	10322174	Mediso Medical Imaging Systems Kft	16	0		1 526,1
17	10845606	Oracle Hungary Kft.	16	0		1 426,9
18	10588147	BIS Hungary Kft.	15	0		11 863,0
19	14252231	C-WARE Kft.	15	0		1 537,3
20	27028614	Arkance Systems HU Kft.	15	0		812,3
EU-funded public procurement						
Ranking	Reg. No	Company name	2020–2024			Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders		
1	24916655	Green Therm Hungary Kft.	20	0		19,9
2	24765442	GeneTiCA Kereskedelmi és Szolgáltató Kft.	19	0		1 390,8
3	10782664	Medial Egészségügyi Szolgáltató Kft.	14	0		49,6
4	27938513	Green Water Technology Kft.	13	0		1 361,0
5	10244964	Austro-Lab kereskedelmi és szolgáltató kft.	13	0		441,9
6	24925749	XENOVA Szolgáltató Kft.	13	0		114,3
7	25756021	BUTYFER-ÉPTERV Kft.	12	0		191,4
8	25707144	Educational Development Informatikai Zrt.	10	0		10 641,9
9	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Kft.	10	0		3 512,0
10	25929588	ALBA ROUTE Kft.	10	0		759,9
11	27695946	"Liebher & Liebher" Kereskedelmi, Szolgáltató és Szállítmánvazási Bt.	10	0		62,8
12	15308744	Eötvös Loránd Tudományegyetem	9	0		24,0
13	22777375	ELMS Informatikai Zrt..	8	0		14 346,8
14	24992880	Meddevice Kft.	8	0		909,4
15	10322174	Mediso Medical Imaging Systems Kft	8	0		615,9
16	14614589	Platinamix Kereskedelmi és Szolgáltató Kft.	8	0		145,9
17	27866133	PHARMAFLIGHT Aviation Academy Kft.	8	0		70,8
18	23312979	Fagépszer Plusz Kft.	7	0		831,1
19	32010589	3E BIM Kft.	7	0		237,6
20	CZ28487150	Stargen EU s.r.o.	7	0		445,9

Companies with only successful tenders between 2020 and 2024, ranked in descending order by the number of tenders across the overall and the EU-funded public procurement market

As shown in Table 20, over the past five years, a single company submitted 61 tenders across the overall public procurement market – all of which emerged as successful. (Of these, 60 were submitted as part of a consortium, and one individually.) Operating within Division (90) ‘Sewage, Waste Treatment, and Environmental Services’, the company’s average contract value totalled HUF 5.9 million, based on its proportional share within the consortium. The data of the most successful company in the market of contracts involving European Union funding match those observed in 2024, with the entire five-year contract portfolio having been generated in that year.

The following table (Table 21) presents outliers linked exclusively to successful tenders between 2020 and 2024, ranked in descending order by total contract value. The results clearly show that exceptionally high contract values linked exclusively to successful tenders generally derive from a small number of contracts.

Tables 21

Organisation with only successful tenders, ranked by awarded contract value (2020–2024)

Overall public procurement market							
Ranking	Reg. No	Company name	2020–2024		Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders			
1	11604213	ArrivaBus Kft.	7	0	563 885,5		
2	12543300	MVM CEEnergy Zrt.	5	0	229 500,0		
3	25343007	BAYER CONSTRUCT Építőipari és Szolgáltató Zrt.	4	0	86 594,6		
4	10688515	OBSEWER Budapest Médiafigyelő Kft.	8	0	28 049,8		
5	10011922	MBH Bank Nyrt.	3	0	27 644,8		
6	10189377	GRÁNIT Bank Zrt.	2	0	24 644,8		
7	12155169	HUNGUEST Hotels Szállodaipari Zrt.	2	0	23 861,9		
8	25510410	Erzsébet Gyermek- és Ifjúsági Táborok Szolgáltató Kft.	2	0	21 110,8		
9	26712701	RAW Facility Management Kft.	1	0	16 259,4		
10	22777375	ELMS Informatikai Zrt..	12	0	16 142,8		
11	11684057	SDA Informatika Zrt.	45	0	15 335,6		
12	11328599	Bakony GASZT Kereskedelmi, Vendéglátó és Szolgáltató Zrt.	7	0	14 940,2		
13	10588147	BIS Hungary Kft.	15	0	11 863,0		
14	23357145	Hungast Mecsek Kft.	3	0	11 110,4		
15	26130475	Hungast Nyírség Kft.	1	0	10 444,9		
16	10234116	RAMICÓ Gázvezetékképítő és Szerelő Kft.	3	0	9 510,4		
17	11147073	OPUS TIGÁZ Gázhálózati Zrt.	8	0	8 323,4		
18	12550753	MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zrt.	3	0	8 209,7		
19	29037852	“NAGYMESTER ÉPÍTŐ” Kft.	2	0	8 191,5		
20	29212420	Marina Motor Kft.	1	0	7 996,9		

EU-funded public procurement					
2020–2024					
Ranking	Reg. No	Company name	Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
1	27426902	Duna Aszfalt Építő Zrt.	1	0	138 047,0
2	27427202	Duna Aszfalt Projekt Zrt.	1	0	133 901,0
3	11081423	Duna Group International Útépítő Kft.	2	0	107 226,8
4	10011922	MBH Bank Nyrt.	2	0	24 644,8
5	10189377	GRÁNIT Bank Zrt.	2	0	24 644,8
6	22777375	ELMS Informatikai Zrt..	8	0	14 346,8
7	10950676	Közgép Építő- és Fémszerkezetgyártó Zrt.	4	0	13 832,5
8	10537914	OTP Bank Nyrt.	1	0	11 823,2
9	25707144	Educational Development Informatikai Zrt.	10	0	10 641,9
10	26950163	Thales Austria GmbH	1	0	5 345,0
11	14576959	Intelliflow Kereskedelmi és Szolgáltató Kft.	2	0	4 420,9
12	11362018	PÉTÁV Pécsi Távfűtő Kft.	1	0	3 772,8
13	14161177	Fornax ICT Infokommunikációs Megoldások Kft.	2	0	3 699,9
14	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Kft.	10	0	3 512,0
15	10904510	Termáí '94 Vállalkozó, Szolgáltató és Kereskedelmi Kft.	1	0	3 326,4
16	14440791	MSD Pharma Hungary Kft.	2	0	3 271,1
17	24167789	SDA DMS Zrt.	4	0	3 258,4
18	14534470	DÉL BAU Építő és Szolgáltató Kft.	1	0	2 567,9
19	10456017	UNIQA Biztosító Zrt.	1	0	2 416,7
20	13368632	HelioActive Rendszerintegrátor Kft.	1	0	2 374,2

Companies with only successful tenders between 2020 and 2024 in the EU-funded public procurement market, ranked in descending order by total contract value

In the overall public procurement market, the company (with only successful tenders) that achieved the largest contract portfolio over that five-year period is the same as the one topping the 2024 ranking. (See in Annex 2.) However, they registered seven contracts over that five-year period, reaching a total contract value of HUF 563.9 million. (In 2024, this number stood at four, with a total contract value of HUF 356.9 million.) In the case of procedures involving European Union funding, the two leading companies – which belong to the same group of owners – each submitted a single successful tender, with their contract values amounting to HUF 138.0 billion and HUF 133.9 billion, respectively.

2.8.3 Concentration of Successful and Unsuccessful Tenderers in Public Procurement

Frequent parallel tendering by two or more companies, as well as their recurring roles as successful and unsuccessful tenderers across multiple public procurement procedures, also serve as a meaningful indicator. This phenomenon does not per se necessarily imply collusion among stakeholders. Recurring successful and unsuccessful roles can be attributed to the fact that in a specific product category, only a select few participants possess the legal authorisation to undertake specific tasks, or that some tendering organisations with parallel tenders may distinguish themselves through their professional competence. Answering this question would require a thorough investigation of the field and the acquisition of additional information, such as tender prices, which are currently only partially available at database level³⁰. It is also an important indicator when a single unsuccessful company appears repeatedly alongside the successful tenders of another company.

The concentration of successful–unsuccessful company pairs is vividly illustrated by aggregated, multi-year data (Table 22). Therefore, we present the process using data

³⁰ Note that in this section – contrary to the general practice indicated in the methodological guide – we have included contracts below HUF 1,000 to present a complete picture.

linked to the successful-unsuccessful company pairs from that five-year period (between 2020 and 2024), displaying the parallel tenders of members, ranked in descending order by their combined contract values.

Table 22

Successful–unsuccessful company pairs submitting parallel tenders, ranked by the total contract value of procedures (collectively between 2020 and 2024)

Overall public procurement market					
Ranking	2020–2024 aggregate		Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
	Successful company	Unsuccessful company			
1	V-Híd Építő Zrt.	DÖMPER Kft.	6	546 410,6	20,0
2	V-Híd Építő Zrt.	Pannon-Doprastav Kft.	6	546 410,6	20,0
3	V-Híd Építő Zrt.	Subterra – Raab Kft.	6	546 410,6	20,0
4	Duna Aszfalt Út és Mélyépítő Zrt.	EuroAszfalt Építő és Szolgáltató Kft.	3	443 631,8	57,0
5	Duna Aszfalt Út és Mélyépítő Zrt.	SWIETELSKY Magyarország Kft.	9	437 628,9	57,0
6	Duna Aszfalt Út és Mélyépítő Zrt.	STRABAG Építő Kft.	3	303 021,5	57,0
7	Duna Aszfalt Út és Mélyépítő Zrt.	Hidépítő Zrt.	1	294 961,0	57,0
8	B+N Referencia Ipari, Kereskedelmi és Szolgáltató Zrt.	Jánosik és Társai Ipari, Szolgáltató és Képviselői Kft.	13	245 928,8	109,0
9	ArrivaBus Kft.	Guzkó Kft.	3	241 171,7	7,0
10	V-Híd Építő Zrt.	Swietelsky Vasúttechnika Kft.	8	232 074,2	20,0
11	MVM Next Energia Kereskedelmi Zrt.	E2 Hungary Energia Kereskedelmi és Szolgáltató Zrt.	341	201 563,0	968,0
12	STRABAG Építő Kft.	DÖMPER Kft.	4	198 587,7	145,0
13	STRABAG Építő Kft.	Pannon-Doprastav Kft.	4	198 587,7	145,0
14	STRABAG Építő Kft.	Subterra – Raab Kft.	4	198 587,7	145,0
15	B+N Referencia Ipari, Kereskedelmi és Szolgáltató Zrt.	HM Elektronikai, Logisztikai és Vagyonkezelő Zrt.	7	188 300,0	109,0
16	ArrivaBus Kft.	INTER TAN-KER CITY Kft.	2	182 700,0	7,0
17	Duna Aszfalt Út és Mélyépítő Zrt.	Colas Út Építőipari Zrt.	10	165 459,6	57,0
18	Duna Aszfalt Építő Zrt.	DÖMPER Kft.	1	138 047,0	2,0
19	Duna Aszfalt Építő Zrt.	STRABAG Építő Kft.	1	138 047,0	2,0
20	Duna Aszfalt Építő Zrt.	Pannon-Doprastav Kft.	1	138 047,0	2,0

EU-funded public procurement					
Ranking	2020–2024 aggregate		Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
	Successful company	Unsuccessful company			
1	V-Híd Építő Zrt.	DÖMPER Kft.	3	411 224,9	9,0
2	V-Híd Építő Zrt.	Pannon-Doprastav Kft.	3	411 224,9	9,0
3	V-Híd Építő Zrt.	Subterra – Raab Kft.	3	411 224,9	9,0
4	Duna Aszfalt Építő Zrt.	DÖMPER Kft.	1	138 047,0	1,0
5	Duna Aszfalt Építő Zrt.	STRABAG Építő Kft.	1	138 047,0	1,0
6	Duna Aszfalt Építő Zrt.	Pannon-Doprastav Kft.	1	138 047,0	1,0
7	Duna Aszfalt Építő Zrt.	Subterra – Raab Kft.	1	138 047,0	1,0
8	Duna Aszfalt Projekt Zrt.	DÖMPER Kft.	1	133 901,0	1,0
9	Duna Aszfalt Projekt Zrt.	STRABAG Építő Kft.	1	133 901,0	1,0
10	Duna Aszfalt Projekt Zrt.	Pannon-Doprastav Kft.	1	133 901,0	1,0
11	Duna Aszfalt Projekt Zrt.	Subterra – Raab Kft.	1	133 901,0	1,0
12	Duna Group International Út Építő Kft.	DÖMPER Kft.	1	106 996,0	13,0
13	Duna Group International Út Építő Kft.	STRABAG Építő Kft.	1	106 996,0	13,0
14	Duna Group International Út Építő Kft.	Pannon-Doprastav Kft.	1	106 996,0	13,0
15	Duna Group International Út Építő Kft.	Subterra – Raab Kft.	1	106 996,0	13,0
16	DUNA ASZFAUT Út és Mélyépítő Kft.	DÖMPER Kft.	3	90 763,9	6,0
17	DUNA ASZFAUT Út és Mélyépítő Kft.	Pannon-Doprastav Kft.	3	90 763,9	6,0
18	DUNA ASZFAUT Út és Mélyépítő Kft.	Subterra – Raab Kft.	3	90 763,9	6,0
19	STRABAG Rail Kft.	DÖMPER Kft.	2	87 014,7	2,0
20	STRABAG Rail Kft.	Swietelsky Vasúttechnika Kft.	2	87 014,7	2,0

Successful–unsuccessful company pairs between 2020 and 2024 in the overall and the EU-funded public procurement market, ranked in descending order by the combined value of related contracts

An interesting aspect of Table 22 is that the top three pairs in the overall market also appear in the EU-funded submarket. It was V-Híd Építő Zrt. that emerged as the winning party among these pairs in all six rows. Each of the top three pairs in the overall market is associated with six contracts, with an identical combined value of HUF 546.4 billion.

This suggests that the successful and unsuccessful companies appeared on 'opposite sides' of the same contracts.

A similar situation can be observed in the EU-funded submarket. Here, the top three from the overall market also hold the leading positions. Three of the six contracts in the overall market are associated with them, representing a combined value of HUF 411.2 billion out of a total market value of HUF 546.4 billion. In this submarket, there are few companies in both successful and unsuccessful positions, with the identities of the unsuccessful companies – those paired with different winners – being particularly striking.

Overlaps between the successful and unsuccessful tenderers associated with the largest contract values are uncommon in both the overall public procurement market and in the EU-funded submarket. Strabag Építő Kft. is the only company that appears in both roles on the list covering the overall market; while in the case of contracts involving European Union funding, Strabag Rail Kft. is featured among the top winners, and Strabag Építő Kft. is listed on the unsuccessful side.

2.8.4 Concentration Data of Contracting Authorities and Successful Tenderers

Although the successful implementation of a task forming the subject matter of a contract is in the common interest of both the contracting authority and the successful tenderer, they have opposing interests when it comes to the contractual price. Tenderers are interested in securing the highest possible contract value, while contracting authorities, when issuing an invitation to tender, aim to ensure performance at the lowest possible price through market competition³¹.

The 'market' concentration of public procurement procedures issued by a contracting authority can manifest in several ways. One example of this is the frequent occurrence of one to three successful tenderers. Moreover, another potential indicator – either in addition to this or independently – is when a company emerges as the winner in a large share of tendering procedures connected to a particular contracting authority. Specific legal requirements applicable to the organisations can be a key factor in market concentration processes in this field as well. However, in the absence of such regulations, the extreme concentration indicators in this area could also suggest potential collaboration between organisations or the circumvention of laws that ensure fair competition.

The outlying values of contracting authority-successful tenderer pairs are presented in aggregate for the past five years, ranked in descending order by total contract value.

³¹ Note that in this section – contrary to the general practice indicated in the methodological guide – we have included contracts below HUF 1,000 to present a complete picture.

Table 23

Contracting authority-successful organisation pairs in public procurement procedures, ranked by the total value of contracts (collectively between 2020 and 2024)

Ranking	Entire public procurement market		
	2020–2024		
	Contracting authority	Successful organisation	Contracts
			number value (HUF m)
1	BKK Budapesti Közlekedési Központ Zrt.	ArrivaBus Kft.	7 563 885,5
2	Építési és Közlekedési Minisztérium	V-Híd Építő Zrt.	8 534 632,9
3	Építési és Közlekedési Minisztérium	Duna Aszfalt Út és Mélyépítő Zrt.	7 471 446,8
4	Nemzeti Kommunikációs Hivatal	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	873 337 465,1
5	Nemzeti Kommunikációs Hivatal	LOUNGE DESIGN Szolgáltató Kft.	826 256 328,9
6	Közbeszerzési és Ellátási Fölgazgatóság	B + N Referencia Ipari, Kereskedelmi és Szolgáltató Zrt.	9 243 341,7
7	Magyar Földgázszállító Zrt.	MVM CEEnergy Zrt.	5 229 500,0
8	Építési és Közlekedési Minisztérium	ZÁÉV Építőipari Zrt.	12 221 626,4
9	Építési és Közlekedési Minisztérium	STRABAG Építő Kft.	8 202 413,1
10	Építési és Közlekedési Minisztérium	DUNA ASZFAUT Út és Mélyépítő Kft.	5 182 678,1
11	Építési és Közlekedési Minisztérium	WEST HUNGÁRIA BAU Építőipari Szolgáltató Kft.	11 143 941,9
12	Építési és Közlekedési Minisztérium	Duna Aszfalt Építő Zrt.	1 138 047,0
13	Építési és Közlekedési Minisztérium	Duna Aszfalt Projekt Zrt.	1 133 901,0
14	Nemzeti Kommunikációs Hivatal	Lounge Event Kft.	221 121 732,7
15	Nemzeti Kommunikációs Hivatal	4iG Távközlési Holding Zrt.	182 112 488,9
16	Építési és Közlekedési Minisztérium	Duna Group Európa Útépítő Kft.	1 106 996,0
17	Építési és Közlekedési Minisztérium	Magyar Építő Zrt.	3 106 447,3
18	Építési és Közlekedési Minisztérium	FEJÉR-B.ÁL. Építő és Szolgáltató Zrt.	15 105 840,1
19	Magyar Közút Nonprofit Zrt.	Duna Aszfalt Út és Mélyépítő Zrt.	162 102 987,7
20	MÁV Magyar Államvasutak Zrt.	MVM Next Energiakereskedelmi Zrt.	3 98 734,4

Ranking	EU-funded public procurement market		
	2020–2024		
	Contracting authority	Successful organisation	Contracts
			number value (HUF m)
1	Építési és Közlekedési Minisztérium	V-Híd Építő Zrt.	3 411 224,9
2	Építési és Közlekedési Minisztérium	Duna Aszfalt Építő Zrt.	1 138 047,0
3	Építési és Közlekedési Minisztérium	Duna Aszfalt Projekt Zrt.	1 133 901,0
4	Építési és Közlekedési Minisztérium	Duna Group Európa Útépítő Kft.	1 106 996,0
5	Miskolc Megyei Jogú Város Önkormányzata	MENTO Környezetkultúra Kft.	21 92 582,0
6	Építési és Közlekedési Minisztérium	DUNA ASZFAUT Út és Mélyépítő Kft.	3 90 763,9
7	Építési és Közlekedési Minisztérium	STRABAG Rail Kft.	2 87 014,7
8	Miskolc Megyei Jogú Város Önkormányzata	Colas Út Építőipari Zrt.	5 86 824,9
9	Miskolc Megyei Jogú Város Önkormányzata	HE-DO Útépítő, Kereskedelmi és Szolgáltató Kft.	4 86 065,7
10	Digitalis Kormányzati Ügynökség Zrt.	Telekom Rendszerintegráció Zrt.	226 84 228,7
11	Digitalis Kormányzati Ügynökség Zrt.	4iG Nyrt.	156 79 616,8
12	Digitalis Kormányzati Ügynökség Zrt.	Delta Systems Kft.	204 76 397,5
13	Digitalis Kormányzati Ügynökség Zrt.	IMG Solution Zrt.	122 72 349,4
14	Digitalis Kormányzati Ügynökség Zrt.	ATOS Magyarország Kft.	107 65 115,2
15	Építési és Közlekedési Minisztérium	WEST HUNGÁRIA BAU Építőipari Szolgáltató Kft.	3 53 547,9
16	Építési és Közlekedési Minisztérium	STRABAG Építő Kft.	2 47 028,2
17	Építési és Közlekedési Minisztérium	"SOLTIT" Útépítő, Fenntartó és Kereskedelmi Kft.	1 46 238,4
18	Digitalis Kormányzati Ügynökség Zrt.	Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Kft.	18 43 340,4
19	Országos Vízügyi Fölgazgatóság	Mészáros és Mészáros Ipari, Kereskedelmi és Szolgáltató Zrt.	6 42 032,2
20	Építési és Közlekedési Minisztérium	R - KORD Építőipari Kft.	5 37 484,5

Contracting authority-successful organisation pairs between 2020 and 2024 in the overall and the EU-funded public procurement market, ranked in descending order by the combined value of related contracts

Data presented in Table 23 show that, considering the contracts from the five-year period between 2020 and 2024, the highest contract value associated with contracting authority-successful organisation pairs in the entire public procurement portfolio was HUF 563.9 billion, which is the combined total of seven contracts. Interestingly, the winner of these contracts is the same company that achieved the largest total contract value as an exclusive winner during the 2020–2024 period. In the case of EU-funded public procurement, the highest contract value was HUF 411.2 billion, which is the combined total of three contracts. In this case, the winning party is the same as the one appearing in the successful–unsuccessful company pairs. Although to a lesser extent, this table also features high-exposure data where the vast majority of a successful company's contracts are tied to a single contracting authority.

2.8.5 Discrepancy Between the Contract Value and Estimated Value of Public Procurement Contracts

In a public procurement procedure, estimated value is determined based on information pertaining to the consideration (mainly market prices) for products and services. Therefore, the ratio of contract value to estimated value can also serve as an indicator of whether the contracting authority has succeeded in asserting its interests and in achieving savings compared to the realistically attainable price through market competition among tenderers. However, a contract value that is either significantly below or substantially above the estimated value may also suggest that the contracting authority was negligent in preparing the public procurement procedure.

However, in current public procurement practice, there are a number of other factors that influence the value of the ratio. In light of these aspects, important information is found not only in a contract value that exceeds the estimated value, but also in one that is lower than or – more significantly – even equal to it. Realistically, such equality between the values can only occur by chance. Yet in practice, it has heightened significance, as detailed further below.

The analysis of the ratio of contract value to estimated value was in part based on the EPPS Database of Contract Award Notices, which, in a similar fashion to previous years, was supplemented this year again by information from the preparatory files made available at the Authority's request.

The histogram below shows the distribution of the ratio of contract value to estimated value, with separate charts provided this time for framework agreement procedures. Estimated value data that were either unavailable or had a value of zero (not interpretable) were marked as 'Incomplete'.

Figure 11

Distribution of the ratio of contract value to estimated value for non-FA1 procedures, 2024

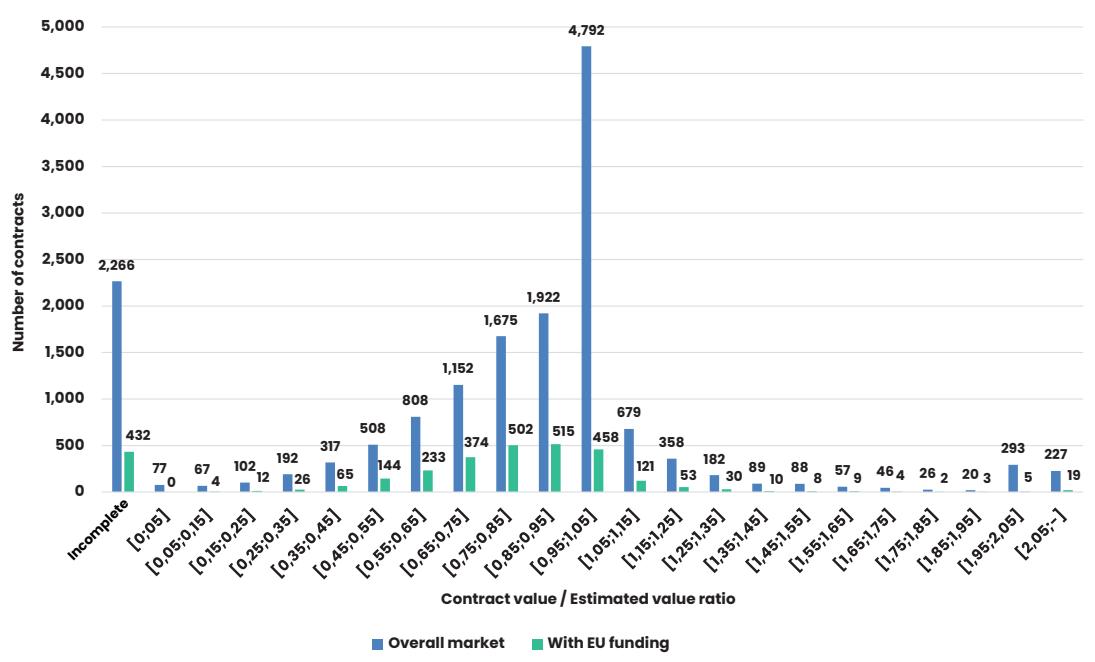


Figure 11 shows the distribution of non-FA1 procedures in 2024 by the ratio of contract value to estimated value, presented separately for both the overall market and for contracts involving European Union funding. In a significant share of the contracts,

contract values are more than 5% lower than estimated values (the ratio does not reach 0.95). This suggests that the contracting authority managed to conclude the contract at around or below an estimated value determined by the market price.

The estimated value is determined based on information from the contract award notice or from preparatory documentation, selecting the value closest to the actual contract value in all cases. If the estimated value was zero, the data were still considered incomplete. In 2024, we reviewed 15,943 non-FA contracts: For 4,513 of these contracts, data from the contract award notices matched the data from the preparatory documents; for another 7,314, only data from the preparatory documents were used; while in 1,860 instances, only the contract award notices were considered. Among these, 2,266 contracts did not display an estimated value. When looking at the overall market, 85.8% of the contracts originating in 2024 can have an estimated value assigned to them, while this percentage stands at 85.7% for contracts involving European Union funding.

The figure highlights a notably large proportion of contract values that match or closely approximate the estimated values. Most contracts (4,792 in the overall market and 458 with EU funding) fall between 0.95 and 1.05. It is noteworthy, however, that the contract values are either identical to or differ only slightly from the estimated values in 3,153 cases within the overall market and 147 cases involving EU-funded procedures. This is understandable in the case of FA2 procedures (as the estimated value is based on the price specified in the framework agreement); however, such identical or nearly identical values also appear in most non-FA procedures (2,517 in the overall market and 136 in EU-funded procedures). This may also suggest that the successful tenderer was familiar with the contracting authority's methodology for calculating the estimated value, or perhaps acquired specific information about the estimated value from the contracting authority. Nonetheless, ratios above 1.05 also feature a significant number of cases (2,065 in total, and 264 in the [1.05; -] range). In these cases, contracting authorities had to conclude contracts with values exceeding the estimated amounts calculated on the basis of the market price. A contract value that is several times higher than the estimated value may point to an error in the calculation of the estimated value, overpricing, or the strong market position of the successful tenderer. It is also noteworthy that in many cases (2,266 on one side, and 432 on the other), data regarding the ratio of contract value to estimated value is missing, indicating potential issues with data quality or registration. While contract values below estimated values may suggest strong market competition, they may also point to the possibility that these estimated values were set unreasonably high.

We examined the average ratio of contract values to estimated values from multiple perspectives, such as by CPV divisions and FA procedures. Substantial differences were found only among non-FA1 procedures in the overall public procurement market. In this case, substantial differences can be found between the data of FA2 and non-FA2 procedures. The time series of these data over the past five years is shown in the following graph. This chart does not feature outliers where the ratio of contract value to estimated value is either below 20% or above 500%.

Figure 12



As seen in Figure 12, the changes in the ratio of contract value to estimated value in the overall market between 2020 and 2024 shows that contract values exceeded estimated values only in 2024 and only in FA2 procedures³².

The average ratio of contract value to estimated value remained relatively stable for FA2 procedures between 2020 and 2023, but experienced a sharp increase in 2024, reaching 1.17. This is a surprisingly high result, given that the contract price can exceed the estimated value only in exceptional cases in FA2 procedures, as it is usually based on the maximum unit price specified in the framework agreement. This practice was applied up until the end of last year.

The next chart (Figure 13) shows the ratio of contract value to estimated value for EU-funded procedures, distinguishing between FA2 and non-FA2 procedures.

³² The results presented in Figure 12 do not show data from procedures with no available information on the estimated values, nor from those with contract values that are 20% lower or over five times higher than the estimated values (outliers). The proportion of these excluded contracts among non-FA2 procedures was 2.3% / 2.3% / 4.3% / 7.5% / 9.1% in the years 2020, 2021, 2022, 2023, and 2024, respectively. For FA2 procedures, the corresponding figures were 44.4% / 32.0% / 27.9% / 42.8% / 46.7%, relative to all procedures in the respective categories for each year.

Figure 13

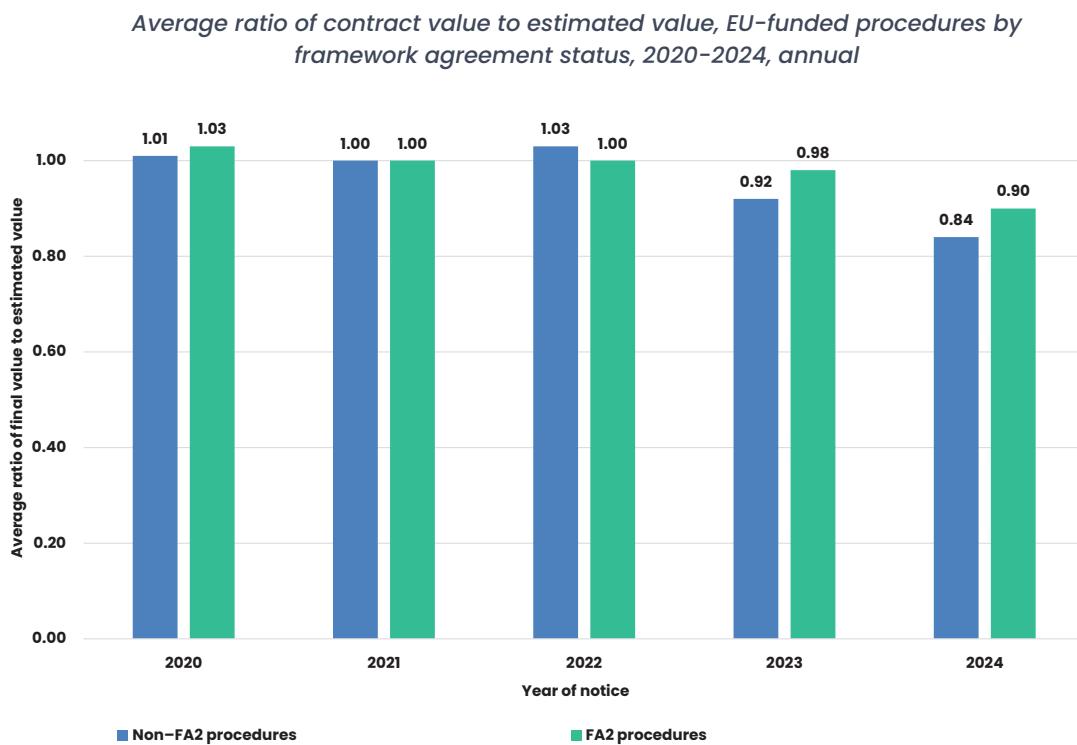


Figure 13 shows that the ratio of contract value to estimated value in contracts involving European Union funding has decreased over the past five years³³.

The chart shows that the trends in the EU-funded public procurement submarket were notably more favorable than those in the overall market in 2024³⁴. In the case of non-FA2 contracts, the ratio of contract value to estimated value has decreased over the past five years: in 2020, the average ratio stood at 1.01, but by 2024 it had decreased to 0.84, meaning that the actual contract values are increasingly falling short of the initially estimated values. The decrease in the ratio of contract value to estimated value was the same for both non-framework agreement and framework agreement contracts involving European Union funding – eight percentage points compared to 2023. This suggests that tenderers are either becoming less successful at asserting their interests or that planning and estimation are becoming more accurate. Contrary to the trend observed in the overall market, it is particularly noteworthy that in the market segment of FA2 procedures involving European Union funding, contract values typically fell short of estimated values. (Their average ratio is 0.90.) Therefore, in this segment, successful tenderers secure contracts exceeding the price specified in the framework agreements in a progressively smaller proportion of cases. (Section 104[9] of the PPA stipulates that the conditions set out in a framework agreement may not be substantially modified even in FA2 procedures not conducted in the form of direct awards [written consultations or the reopening of competition].)

In this market segment, the interests of contracting authorities were upheld less effectively in 2024.

³³ Figure 13 was put together using the same methodology as the preceding one. The proportion of excluded contracts in non-FA2 procedures involving European Union funding was 2.3% / 2.9% / 2.6% / 2.5% / 3.4%, while the corresponding figures were 23.2% / 6.6% / 22.1% / 53% / 76.7% for FA2 procedures.

³⁴ In the case of non-FA2 procedures, the results include data from a much larger proportion of cases compared to FA2 procedures. In the case of FA2 procedures, missing estimated value data and the outlying ratios of contract value to estimated value pose significantly greater problems. This phenomenon can be observed in both the overall public procurement market and in the EU-funded public procurement submarket.

2.9 Concentration Outliers, Potential Causes, Lessons Learnt

The various methods of concentration analysis applied to public procurement data have yielded numerous interesting – and, in the context of public procurement, quite surprising – results. It is important to emphasise upfront that these results do not necessarily – and in most cases, explicitly do not – indicate misconduct. It is only after a specific or comprehensive review of the related public procurement procedures and the companies involved that any instances of fraud, corruption, or any other irregularity can be presumed.

One important update in the 2024 Integrity Report is that its data analysis now incorporates information on company groups. This way the report reflects not only individual companies, but also the shares of company groups connected to the same ultimate beneficial (private individual) owner. Therefore, we also examined public procurement concentration at the level of company groups.

Extreme Shares at the Level of Companies and Company Groups

The examination of outlying shares held by companies and company groups – both separately and in relation to one another – provides valuable insights into the balance of, and potential disproportions in, the public procurement market.

In 2024, the largest contract portfolio linked to a single company in the overall public procurement market totalled HUF 452.3 billion, representing a 12.2% market share. The related company group contract portfolio, worth HUF 453.0 billion, is essentially identical to this. The contracts are connected to Product Division (45) 'Construction Works'.

The combined contract portfolio of the top 10 companies with the largest market shares amounts to HUF 1,426.6 billion, resulting in a 38.3% market share (CI10 value). Taking company groups into account brings the combined contract portfolio of the top 10 participants up to HUF 1,636.0 billion, raising the CI10 value to 44.0%. This HUF 210 billion increase – representing 5.7% of the contract portfolio – can be viewed as a concentration value that remains hidden at company level but becomes apparent at company group level.

The contract portfolios of companies and company groups with the largest shares are associated not only with public works but also with the energy, IT, transportation, business services, and cleaning sectors.

In 2024, the largest company contract portfolio for EU-funded contracts totalled HUF 66.4 billion, representing a 7.5% share in the market. This results from multiple contracts linked to product divisions in the IT sector. (Consistent with the data of the largest company group.) The ten largest company contract portfolios add up to a total value of HUF 386.8 billion, representing a combined market share of 43.9%. At the level of company groups, the CI10 indicator stands at 44.3%, meaning that the combined contract portfolio is HUF 3.8 billion and 0.4 percentage points higher – though not significantly so. In this market segment, the contracts of companies with the largest shares are exclusively linked to the IT sector.

Taken together, the values of the concentration index (CI) reveal several outliers. Nonetheless, they are partly the result of one or two particularly high-value contracts.

Extreme Concentration of Product Divisions

The Herfindahl-Hirschman Index (HHI), the most commonly used measure of market concentration worldwide and a component of our current analysis, measures concentration within either the overall market or a particular segment thereof. So, it reflects more than just the shares of the largest market participants.

In many cases, HHI outliers in product divisions can be clearly explained by state regulations concerning market entry. In the overall public procurement market, for instance, the HHI values of CPV Divisions (14) 'Mining, Basic Metals, and Related Products' and (76) 'Oil and Gas Industry Services', ranging between 49.4% and 61.7% – figures indicative of high concentration and even an oligopolistic market – can also be attributed to this. In other cases, exceptionally high concentration is a clear indication of a small market. A typical example of this is the single contract in CPV Division (41) 'Collected and Purified Water' in both 2023 and 2024, as well as another sole contract in CPV Division (75) 'Administrative, Defense, and Social Security Services' in 2023 only, resulting in a 'monopoly' indicated by a 100% HHI value. Two other HHI outliers in the overall public procurement market can be explained not by the market itself, but rather by the characteristics of the contract portfolio, thus relating to the public procurement process:

- even with 67 successful tenderers and 215 contracts, the HHI value for CPV Division (60) 'Transport Services (excluding waste transport)' remains exceptionally high at 91.3%; however, the four largest contracts – all linked to the same winner – account for 95.56% of the total contract value.
- with 53 successful tenderers and 95 contracts, the HHI value for CPV Division (98) 'Other Community, Social and Personal Services' stands at 65.0%; however, the five largest contracts – all linked to a single winner – cover 60% of the market.

Special attention should also be given to

- CPV Division (79) 'Business services', which shows strong concentration only at the level of company groups (42.7%), but not at the level of companies (14.7%). This is a clear example of concentration that remains hidden at the level of companies but becomes apparent at the level of company groups through common ownership.

Within the EU-funded public procurement submarket, only one CPV division can be identified whose exceptionally high concentration in 2024 cannot be explained by regulatory requirements nor by the small size of the market. Standing at 98.4%, the HHI index of Division (80) 'Educational and Training Services' – indicating an almost monopolistic situation – is attributable to a high value contract linked to a single IT company, which accounts for HUF 9.5 billion of the HUF 9.6 billion submarket.

Therefore, the HHI calculation methodology identified numerous submarkets with outliers that point toward uneven market shares, thereby making a comprehensive analysis of the contractual environment and contracts themselves advisable.

Outliers in the Share of Contracts with One Submitted Tender (Excluding FA1 Procedures)

A high proportion of contracts with one submitted tender within a specific submarket primarily indicates limited market conditions, which may stem from various underlying causes.

In 2024, the proportion of contracts with one submitted tender exceeded 50% in two CPV divisions across the overall public procurement market. These divisions were:

- (72) 'IT Services: Consultancy, Software Development, Internet, and Support' – standing at 54.26% –, and
- (79) 'Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services' – reaching 63.46%.

The high proportion is explained in both cases by the heightened significance of FA2 procedures within a specific economic sector.

The share of procedures with one submitted tender is quite high in several segments within the EU-funded public procurement submarket, including the following CPV divisions:

- (32) 'Radio, Television, Communications, Telecommunications, and Related Equipment' (69.33 %);
- (72) 'IT Services: Consultancy, Software Development, Internet, and Support" (67.95%);
- (48) 'Software Packages and Information Systems" (64.56%); and
- (30) 'Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages" (50.79%),

where they even exceed 50%. In most cases, these outliers are also attributable to the high share of contracts based on framework agreements.

Extreme Data Related to Companies with Only Successful Tenders (Excluding FA1 Procedures)

The 'exceptional rate of success' of a company – where every tender it submits results in a win – can be attributed to various factors. Chance alone could be a driving factor, but an exceptional rate of success is more often the result of established capabilities and accumulated experience. Only a clear absence of these factors may raise concerns about the possibility of unreasonable dominant position and warrant an investigation.

A total of 61 exclusively successful tenders, submitted by a single company, represented the highest count in the overall public procurement market between 2020 and 2024. Sixty of these were implemented as part of a consortium formed with the same company. The contracts were linked to a specific segment (mosquito control) within CPV Division (90) 'Sewage and Waste Treatment and Environmental Protection Services', with notably low proportional value per successful tenderer, amounting to HUF 5.9 million.

A total of 20 exclusively successful tenders – those submitted individually and not as part of a consortium – represented the highest count in the EU-funded services submarket during the 2020–2024 five-year span. All of these contracts were implemented within the 'Operation and maintenance of solar power plants' market segment, part of CPV Division (65) 'Public Utilities, Public Services", with a considerably low average value of HUF 1 million.

However, exclusively successful tenders generating the highest total contract value are typically the outcome of only a few contracts. The overall market leader's HUF 563.9 billion contract portfolio is made up of only seven contracts. (These were concluded within the 'Operation of public bus routes' market segment, part of CPV Division (60) 'Transport Services (excluding waste transport)'). The highest contract value within the EU-funded public procurement submarket totalled HUF 138.0 billion. (This was also the sole tender submitted by the successful company.) The contract, linked to the construction of Expressway M49, was implemented in CPV Division (45) 'Construction Works'.

These findings show that the data from the large number of exclusively successful tenders may be considered significant; however, the corresponding contracts are typically low in value and tied to small market segments that require specialised expertise. However, exceptionally high-value contract portfolios are generally the result of a small number of exclusively successful tenders.

Parallel Tendering by Successful and Unsuccessful Tenderers

The frequent parallel participation of a company pair may also be attributed to various factors. Often, these two (or more) companies are the most capable competitors in a specific market segment, with their partially successful tenders suggesting an intent to fully capitalise on their opportunities. However, frequent joint participation also raises concerns about the possibility of anti-competitive cooperation between the companies, for example through tender prices. If the reason for frequent joint participation is not evident, it is advisable to review the market or submarket from this perspective.

Data on successful–unsuccessful company pairs point to patterns somewhat similar to those witnessed in the case of exclusively successful tenderers. Across the overall public procurement market between 2020 and 2024, the two highest figures for parallel tenders – 341 and 210 – were recorded in the energy sector, a segment that cannot be considered an open market. However, the area with the third highest number of parallel tenders – namely CPV Division (15) ‘Food, Beverages, Tobacco, and Related Products’ – can be considered an open market. (A total of 187 procedures, representing a combined contract value of HUF 4 billion.) Within the EU-funded public procurement submarket, the highest number of parallel tenders submitted by successful–unsuccessful company pairs amounted to a total of 52, all linked to CPV Division (45) ‘Construction Works’. Many company pairs among the top 20 on this list are also connected to the IT and school supply markets.

The highest contract values associated with successful–unsuccessful company pairs typically stem from a small number of contracts – fewer than ten in most cases across the overall market, and only one to three contracts in the EU-funded submarket. These are primarily linked to CPV Division (45) ‘Construction Works’, and in many cases a winner has multiple unsuccessful companies associated with it. (Constituting more company pairs.)

In numerous cases, the successful–unsuccessful company pair reappears in ‘reversed roles’, featuring prominently in the public procurement processes of a specific market segment. In a large number of these cases, the explanation for this process could also lie with the small pool of highly capable participants, or, quite frequently, with the market being regulated by state interests. It is worth noting that between 2020 and 2024, successful–unsuccessful company pairs with the highest number of parallel tenders generally appeared in reversed roles as well. For instance, in the overall public procurement market:

- (15) ‘Food, Beverages, Tobacco, and Related Products’;

within the EU-funded services submarket, including among others:

- (45) ‘Construction works’;
- (30) ‘Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages’; and
- (39) ‘Furniture (including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products’ (especially in relation to the school supply market).

Consequently, the company pairs may also appear in the case of contracts tied to open and competitive CPV divisions. Therefore, a comprehensive review and analysis of the processes within these submarkets may also be warranted.

Concentration of Contracting Authorities and Successful Tenderers

The main driving factor behind cost-effectiveness – a fundamental requirement in public procurement processes – is the conflict of interest between contracting authorities and tenderers (some of whom ultimately become winners). While contracting authorities aim for the lowest possible price, tenderers, conversely, strive to secure the highest possible figure. Balance between these two perspectives can only be achieved if contracting authorities facilitate competition among tenderers, resulting in a diverse pool of winners in such tendering procedures.

In many cases, however, the concentration of contracting authorities and successful tenderers is evident: tendering procedures issued by a single contracting authority are often won by the same company. Across the overall public procurement market between 2020 and 2024, the highest number of contracts linked to a single successful–unsuccessful company pair was 873. In this case, the contracting authority was a central purchasing body – just as in the case of the second-placed contracting authority –

successful company pair, which had 826 contracts associated with it. In both cases, most of these contracts were linked to CPV Division (79) 'Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services'.

The total values of those 873 and 826 contracts are also remarkable, reaching HUF 337.5 billion and HUF 256.3 billion, respectively, and ranking third and fourth on the list of contracting authority-successful company pairs by total contract value.

Particularly notable in connection with the frequent occurrence of contracting authority-successful organisation pairs is the high exposure of successful organisations to contracting authorities. In this case, the (vast) majority of the winning firm's successful tenders were linked to the same contracting authority. This phenomenon is quite frequently associated with a high number of contracts both in the overall market and in procedures involving EU funding. In such cases, the winning company's successful tenders are largely linked to the same contracting authority.

Within the EU-funded public procurement market, contracting authority-successful company pairs linked to the highest number of contracts comprise predominantly of participants in the IT sector. In most cases, Digitális Kormányzati Ügynökség Zrt. [Digital Government Agency – DKÜ], the central purchasing body responsible for the sector, was listed as the contracting authority in the EPPS. The highest number in contracting authority-successful tenderer occurrences for a single company amounted to 226 contracts, with a combined total value of HUF 84.2 billion. Even among the top company pairs ranked by the number of contracts, successful companies' exposure to contracting authorities is notably high.

Across the overall public procurement market between 2020 and 2024, the highest total contract value associated with a contracting authority-successful organisation pair amounted to HUF 563.8 billion – the combined value of seven contracts. (Both the company and the value correspond to the highest combined value of contracts associated with companies that submitted only successful tenders.) In the case of EU-funded procedures between 2020 and 2024, the combined total contract value of the contracting authority-successful company pair associated with the largest total contract value amounted to HUF 411.2 billion – the combined value of three contracts linked to CPV Division (45) 'Construction works'.

Thus, there are several submarkets that show signs of concentration among contracting authority-successful company pairs. In these cases, it is advisable to conduct further comprehensive analysis of the contracts in the relevant markets.

General Lessons Learnt from Concentration Processes

Although the observed outlying concentration indicators are largely attributable to objective factors – such as limited opportunities for participation in the submarket, the small size of the submarket, or a low number of contracts – they remain significant in all cases. They reflect disproportionality in all cases, revealing an unequal distribution of the total value of concluded contracts. They indicate a high market share which, despite the noted limitations, is often attributable to specific factors – such as specialised expertise in a small market, reliability, or strong reference projects.

However, undesired cooperation among participants in the public procurement market, other forms of misconduct, or even the exploitation of legal loopholes cannot be ruled out as potential driving factors behind the outliers. It is reasonable to assume that high concentration often results from a combination of causes.

We emphasise that data analysis is not suited to reveal causes, and even its use for signalling risks comes with significant limitations. These can only be identified through comprehensive examinations. However, conducting a concentration analysis of the data offers a good opportunity to identify outliers, thereby providing preliminary indications and raising awareness.

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Evaluation of the Effectiveness of Public Procurement Rules

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3.1 Summary

In its annual analytical integrity report, the Authority provides an evaluation of the effectiveness of public procurement rules, addressing problematic areas and bottlenecks arising in their application, with particular focus on how the law is applied and interpreted in practice.

In the examination of the effectiveness of public procurement regulation, our focus remained on the extent to which the rules governing competitive tendering – and the practices that have developed in their application – are able, at a systemic level, to fulfil fundamental public procurement objectives such as ensuring broad competition, transparency, and the efficient use of public funds.

The areas presented in the evaluation of the effectiveness of public procurement rules reflect the findings of the Authority's 2022 and 2023 Integrity Reports. They also follow up on the recommendations formulated by the Authority and evaluate the corresponding governmental positions, as well as the actions taken or envisaged in response.

The public procurement chapter of the report places particular emphasis on **analysing the factors contributing to the low level of competition observed in public procurement procedures**.

While certain progress has been achieved in recent years in terms of reducing the number and value of public procurement procedures with one submitted tender, the commitments made towards the European Union to reduce the proportion of such procedures have only been partially fulfilled. As consistently underlined in the Authority's integrity reports, the issue is complex and cannot be equated solely with the phenomenon of procedures with one submitted tender; accordingly, addressing it requires a comprehensive and multifaceted approach.

Notwithstanding the recognition of the positive impacts of the legislation adopted³⁵ and other measures³⁶ taken by the Government to reduce the number of procedures with one submitted tender and increase the level of competition, it is clearly evident that **additional efforts are necessary to further enhance the level of competition**.

For these reasons, drawing on its own experience gained during its monitoring activities, the Authority examined the factors and circumstances that pose a risk of restricting competition in Hungarian public procurement. A significant portion of the risks identified can be traced back to deficiencies in the preparation of procurement procedures, with particular attention to issues related to market knowledge. The Authority emphasises that the presence of restrictive conditions in procedures is not necessarily driven by corrupt intent; professionally inadequate preparation can lead to the same outcome. In both cases, the principle of responsible management of public funds is severely compromised. Therefore, the report addresses numerous factors that may arise either on the part of contracting authorities or tenderers and may cause artificial narrowing of competition. Contracting authorities, as those directing the procurement process, bear particular responsibility in this regard. Accordingly, the Authority emphasises the importance of fostering an ownership mindset within public sector organisations, a goal that may be effectively supported by the recommendations set out in this report.

In addition, as part of its assessment of the effectiveness of public procurement rules, the Authority identified further integrity risks and issued several recommendations relating to the conduct and accessibility of preliminary market consultations and the functioning of the EPPS, with a view of enhancing competition.

³⁵ Government Decree No 63/2022 of 28 February 2022 on measures aimed at reducing the number of public procurement procedures with one submitted tender.

³⁶ Government Decision No 1082/2024 of 28 March 2024 on the revision of the action plan for measures aiming to increase the level of competition (2023–2026)

To improve the level of competition, the Authority also considers it important to rationalise the rules concerning conditional public procurement, which currently represents a significant source of uncertainty for tenderers, as well as to reform the practice related to the examination of disproportionately low prices. Regarding the latter, it is crucial to ensure that contracts are not withheld from tenderers capable of performing the contract at the proposed price, merely because they are unable to navigate the excessively complex justification requirements associated with the assessment of disproportionately low prices.

In order to enhance the level of competition, the Authority also considers it essential to properly uncover and sanction conflicts of interest, infringements undermining fair competition, and collusive behaviour between tenderers.

As regards conflicts of interest, the Authority has observed that the practical implementation of existing guidelines continues to be insufficient. The expected shift in approach resulting from legal amendments and the publication of supporting materials has not materialised. Contracting authorities typically have not introduced internal rules for verifying the content of conflict of interest declarations, do not request declarations of interest, and do not enforce consequences for submitting false declarations. The obligation to make conflict of interest declarations is still mainly perceived as an administrative burden, and the importance of the institution is not recognised; the leadership commitment necessary to achieve change is missing. In the Authority's view, the need to establish internal regulations for checking declarations of conflict of interest and declarations of interest – while maintaining the recommendations made in previous years' reports – should be explicitly provided for in the PPA.

According to the Authority's findings, a fundamental prerequisite for the effective enforcement of public procurement regulations is uncovering instances where public procurement is avoided and identifying public procurement procedures unlawfully classified as exceptions. It is equally essential that the scope of contracting authorities subject to the PPA is defined in accordance with EU expectations, and that it is clearly established which grants – and under what conditions – trigger public procurement obligations.

According to the monitoring experience of the Authority, the negative impact of malpractices in implementing the procedure set out in Section 115 of the PPA and the integrity risks associated with the procedure extend beyond mere numbers and the national procedure. Consequently, the Authority considers that it is warranted to either liberalise or terminate this procedural option.

The Authority maintains its consistent position, as presented in previous annual integrity reports, that facilitating the enforceability of the right to legal remedy—at least on a temporary basis—is a fundamental condition for enhancing competition.

Accordingly, rather than abolishing the institution of accredited public procurement consultants (FAKSZ), the Authority recommends its transformation, supporting the professionalisation of the public procurement profession, expanding the circle of experts authorised to perform expert activities, and broadening recognised practice. Furthermore, it also considers that the establishment of the related framework – taking into account the termination date of the institution of accredited public procurement consultants on 30 June 2026 – must take place by the end of 2025 at the latest, with the active involvement of professional public procurement organisations.

In line with the provisions of the Integrity Authority Act and due to their prominent role in public procurement, the 2024 Annual Analytical Integrity Report also specifically addresses the operation of framework agreements, their associated risks, and, due to their significant impact on market processes and public procurement competition, the practice of centralised procurement. Although progress has been made in recent years in better understanding the functioning of these subsystems and in making data accessible along new correlations and indicators, further investigations and analysis are necessary to form an accurate picture of the impact and effectiveness of centralised public procurement on the public procurement market.

3.2 Low Level of Competition in Public Procurement Procedures

In its reports published in previous years, the Authority has devoted specific attention to the level of competition, which is one of the key indicators in the conditionality mechanism and among Hungary's commitments under the Recovery and Resilience Plan. According to an analysis³⁷ published by the National Development Centre on 14 February 2025, the proportion of procedures with one submitted tender – based on the number of concluded contracts – was 18.7% in 2024. This represents an improvement compared to the 21.8% recorded in 2023 and, in itself – especially in a European comparison – cannot be considered an unfavourable result. Based on the Authority's calculation in Chapter 2.8.1, which takes the number of FA2 procedures into account, the share of procurement contracts with one submitted tender was 29.2%, a slight decrease compared to 29.9% in 2023. Regarding the number of tenders received per contract award procedure (i.e. per partial tendering round), the Public Procurement Authority's report³⁸ for 2024 also shows a stagnating trend, with the 2024 indicator of 3.2 reflecting a minimal decline compared to the 3.3 value in the previous year. The five-year average is 3.1 tenders received per procurement lot, so it cannot be established that the general level of competition has increased significantly. Another notable statistical indicator is the increase in the number of expressions of interest registered in the EPPS per procurement lot, which rose from 5.59 in 2020 to 7.05, signalling growing market activity despite the number of actual tenders received not showing a corresponding increase. Therefore, it is justified to further examine existing measures aimed at increasing the intensity of competition and, if necessary, introducing new ones.

In recent periods, several professional guidelines and methodological documents³⁹ supporting legal application have been published by the Public Procurement Authority, the Hungarian Competition Authority, and the National Development Centre, aimed at promoting competition. Overall, all of the referenced documents are of a high professional standard and may support legal practitioners in curbing anti-competitive practices. While the Authority generally agrees with the findings set out in these documents, it considers it necessary to examine why these competition-focused interpretative frameworks have not resulted in a tangible increase in the level of competition in practice. In conducting this analysis, the Authority now relies not only on data supplied by other stakeholders within the public procurement institutional framework, but also on the results of its own monitoring, investigation, and risk analysis activities. Based on these data and the Authority's own insights, it is necessary to identify the main categories of practices that restrict competition and to formulate the corresponding recommendations.

As a first step, it is important to clarify what the Authority means by restriction of competition. The requirement to ensure fair economic competition is based on Article M of the Fundamental Law of Hungary. Fair competition is protected by several branches of law, primarily competition law and public procurement law. For the purposes of this Report, the Authority adopts the broadest possible interpretation of the restriction of competition – extending beyond the traditional definitions of competition law – in order to identify all circumstances that may act as barriers to market competition. In light of the professional guidance issued by the Public Procurement Authority and the Hungarian

³⁷ <https://ekr.gov.hu/portal/hirek/8799533790552>

³⁸ https://kozbeszerzes.hu/media/documents/Gyorsjelent%C3%A9s_2024_0122_fin.pdf

³⁹ Following Government Decision No 1118/2023 of 31 March 2023, on 15 November 2023, the Public Procurement Authority and the Hungarian Competition Authority published their professional guidelines concerning corruption risks and cartel agreements affecting the integrity of competition in public procurement. In accordance with the task prescribed by Government Decision No 1082/2024 of 28 March 2024, on 20 December 2024, the Public Procurement Authority published its report on the revision of the action plan for measures aiming to increase the level of competition in public procurement (2023–2026). The National Development Centre has also prepared professional guidelines on ensuring the possibility of submitting partial tenders, as well as a guide on market knowledge issues – both of which address topics related to increasing the level of competition.

Competition Authority on corruption risks and cartel agreements affecting the integrity of competition in public procurement, two main dimensions of competition-restricting conditions and acts detrimental to the fairness of competition can be distinguished:

- a) vertical collusion or other unilateral anti-competitive conduct between contracting authorities and economic operators, aimed at unlawfully defining the conditions of the public procurement procedure. In this context, 'vertical restriction of competition' does not correspond to the terminology used in competition law.
- b) horizontal anti-competitive agreements between economic operators, as typically regulated by competition law.

In the following sections, we analyse the reasons behind the competition-restricting impact of specific circumstances based on the above categories and set out the Authority's proposals for addressing them. The analysis will also examine the relationship between competition restriction and the principle of responsible management of public funds.

It is important to emphasise that – broadly defined – competition restrictions do not always stem from deliberate unlawful conduct, such as corruption or cartel behaviour. Rather, they may also arise from a lack of due care and diligence, including the absence of adequate professional expertise among the individuals involved in preparing public procurement procedures on the part of the contracting authority. For this reason, this issue is also addressed separately in the report.

3.3 Vertical Restriction of Competition Violating the Principle of Fair Competition

As outlined above, conditions and actions that infringe upon the principle of fair competition may arise either in the relationship between the contracting authority and the tenderer (hereinafter referred to as a 'vertical' restriction of competition), or as collusion among economic operators (referred to as a 'horizontal' relationship).

A vertical restriction of competition refers to those actions and conditions attributable to the contracting authority that infringe upon the fairness of competition and aim at an unlawful (artificial) limitation of competition. According to the interpretation of the Authority, such cases also encompass acts of corruption as defined under criminal law; however, the scope of competition-restricting circumstances is considerably broader, as it also includes situations where the contracting authority does not intentionally seek to unlawfully restrict competition, but where the limitation of competition results from inadequate professional preparation of the procurement procedure or other forms of negligence.

According to the definition of competition restriction provided in the Directive, 'Competition shall be considered to be artificially narrowed where the design of the procurement is made with the intention of unduly favouring or disadvantaging certain economic operators' (Article 18).

It is also important to highlight that the vertical nature of the restriction of competition discussed in this section does not imply the necessity of collusion between an economic operator and the contracting authority. Artificial restriction of competition – for example, due to the aforementioned deficiencies in preparation – may arise unilaterally through the actions of the contracting authority.

Accordingly, under vertical restriction of competition, the Authority – based on the joint interpretation of the principles set out in Article 18 of the Directive and Section 2(1) of the PPA – understands any unlawful conduct or imposed condition by the contracting authority that compromises the fairness of competition by unduly favouring or disadvantaging specific economic operators during the procurement process.

Based on the case law of the Court of Justice of the European Union and the Public Procurement Arbitration Board, as well as the Authority's risk analysis and investigative experience, the following specific restrictive conditions, cases, and risks have been identified.

3.3.1 Risks Relating to the Selection of the Type of Procedure and the Applicable Procedural Regime

This is an extreme case of restriction of competition, when the contracting authority applies a type of procedure that does not ensure competition, or, in certain cases, completely omits the conduct of a public procurement procedure. This includes the following cases.

Unlawful Circumvention of the PPA by Violating the Prohibition on Artificial Subdivision Into Lots

A breach of the principle of fair competition occurs when the estimated value is determined in such a way that, by violating the prohibition on artificial subdivision, the procurement falls outside the scope of the PPA, thereby preventing transparency of competition and undermining the principle of publicity.

For procurement procedures below the public procurement thresholds, no public data are currently available – thus, neither the number nor the total value of such procedures is known. The only exception consists of sub-threshold procurement procedures conducted through the EPPS, of which contracting authorities carried out a total of 128 in 2024.⁴⁰ This likely represents only a negligible fraction of all procurement procedures.

In the Authority's view, the prohibition on the artificial division into lots is one of the most difficult public procurement infringements to assess. The necessarily general statutory provisions have in many cases led to legal uncertainty for contracting authorities. Nevertheless, the guidance⁴¹ issued by the Council operating within the Public Procurement Authority, and particularly the casebook containing practical examples, have significantly contributed to the development of a consistent legal practice. With regard to the essential issues, the interpretation of the law may be considered to have largely stabilised; however, this in itself does not guarantee the full enforcement of the relevant legal provisions, given that sub-threshold procurement procedures are not subject to publication requirements and currently no explicit control mechanisms are in place for these procedures. (Even control bodies have access to them only in exceptional cases, such as when EU funding is used or during audits by the State Audit Office.)

It may therefore be justified to examine whether the reintroduction of regulatory provisions for sub-threshold procurement procedures into the current legal framework is necessary. Section 4(3) of the PPA and Government Decree No 459/2016 of 23 December 2016 were repealed as of 1 January 2021, and since then, regulation in this area has been lacking.

Recommendation:

The Authority recommends that, from 1 January 2026, the Government impose a publication or data reporting obligation concerning sub-threshold procurement procedures in order to support the activities of competent control bodies. In this context, it would be advisable to consider harmonising the publication obligation with the provisions of Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information, according to which the basic data on contracts exceeding a value of HUF 5 million – subject to the exceptions specified in the Act – must in any case be published.

⁴⁰ This figure indicates that, in cases not subject to public procurement obligations (or deemed as such), contracting authorities opted to use the EPPS in only 128 instances, although they were not otherwise obliged to do so.

⁴¹ Guidance of the Council operating within the Public Procurement Authority on the calculation of the estimated value, the prohibition of artificial division into lots, and the artificial aggregation of procurement needs (30 September 2021)

⁴² Joint Collection of Examples by the Public Procurement Authority, the Prime Minister's Office, the Directorate General for Audit of European Funds (DGAEF), and the Association of Cities with County Rights regarding the prohibition of artificial division into lots under Section 19(2) and (3) of the PPA (7 October 2021)

The Authority further recommends that, based on the data available following the above proposal, the Government conduct an analysis to determine whether the absence of regulation on sub-threshold procurement procedures complies with the principle of responsible management of public funds, and – in view of the increase in national public procurement thresholds effective 1 January 2025 – whether it is justified to reintroduce detailed legal regulation in this area. In this context, the Authority considers it important to take the following aspects into account:

- It may be worth examining whether, in certain cases (e.g. grant-supported procurement procedures or those exceeding a specified value), it would be appropriate to impose an obligation on contracting authorities to conduct the procurement procedure via the EPPS, which the system currently supports (within the procurement/exception procedures module).
- It is essential to consider the administrative burden imposed on contracting authorities by any new procedural regulations, given the lower contract values involved.

Exemptions

Article 18(1) of the Directive sets out not only the prohibition on the restriction of competition as a general principle, but also covers cases in which the contracting authority designs a procurement procedure with the intention of circumventing the scope of the Directive and/or the PPA. A typical example of such a case is the unlawful application of the exemption categories listed in Section 9 of the PPA, whereby the contracting authority avoids the obligation to conduct a public procurement procedure.

The Authority has identified two exemption categories where the risk of abuse is particularly high:

- a) Section 9(8)(a) of the PPA, which states that the Act does not apply to the purchase of an existing building or other real estate, or the acquisition of any other right in relation to it. According to the Authority, the conditions for applying this exemption often involve complex criteria, the legality of which has only been addressed in the case law of the European Court of Justice, with particular reference to Judgment C-537/19, which contains key findings concerning the acquisition of rights to “non-existent, i.e. not yet constructed, buildings.”
- b) Section 111(g) of the PPA, which excludes from the scope of the Act certain services below the EU threshold that are aimed at creating literary (professional, scientific) works, or the provision of consulting or personal interpretation services necessary for the contracting authority to carry out its core activities.

The legal application problem regarding the above exemptions is twofold: on one hand, the relevant legal provisions lack sufficient specificity to allow for unambiguous interpretation; on the other hand, the concluded contracts are not subject to any publicity, preventing control bodies from becoming aware of procurement procedures that have been excluded from public procurement obligations.

Under the current legal framework, only in-house contracts falling within exemption categories are subject to publication obligations, as per Section 43(1) of the PPA.

Recommendation:

The Authority recommends that the Government

- intensify audit activities concerning contracts falling under the exemption categories, involving the State Audit Office and/or the Government Control Office, with special attention to the exemptions under Section 9(8)(a) and Section 111(g) of the PPA.
- initiate, by 31 December 2025, the inclusion of a publication obligation in the EPPS into statutory regulation for contracts concluded under at least the exception categories specified in the following legal provisions: Section 9(8)(a) and Section 111(g) of the PPA

Negotiated Procedures Without Prior Publication of a Contract Notice

Negotiated procedures without prior publication of a contract notice constitute the most severe restriction of competition, as they typically allow contracting authorities to invite only a single tenderer to submit a tender. Therefore, this procedure type may only be lawfully used under narrow legal conditions, requiring heightened attention to the legal title justifying its use.

Looking at the past four years, the number of negotiated procedures without prior publication of a contract notice stabilised at a relatively low level (217 procedures initiated in 2024), which is favorable even in EU comparison.

When examining the subject-matters of the contracts, it is noteworthy that a significant number of negotiated procedures without prior publication of a contract notice concern the further development and support of IT systems (113 cases). For IT systems intended to be procured by contracting authorities, there is a legitimate interest in ensuring the continuous availability of these applications. It would be unreasonable to require the re-tendering of license rights and support services of properly functioning systems – typically introduced at considerable cost – after the expiration of contracts. Such a situation would not only threaten service continuity but also compromise equal treatment of tenderers, as those offering alternative systems would also have to account for deployment costs. In these cases, the contracting authorities typically rely on the existence of exclusive rights for the software solution in question and the lack of realistic alternatives to justify the legal basis of the procedure. Accordingly, control practices also involve assessing the implementation costs of possible alternative software solutions.

It is important to highlight that in such non-competitive situations, the invited tenderer is in a dominant position. Therefore, the only way to enforce the principle of responsible management of public funds is to examine whether the prices are consistent with real market rates for the subject-matter of the contract (i.e. not the deployment, but exclusively the further development and support services). Accordingly, it is not sufficient to compare only the total cost including the deployment of an alternative solution; it is also necessary to assess the standalone cost of the services being procured.

In this context, the Authority also draws attention to the fact that in Case C-376/21, the European Court of Justice attached particular importance to compliance with market prices when evaluating the legal basis for the negotiated procedure without prior publication of a contract notice.⁴³

According to the Authority's assessment, the current legal regulation and practice of legality reviews conducted by the Public Procurement Authority generally provide sufficient safeguards to ensure that the legal basis of such procedures is properly examined and to prevent their unlawful use. Furthermore, the obligation to publish the documentation of the procurement procedures and the decisions of the Public Procurement Authority in the EPPS is an important part of the control mechanism associated with this exceptional procedure. However, to ensure the principle of responsible use of public funds, additional tools should be considered in the scenarios described above.

Recommendation:

The Authority recommends that the Government, based on data available in the EPPS, assess by 31 December 2025 how the dominant position of tenderers – detailed above – has influenced the contract prices in negotiated procedures without prior publication of a contract notice based on exclusive rights during the period 2021–2024, and, in light of this, determine whether further measures are needed to uphold the principle of responsible management of public funds.

⁴³ However, in order to demonstrate that the contract in question was not designed with the intention of circumventing the scope of Directive 2014/24, or of artificially narrowing competition – as required by the second subparagraph of Article 18(1) of the Directive – the contracting authority must be able to prove that the price negotiated with the successful tenderer corresponds to the market price.

Procedure Type Under Section 115 of the PPA

In its 2022 and 2023 reports, the Authority has already recommended a substantial revision or discontinuation of procedures with five tenderers as defined in Section 115 of the PPA.

Under the procedure set out in Section 115 of the PPA (i.e. procedures with five tenderers), in the case of construction work contracts below an estimated value of HUF 300 million and not funded by the EU, the contracting authority may invite a minimum of five economic operators – capable of performance and professionally reliable – to submit tenders, instead of publicly announcing the procurement. Economic operators other than those invited to tender may not submit an offer in such procedures.

In response to the recommendation made by the Anti-Corruption Task Force, the Government undertook to examine the practical experience related to the selection and rotation (mandatory rotation) of economic operators invited to tender under the procedures with five tenderers. The Government committed to reporting back to the Task Force on the findings⁴⁴, and, if necessary based on the results of the review, the minister with responsibility for public procurement will develop a proposal to amend the applicable provisions of the PPA to address the problems identified.

The analysis titled 'Beszámoló a Kbt. 115. §-a szerinti, öt ajánlattevő közvetlen meghívásával induló eljárások alkalmazási gyakorlatáról [Report on the Practical Application of Procedures Launched under Section 115 of the PPA by Inviting Five Economic Operators]' concluded that the weaknesses of this procedure do not warrant a change in the regulatory framework. Instead, they call for enhanced monitoring in certain areas to ensure compliance with existing legal provisions. For this reason, 'it appears justified that the minister with responsibility for public procurement should forward to the relevant control bodies a list of cases in which a contracting authority applied this procedure type more than ten times within one year. These bodies could then include a more in-depth review of such procedures in their control plans – particularly focusing on whether the contracting authorities have properly complied with the statutory prohibition on splitting contracts, and whether the selection and rotation of the invited economic operators were carried out in a manner that upheld the principles of fair competition and equal opportunities.'

Based on the oversight findings of 2025, it is doubtful whether increased oversight alone, without regulatory amendment, will be sufficient to eliminate the recurring cases of abuse observed in connection with this procedure. As emphasised in the Authority's previous integrity reports, the systemic breaches observed in relation to the procedure type under Section 115 of the PPA go beyond the importance of the procedure itself: they undermine tenderers' trust in public procurement and significantly restrict the market access and competitive opportunities of smaller enterprises – precisely in the segment where they would otherwise have the greatest chance to participate.

In 2024, approximately one third of construction works implemented under the national procedural framework were carried out under the procedure under Section 115 of the PPA – both in terms of the number and value of procedures. Therefore, the importance of this procedure cannot be disregarded from a statistical perspective either. The Authority continues to consider that opening up or – if this proves unfeasible – discontinuing the procedure (potentially in parallel with raising the relevant national procurement threshold) would be the most appropriate solution.

The former could even be achieved by requiring contracting authorities to open a pre-registration opportunity to interested economic operators in respect of procurement

⁴⁴ Government Decision No 1082/2024 of 28 March 2024 on the revision of the action plan for measures aiming to increase the level of competition in public procurement (2023–2026)

procedures planned to be conducted under the procedure pursuant to Section 115 of the PPA as part of their procurement plan. The contracting authority would be required to indicate the selection criteria (e.g. suitability requirements, exclusion grounds) on the basis of which it intends to assess the capacity and professional reliability of the economic operators it plans to invite. The contracting authority would be required to assess the eligibility of the pre-registered economic operators and – alongside the operators it initially intended to invite – must send the invitation to all operators found suitable. In this way, the flexibility of this procedure type could be preserved, while competition would be increased, and presumably the number of fictitious tenders would decrease.

Finally, should the Government, based solely on the aforementioned report, decide to pursue enhanced oversight without amending the legal framework, the Authority considers it warranted to define more stringent control criteria (e.g. if the same tenderer wins in at least three procedures with the same contracting authority, or in at least three procedures conducted with the involvement of the same procurement support expert [FAKSZ/ÁKSZ]), and to make controls mandatory under the specified conditions. The Authority considers it warranted to enshrine the signalling conditions and the control obligation in legislation.

Application of Single-Operator Framework Agreements (FA1)

Pursuant to Section 105(1) of the PPA, the issue of FA1 agreements concluded with a single tenderer is also addressed in detail in the subsection on centralised procurement (Section 3.7) of this report. Therefore, this section focuses only on outlining the main findings concerning restrictions of competition, based on the Authority's monitoring and investigative experience. The fundamental competition risk of single-operator FA1 agreements lies in the following:

- At the time of tender submission, tenderers typically do not know the exact scope, quantity, or scheduling of the tasks to be performed. Consequently, tenderers who possess additional information about the planned procurement procedures have a significant advantage over their competitors. While such a conflict of interest may also undermine the fairness of competition in procedures conducted under an open procedure type, it may carry particular weight in the case of single-operator FA1 agreements, given the absence of a call-off obligation.
- in FA1 agreements involving a large number of items to be procured, a major concern arises with the method used for evaluating tender prices. Under the current regulations, the estimated value of FA1 procedures does not need to be substantiated using the methods listed in Section 28(2) of the PPA. Consequently, contracting authorities are not required to assign even indicative quantities to the items to be procured. As a result, it is common practice for contracting authorities to base the comparison of tenders on the unweighted sum of unit prices, which – being a notional, constructed value – creates opportunities for numerous abuses (e.g. overpricing of products representing significant quantities but low total value can be applied without materially affecting the evaluation scores).
- as an alternative evaluation criterion regarding tender prices, the use of a sample budget for comparing tenders has emerged; however, this results in a lack of competitive pressure on items not included in the sample budget, thereby potentially violating the principle of responsible management of public funds.
- The lack of a requirement to justify the estimated value, coupled with the fact that the contracting authority is not obliged to specify the quantities of the procurement, leads to a situation where the contracting authority may lawfully launch a procurement procedure for a framework agreement during the preparatory phase without knowing the market prices of individual procurement items. This arrangement makes it impossible to examine disproportionately low prices and, in the case of overpricing, prevents the contracting authority from declaring the procedure unsuccessful in light of available budgetary resources.

The above concerns naturally also apply to multi-operator FA1 agreements; however, the possibility of reopening competition provides the contracting authority with an opportunity to achieve favorable and realistic market prices. In contrast, under a single-operator

FA1, the unit prices quoted in the successful tender typically become directly applicable, which carries a significant risk that the fundamental principles of the PPA – such as the principle of responsible use of public funds – will not be upheld. Based on the Authority's monitoring experience, it may also be justified to condition the use of single-operator FA1 agreements on adequate justification, taking into account the specific characteristics of the procurement subject (e.g. the schedulability and planability of direct orders) as well as the features of the relevant market (e.g. the number of potential capable tenderers and the intensity of competition).

Recommendations:

The Authority recommends that the Government examine, by 31 December 2025, the possibility of amending the regulatory framework concerning single-operator FA1 agreements in the following directions, within the boundaries allowed by the Directive:

- introduce stricter requirements for the determination of the estimated value, including an obligation to assess and document the market prices of individual procurement items;
- make the use of single-operator FA1 agreements by contracting authorities subject to a mandatory justification.

Furthermore, the Authority proposes that the guidance issued by the Council operating within the Public Procurement Authority, relating to various issues concerning framework agreements, be supplemented by 30 June 2026 with tools addressing the risks identified above, with particular regard to the following:

- recommended methods for planning procurement needs related to framework agreements, in order to avoid competition-restricting practices;
- recommended methods for determining the estimated value in the case of framework agreements;
- in the case of framework agreements involving a large number of items, the development of professional guidelines that effectively support contracting authorities in the lawful determination of tender price-related evaluation criteria, with particular emphasis on upholding the principle of responsible management of public funds.

3.3.2 Risks in Defining Procedural Conditions

This subsection presents the risks of restricting competition associated with the conditions defined by the contracting authority during the preparation phase. Recommendations related to these risks are outlined at the end of this subsection.

Suitability Criteria

A classic example of artificial restriction of competition, as defined in the Directive, is the restriction embedded in the suitability criteria. An unlawful suitability requirement exerts a restrictive effect on competition by granting certain economic operators an unfair advantage or causing others to suffer an unjustified disadvantage.

According to the Authority's experience, control bodies consistently examine two main aspects when assessing the legality of suitability criteria:

- whether the suitability criterion is related to the subject-matter of the contract;
- whether the minimum requirement set within the suitability criterion is proportionate to the actual conditions necessary for performance.

In terms of relevance to the subject-matter of the contract and proportionality of the minimum requirement, the percentage thresholds specified in Section 65(5) of the PPA serve as objective and easily verifiable criteria, and the control bodies are able to enforce these provisions with high efficiency. The guidance issued by the Council operating within the Public Procurement Authority regarding suitability criteria (16 November 2023), in line with the relevant decisions of the Public Procurement Arbitration Board and the courts, also draws attention to two further points of examination:

- 'When assessing the proportionality of the eligibility criteria, it is not sufficient for the individual elements to be not excessive on their own; the overall set of criteria must also not result in an unjustifiably restrictive effect on competition'⁴⁵.
- 'When establishing a suitability requirement, the contracting authority must be able to demonstrate that the imposition of the criterion is fully consistent with the fundamental principles of equal opportunities, non-discrimination, and fair competition. In this context, it is not sufficient, for instance, to demonstrate that a reference requirement set as a minimum suitability criterion does not exceed 75% of the procurement quantity. The contracting authority must examine – considering the specific characteristics of the procurement – whether the reference requirements undermine the application of the fundamental principles. It is not enough to set minimum requirements that merely allow multiple tenderers to submit tenders; rather, the requirements must be defined in a way that ensures all tenderers capable of performing the contract have an equal opportunity to submit a valid and competitive tender.'⁴⁶

According to the Authority, in line with the case law of the European Court of Justice⁴⁷, the proportionality of a suitability criterion must take into account the characteristics and specificities of the relevant market – primarily whether there is a sufficient number of economic operators meeting the suitability criterion to ensure an adequate level of competition. To this end, the contracting authority must assess the market; however, such market assessment is typically not required by the control bodies, and therefore they are unable to determine to what extent the suitability criterion in question restricts competition in the given market.

This shortcoming fundamentally shapes the practice of contracting authorities and reinforces an ineffective approach: since neither the legislature nor control bodies explicitly demand appropriate market knowledge, and because contracting authorities typically do not document the rationale or considerations behind their suitability criteria, most contracting authorities remain at the level of formal compliance. Consequently, the prevailing practice is that contracting authorities define suitability criteria based solely on their own procurement needs, the criterion's relevance to the subject-matter of the contract, and compliance with the required percentage thresholds, without any awareness of how many economic operators in the market actually meet the criterion or whether the criterion effectively ensures a competitive environment. This operational model reveals that the impact of a contracting authority on the level of competition in its own procurement procedure is often incidental or accidental, unless it undertakes a market assessment and bases its criteria not solely on its own procurement needs. Therefore, increasing the level of competition requires a market assessment based on the proactive engagement of the contracting authority – something that market consultation alone cannot replace because of the generally passive behaviour of economic operators.

This issue is of particular importance with a perspective on integrity. Most contracting authorities define the procedural conditions in the manner described above and consider the requirement of legality thereby fulfilled. For practical reasons – such as ensuring a successful procedure – contracting authorities also seek to confirm that there will be tenderers capable of submitting valid tenders. This may lead them to consult with selected economic operators during the preparation phase to ensure compliance with the requirements. From the contracting authority's perspective, this may seem like a rational, even responsible, approach that safeguards the success of the procurement. However, it clearly gives rise to risks of breaching fundamental principles or creating conflicts of interest. Therefore, consultations conducted with economic operators selected based on arbitrary considerations and without sufficient market knowledge may result in formally lawful practices that are, in effect, restrictive of competition.

⁴⁵ Points 67–68 and 71 of Decision No D.421/20/2022 of the Public Procurement Arbitration Board.

⁴⁶ AGuidance of the Council operating within the Public Procurement Authority on the rules relating to the specification of suitability criteria (16 November 2023), Point II, p. 24.

⁴⁷ See Judgment in Case C-195/21, Smetna palata na Republika Bulgaria.

The provisions of Sections 65(3) and 65(5) of the PPA provide an appropriate basis for assessing the restrictive nature of a suitability criterion. This regulation is indeed suitable for control bodies to identify the most blatant competition-restricting requirements based on the objective and easily assessable conditions set out therein (connection to the subject matter of the contract and the '75% rule'). The explicit legal provisions of the PPA, however, do not provide sufficient guidance for the comprehensive assessment of competition-restricting conditions. The general rules applicable uniformly to all public procurement procedures are also inadequate for addressing the specificities of the procurement subjects and those of the relevant markets. The legal gap identified above is intended to be filled by the fundamental principles referred to in Section 65(3) of the PPA, but their application and interpretation require a profound understanding of the case law of the Arbitration Board and the Court of Justice of the European Union.

Consequently, to assess whether suitability criteria are restrictive of competition, knowledge of the relevant market is indispensable. Therefore, it may be justified to consider establishing a legal obligation for market assessment, as well as mandating the documentation of the considerations and methods used by contracting authorities to define suitability criteria.

Additionally, it may be worth considering the incorporation of the Directive's definition of artificial restriction of competition into the explicit legal provisions of the PPA with respect to suitability criteria. In the Authority's view, the wording used in the Directive may be more appropriate than the current statutory language for fostering a body of case law related to the assessment of competition-restrictive practices, given that it emphasises the examination of the procurement procedure's entire set of conditions. Furthermore, the notion of 'unfair' advantage or disadvantage affecting economic operators carries additional meaning not reflected in the current provisions of the PPA, and may serve as guidance for legal practitioners in interpretation.

Award Criteria

The control practice takes a less stringent view of the restriction of competition in relation to award criteria, considering that such conditions, in most cases, do not make it impossible for economic operators who may be disadvantaged by these criteria to participate in the procurement procedure. Nevertheless, it appears evident that where an award criterion confers an unfair advantage on certain economic operators, this may have a fundamental impact on the willingness of competitors to submit tenders, thereby constituting a breach of fundamental principles.

As part of its risk analysis activities, the Authority has identified the following main risks associated with the application of award criteria when reviewing published notices:

- where the prescribed award criterion allows for arbitrary decision-making by the contracting authority: such cases typically involve a requirement to submit a technical offer, the evaluation of which cannot easily be carried out on the basis of objective criteria. This often imposes an excessive and unjustified administrative burden on tenderers, which, in conjunction with the uncertainty of the evaluation method, may result in potential economic operators refraining from participating in the procurement procedure;
- where an award criterion related to a technical parameter introduces an artificial restriction of competition, allowing only a narrow range of products available on the market (or, in some cases, a single product) to be awarded points under the evaluation: this scenario essentially coincides with the restrictive definition of the technical specification, but appears as a condition that does not result in invalidity;
- where an award criterion linked to a performance/contractual condition (typically a performance deadline) provides an unfair advantage to certain tenderers (for example, if an economic operator pre-purchases the goods subject to the procurement at its own considerable risk, thereby enabling the submission of an unrealistic performance deadline);

- where the weighting assigned to an award criterion is disproportionate to its actual significance.⁴⁸

These issues highlight the problem already discussed in the context of selection criteria: contracting authorities are not required to record the rationale for the definition of award criteria and their respective weightings, nor to assess their actual restrictive impact on competition within the specific procedure. An additional key concern is that, although award criteria can to some extent be defined objectively (since the link to the subject-matter of the contract clearly delineates the contracting authority's scope for decision-making), in practice, according to the Authority's control experience, contracting authorities completely fail to apply objective considerations and methods when determining weightings. Furthermore, there is a complete lack of a theoretical framework for the determination of such weightings, and the relevant official guidance⁴⁹ does not provide any direction in this regard.

In summary, with regard to the monitoring of award criteria, it may be concluded that control bodies primarily assess compliance that is more easily verifiable and can be judged through objective methods – focusing mainly on the connection to the subject-matter of the contract and the presence of elements assessable through quantitative or professional aspects.

As for the assessment of compliance with fundamental principles, the Authority's position is similar to its findings concerning suitability criteria: such assessment cannot be made on a general basis, but only through a detailed understanding of the subject-matter of the specific contract and the characteristics of the relevant market.

Conditions for Contract Conclusion and Contractual Terms

Similar to evaluation criteria, it can be established in the case of conditions for contract conclusion and contractual terms that control practices tend to assess the competition-restricting effects less strictly, as these do not directly prevent economic operators from participating in the procurement procedure. According to the position of the Authority, however, such conditions may also have a fundamental impact on the willingness of interested economic operators to submit tenders.

Conditions for contract conclusion are considered by control bodies to present a lower risk of restricting competition, as they are only required to be fulfilled by the successful tenderer. Nevertheless:

- it may also be necessary to consider the time required to meet a given condition for contract conclusion, because if the period between the communication of the decision concluding the procedure and the date of contract signature is insufficient to fulfil such a condition, its potential competition-restricting effect in practice is similar to that of a selection criterion. An example of this is ISO certificates, as the time required to obtain them significantly exceeds the length of the standstill period.
- Conditions for contract conclusion must be fulfilled by the tenderer (or by one of the members of a joint tender), meaning that, unlike selection criteria, reliance on the capacities of other entities is not permitted for their fulfilment, which may also narrow competition.

The most frequently used conditions for contract conclusion and contractual terms that entail a risk of restricting competition are as follows:

⁴⁸ See Decision No D.567/17/2023.

⁴⁹ Guidance of the Council operating within the Public Procurement Authority on the application of the system of award criteria used for the selection of the successful tenderer (29 May 2025).

- **certifications:** the certifications required by the contracting authority (most commonly ISO certifications) typically relate to quality management, sustainability, and occupational health and safety. These are widely used and considered part of a qualification system related to the subject-matter of the contract. However, during its risk analysis activities, the Authority has identified several certifications whose connection to the subject-matter of the contract was deemed questionable⁵⁰. A further legality concern may arise where certain certifications (e.g. ISO 27001, ISO 28001), while relevant to the procurement, are so narrowly used that requiring them as a condition of contract conclusion does not ensure adequate competition. The proportionality of such requirements may therefore be challenged.
- **technical equipment requirements:** the specification of performance-related equipment based on overly detailed technical content may also pose a risk of restricting competition, since the technical specifications typically define only the task to be performed, and in most cases do not prescribe the type of machinery or equipment required for performance.
- a distinct category among contractual conditions is the **setting of an unreasonably short performance deadline**, which most commonly occurs in the context of specific supply procurements (e.g. procurement of vehicles or specialised IT equipment). This issue also arises in relation to award criteria, but an unrealistic and excessively short deadline for performance may likewise have a competition-restricting effect.

As with selection criteria, the Authority takes the view that the obligation to enforce fundamental principles is not fully realised in either contracting authority practice or control practices in the context of award criteria.

Condition Framework Related to the Subject-Matter of the Contract (Technical Description)

Unlawful restrictions of competition appearing in the technical specifications may result in the exclusion of economic operators from participating in a public procurement procedure who, in the absence of such requirements, would otherwise be capable of submitting a tender that meets the contracting authority's needs. Such artificially restrictive effects on competition may stem from two main reasons:

- inadequate detailing of the subject-matter of the contract, which prevents responsible tendering;
- specifying (or overspecifying) the subject-matter of the contract in such a way that restricts tenders to one or a few products or solutions, thereby granting unfair advantage to certain economic operators.

Restrictions of competition at the level of technical specifications are among the most difficult infringements to detect for control bodies, as these institutions typically lack the necessary expertise related to the subject-matter of the contract. It cannot be expected from control bodies to possess in-depth knowledge of every subject they oversee sufficient to recognise anti-competitive effects. In many cases, even the individuals involved in preparing the procedure on behalf of the contracting authority may be unable to identify such effects due to a lack of adequate expertise. In this context, it is important to note that the lack of appropriate expertise is a general issue in the preparation of public procurement procedures.⁵¹ Therefore, technical specifications that result in artificially restricting competition do not necessarily indicate an intent of corruption. Nonetheless, the Authority is of the view that the contracting authority's intent is irrelevant when assessing the competition-restricting effect and may only be of significance in the context of further (e.g. criminal law) implications.

⁵⁰ See case No D.58/33/2025

⁵¹ Results of the Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurement – 2024 (1 March 2025), Indicator 83.

In light of the above, a differentiated approach may be justified by contracting authorities and control bodies regarding competition restrictions resulting from technical specifications, in view of the conditions discussed earlier. In this respect, **economic operators who suffer harm as a result of the competition-restricting requirements play a crucial role**, as they are best placed to recognise infringements. Preliminary market consultations – provided that economic operators actively participate – can serve as an effective tool to address such issues, offering an opportunity to raise concerns about anti-competitive requirements prior to the initiation of the procurement procedure. However, the performance measurement framework's indicators related to market consultations show that, due to the inactivity of economic operators, contracting authorities often do not receive sufficient feedback from the market to enable them to determine, based solely on this basis, whether their proposed requirements may result in an artificial restriction of competition. Therefore, additional tools are needed to address the competition-restricting practices related to technical specifications.

Perhaps the most clearly identifiable form of technical restriction of competition arises when a particular requirement narrows competition to a single tenderer or product. There are legal instruments available to address this situation (e.g. Section 75(2)(e) of the PPA, mandatory preliminary market consultation), and it also represents a risk that is more easily recognisable by control bodies. However, according to the case law of the Public Procurement Arbitration Board and the Court of Justice of the European Union⁵², unlawful restriction of competition arises not only when the requirements narrow competition to a single product or solution, but also when it makes tendering impossible for economic operators operating in a significant segment of the market. As stated in Recital (74) of the Directive, 'it should be possible to submit tenders that reflect the diversity of technical solutions, standards and specifications available on the market.' Accordingly, appropriate knowledge of the market and of the available solutions is particularly important when drafting technical specifications.

It should also be emphasised that the same recital of the Directive identifies technical specifications based on functional and performance-based requirements as one of the key tools for addressing restrictions of competition. Section 46(2) of Government Decree No 321/2015 of 30 October 2015 also names these two methods of defining technical requirements. However, none of the relevant legal instruments provide a precise definition of these concepts, and the aforementioned official guidance does not offer practical recommendations on the methods available to contracting authorities for preparing technical specifications.

In the course of its risk analysis, the Authority has observed that contracting authorities almost exclusively prepare their technical specifications by defining detailed technical parameters covering all aspects of the procurement subject, which does not allow sufficient flexibility for tenderers to offer alternative but equivalent technical solutions that, while differing from the exact technical parameters set out by the contracting authority, meet the intended purpose of the procurement subject or the contracting authority's procurement needs. Therefore, the Authority recommends preparing more detailed guidance for contracting authorities on drafting technical specifications, including practical advice on how to formulate procurement needs in a way that enables greater competition while still meeting the contracting authority's requirements.

The Authority also considers that the fundamental principles set out in the legal framework are not fully enforced in either contracting authority or control practices in the context of technical specifications. Furthermore, the legal definitions related to the preparation of technical specifications (in particular functional and performance-based requirements) lack sufficient clarity, and in practice contracting authorities tend to apply a one-sided approach when preparing procurement procedures.

⁵² See decision No D.451/34/2020 and the judgment delivered in case C 424/23.

Artificial Aggregation of The Procurement Subjects and Ensuring Partial Tendering

According to the guideline issued by the Council operating within the Public Procurement Authority on the calculation of estimated value, the prohibition of artificially dividing procurement procedures into lots, and the **artificial aggregation of procurement needs**, artificial aggregation occurs '*when the contracting authority seeks to implement procurement needs within a single contract that are not closely related to each other. This is problematic because only a limited number of economic operators – typically those with extensive capacities – may be capable of fulfilling such contracts. As a result, implementing procurement needs in this manner restricts competition and limits the participation of small and medium-sized enterprises (SMEs) in public procurement.*'

The prohibition of artificial aggregation of procurement subjects is closely related to the issue of ensuring the possibility of partial tendering, which has received increased attention in the National Anti-Corruption Strategy and in the Authority's 2023 Annual Analytical Integrity Report. As a result, in its public announcement dated 22 February 2024, the Public Procurement Authority outlined the evaluation criteria for ensuring the possibility of partial tendering and enhanced its related control activities. Furthermore, the NDC published its methodological guidance on 16 December 2024, which provides adequately detailed and practice-oriented guidance for contracting authorities to ensure legal compliance.

However, based on the Authority's risk analysis activities, the expectations set out in the above announcements have not been fully implemented in the practices of contracting authorities. As a result, numerous public procurement procedures that do not comply with the stated requirements continue to be approved by control bodies. The most frequent risks detected by the Authority are as follows:

- Both the Directive⁵³ and the NDC notice referenced above emphasise that in relation to partial tendering, it is necessary to examine the need for partial tendering not only from a qualitative perspective (i.e. based on the identification of distinct tasks within the subject-matter of the contract) but also from a quantitative perspective. However, this latter evaluation aspect is not being applied in the Public Procurement Authority's practice of monitoring contract notices. To promote competition, it would be of primary importance to assess the possibility of allowing partial tendering while taking into account the characteristics of the relevant market, which would significantly enhance the participation of SMEs in public procurement procedures. Making such an assessment requires adequate market knowledge;
- Quantitative-based partial tendering is of particular relevance in the context of centralised public procurement, where the evaluation criteria should also include the prevention of excessive market concentration, in line with Recital (59) of the Directive⁵⁴;
- the competition-restricting effects of the artificial aggregation of procurement subjects may be further intensified, especially if activities that are not closely related appear in the eligibility criteria, typically in the form of reference requirements.

In the Authority's opinion, the fundamental principles of the PPA and the Directive are currently not fully enforced regarding partial tendering, and therefore further measures may be justified.

⁵³ Recital (78) of the Directive.

⁵⁴ Recital (59) of Directive 2014/24/EU: 'There is a strong trend emerging across Union public procurement markets towards the aggregation of demand by public purchasers, with a view to obtaining economies of scale, including lower prices and transaction costs, and to improving and professionalising procurement management. (...) However, the aggregation and centralisation of purchases should be carefully monitored in order to avoid excessive concentration of purchasing power and collusion, and to preserve transparency and competition, as well as market access opportunities for SMEs.'

Recommendations Concerning All Categories of Vertical Restriction of Competition

In relation to the mitigation of the risks of vertical restriction of competition detailed above, the Authority makes the following recommendations:

- it recommends the establishment of a joint working group by 31 December 2025, involving at least the Public Procurement Authority, the National Development Centre, and the Integrity Authority. The working group's task would be to identify contracting authority practices that result in vertical restriction of competition, as well as the measures and tools for their prevention, and to formulate sector-specific recommendations. These sector-specific analyses and recommendations could provide substantial support to contracting authorities in the lawful preparation of procurement procedures.
- the Government should carry out a review and prepare a report on the following:
 - whether the practices of contracting authorities reflect the implementation of the market research tasks set out in points 2.2 and 7.a) of the guidance on the preparation of procurement procedures⁵⁵ issued by the Council operating within the Public Procurement Authority and the NDC's market knowledge guide⁵⁶; and where such tasks have been carried out, whether the contracting authorities have fulfilled their related documentation obligations;
 - whether, in practice, control bodies require contracting authorities to carry out market research tasks and to document the criteria related to suitability, evaluation, contract award, and performance conditions within public procurement procedures;
 - in light of the results of the above analyses, the Government should examine the possibilities and necessity of making the situation assessment and market survey tasks – currently designated as optional preparatory tasks under Section 3(22) of the PPA – mandatory, while also determining the necessary level of documentation;
 - the Government should also examine whether it is justified to incorporate elements of the definition of artificial restriction of competition found in Article 18(1) of Directive 2014/24/EU into Sections 50(4), 58(3), 65(3), and 76(6) of the PPA, considering that the currently applicable text of the PPA does not include these elements;
- to support contracting authorities, the Authority recommends that the currently applicable legal interpretation aids (guidelines) be updated as follows:
 - the guidance of the Council operating within the Public Procurement Authority on the application of the system of award criteria used for the selection of the successful tenderer (29 May 2025) should be supplemented with an objective methodology for determining weighting factors;
 - the Government should expand its guideline on the preparation of procurement procedures by including procurement techniques for drafting technical specifications. This guideline could serve as a practical tool for contracting authorities, offering practically applicable guidance on how to specify their procurement needs in a way that ensures a higher level of competition while still fulfilling contracting authority requirements. The development of this guideline could be based on international professional procurement standards concerning technical specifications⁵⁷;
 - furthermore, the Authority recommends the development of a practical aid presenting specific case examples concerning artificial aggregation, modelled after the case collection prepared in connection with the authority's guidance on the prohibition of unjustified subdivision.

⁵⁵ The Guide of the Council operating within the Public Procurement Authority on the preparation of public procurement procedures (29 May 2025).

⁵⁶ Guide on the tools for acquiring market knowledge and maintaining contact with the market in connection with public procurement (29 November 2024).

⁵⁷ <https://www.cips.org/intelligence-hub/procurement/procurement-specifications>

- with regard to findings concerning the artificial aggregation of procurement subjects, the Authority recommends that the Public Procurement Authority review its statement and related practice on contract notice monitoring, issued on 22 February 2024. This review should be extended to incorporate the provisions of the NDC's statement of 16 December 2024, with particular attention to the criteria for quantity-based partial tendering and market concentration analysis. The Authority considers the examination of market concentration primarily necessary in the context of central purchasing bodies' procurement procedures.

3.4 Horizontal Restriction of Competition

Within the scope of restrictions of competition arising from agreements among enterprises, which are primarily governed by competition law, the Authority has identified the following main risks.

3.4.1 General Competition Law Infringements

Classical infringements of competition law involve restrictive agreements concluded among enterprises in breach of Section 11 of the Hungarian Competition Act. According to a HCA issue, dated 17 May 2017⁵⁸, such conduct typically relates to cartel practices, including:

- bid rotation;
- suppression of tenders;
- collusive joint tendering and subcontracting instead of submitting individual tenders;
- submitting fictitious tenders.

Section 25 of the PPA not only governs conflicts of interest, but also establishes the obligation to prevent, detect and address situations which may compromise the fairness of competition. Infringements uncovered under Section 25 of the PPA may also trigger the notification obligation under Section 36(2) of the PPA. According to Section 36(2) of the PPA, where the contracting authority observes or has reasonable grounds to suspect a manifest infringement of Section 1 of the PPA or Article 101 of the TFEU during a public procurement procedure, it must report it to the HCA in accordance with the relevant rules on complaints and notifications under the Competition Act.

In review procedures conducted before the Public Procurement Arbitration Board (which are typically initiated upon request), the Board usually only establishes a failure to comply with the notification obligation under Section 36(2) of the PPA in such cases.

For example, Indicator 8.1 of the performance measurement framework summarising the 2024 results on the efficiency and cost-effectiveness of public procurement contains the finding that a significant proportion of infringements identified in national procedures, as initiated by the President of the Public Procurement Authority, were related to contract performance or tender evaluation. In the latter case, the failure to notify the HCA constituted a widespread breach by contracting authorities.

Although failures to notify the HCA are frequently identified as procurement-related infringements, the 2024 data from the Public Procurement Performance Framework indicates that only three competition supervision proceedings were launched on the basis of 41 market reports (35 complaints and 6 notifications) concerning anti-competitive behaviour observed in procurement procedures. The HCA initiated these proceedings based on four complaints and one notification.

⁵⁸ Kartellgyanús közbeszerzés? [Suspected cartel practices in public procurement?]; available at: https://gvh.hu/pfile/file?path=/gvh/versenykultura_fejlesztes/kiadvanyok/tajekoztato_fuzetek/KARTELL_ajanlatkeroknek_2017_05_24&inline=true

Where the HCA does not initiate proceedings in response to a notification, no legal consequences arise for the tenderer, and the contracting authority's responsibility is limited to the failure to report. No infringement under competition law is established, and no legal sanctions are imposed.

It is also important to note that not all infringements under Section 25 of the PPA constitute a breach of Section 11 of the Competition Act, and therefore do not fall within the competence of the HCA. However, distinguishing between the two types of infringements often presents challenges for participants in public procurement procedures.

Addressing cartel-related infringements requires specific competition law expertise, which, based on the Authority's experience, is generally lacking among those involved in procurement procedures on behalf of contracting authorities. This lack of knowledge creates two fundamental issues in practice:

- a) Detection of Cartels:** although the aforementioned enforcement guidance materials identify numerous circumstances that may indicate competition law infringements, the Authority's risk analysis experience and the negligible application of the ground for exclusion under Section 62(1)(o) of the PPA suggest that the examination of tenderer collusion and the application of competition law scrutiny to tenders are generally not integral components of evaluation procedures carried out by contracting authorities;
- b) Handling Identified Cartels:** in the Authority's view, the enforcement guidance materials do not provide clear instructions regarding the evaluative actions contracting authorities should undertake in cases of suspected cartels. In this respect, the following practical issues arise for contracting authorities, to which neither the legislation nor the guidelines provide clear answers:
 - ba)** Which indicators of cartel behaviour give rise to mere suspicion, and which qualify as manifest infringements of cartel rules? The available professional guidelines are limited to general statements, making it difficult for contracting authorities lacking expertise in competition law to appropriately categorise specific behaviours;
 - bb)** In relation to the above categorisation, it is also unclear what level of evidence is required to report a case to the HCA, or to apply the ground for exclusion under Section 62(1)(o) of the PPA or the ineffectiveness ground under Section 75(2)(c) of the PPA. Section 62(1) of the PPA sets out two mandatory exclusion grounds related to competition law. Point (o) applies to ongoing public procurement procedures, where the contracting authority is able to prove that, in the given procedure, the economic operator entered into an agreement with another operator to distort competition. It is uncertain whether, in the event of having reported the case to the HCA, the contracting authority may apply the ground for exclusion, and what type and level of evidentiary support is required to establish the infringement. The same questions apply to the ground for declaring a procedure unsuccessful under Section 75(2)(c) of the PPA.

To adequately address the competition law-related issues outlined above, the Integrity Authority recommends the following:

- A working group should be established with the participation of the Hungarian Competition Authority, the Public Procurement Authority, the National Development Centre, and audit and control bodies (including the DGAEF and the Integrity Authority). This group should issue methodological guidance to support participants in procurement procedures. Such a document, similarly to the guidance on corruption risks and cartel agreements affecting procurement competition published by the HCA and the Public Procurement Authority in 2023, could provide practical support for public procurement participants;

- The Hungarian Competition Authority should publish methodological guidance aimed at increasing the quality and effectiveness of complaints and notifications regarding suspected legal infringements detected during public procurement procedures, ensuring the adequate enforcement of consequences of infringements. This guidance should: clarify the distinction between complaints and notifications; highlight common errors and pitfalls in such submissions; explain the level of substantiation or evidentiary support required; outline the types of evidence considered sufficient to initiate proceedings; indicate which documents and information should be submitted; and specify the circumstances under which a notification is treated as a formal complaint.

- The Hungarian Competition Authority should, similarly to the complaint form published on its website for contracting authorities, make available a separate form for instances where a contracting authority wishes to submit its report as a notification rather than as a complaint.

Considering that control experiences show that fictitious tendering is not only typical of procedures conducted under Section 115 of the PPA but also poses a problem in public procurement procedures where the ground for declaring the procedure unsuccessful under Section 75(2)(e) of the PPA is applied, the Authority considers it important to enforce appropriate consequences in order to curb infringements.

Finally, the Authority recommends that Section 62(1)(o) of the PPA be supplemented with reference to infringements under Section 25 of the PPA that result in the impairment of the fairness of competition. In the Authority's view, the threat of exclusion could serve as an effective deterrent in such cases.

3.4.2 Pro-forma Tenders to Maintain the Appearance of Competition

The Authority defines pro-forma tenders as tenders submitted by tenderers who participate in a public procurement procedure without genuine intent to submit a real offer, based on an unlawful agreement concluded with the contracting authority or another tenderer. The absence of a genuine intent to submit a successful tender does not, in itself, constitute an infringement, provided that the tenderer participates in the public procurement procedure of their own accord (e.g. for the purpose of gathering market information) without a genuine intention to win the contract.

This conduct must be distinguished from classical competition law infringements (e.g. cartels), since in this instance the agreement between the economic operators is not aimed directly at restricting competition, but rather at maintaining the appearance of competition, typically in order to avoid the application of the ground for declaring the procedure unsuccessful under Section 75(2)(e) of the PPA. Nonetheless, pro-forma tenders should still be treated within the scope of competition restriction because they aim to conceal the absence of competition, thereby signalling a heightened risk of competition restriction.

Based on the Authority's investigative and control experience, suspicion frequently arises that pro-forma tenders are submitted to maintain the appearance of competition. A general problem is that contracting authorities typically do not identify or uncover the circumstances of fictitious tendering, and in very few cases take any measures to address them. As a result, the overwhelming majority of infringements related to fictitious tenders are only revealed during controls, generally after the conclusion of the procurement procedure, at which point the only available legal consequences are typically limited to the imposition of fines and, where applicable, financial corrections affecting grant funding. The underlying causes of this phenomenon include:

- the contracting authority may already be aware of the pro-forma tender beforehand, or may itself have concluded an anti-competitive agreement with the economic operator in question. In such cases, it is not in the authority's interest to uncover and address the infringement, as doing so could compromise the success of the procedure;

- the contracting authority may become aware of the infringement during the evaluation phase but, assuming the control bodies will not detect it, chooses not to act in the interest of maintaining the successful outcome of the procedure;
- the individuals acting on behalf of the contracting authority often lack the necessary competition law expertise to identify fictitious tenders and to conduct the appropriate evaluation procedures.

An additional issue is the absence of any legal obligation to document the evaluation of tenders from a competition law perspective. As a result, contracting authorities typically do not develop regulated workflows for identifying fictitious tenders. Consequently, such infringements are highly likely to remain undetected. Furthermore, the contracting authorities are also unable to demonstrate that the required investigations were carried out. This poses a particular risk for contracting authorities in light of the Public Procurement Arbitration Board's general practice, which tends to establish the contracting authority's failure to comply with its obligation to notify the HCA as the infringement – while it typically does not impose any adverse legal consequences on the parties involved in the anti-competitive agreement.

Recommendation:

In addition to the recommendations made in relation to general competition law infringements, the Authority proposes that the Government examine the possibility of supplementing the HCA's professional guidance on corruption risks and cartel arrangements affecting the integrity of public procurement competition, by explicitly addressing fictitious tenders. The supplementary guidance should include a framework of indicators that could assist in identifying when an economic operator participates in a procurement procedure without a genuine intent to submit a competitive tender. Where such indicators are present, the contracting authority would be required to notify the HCA and/or apply the exclusion ground set out in Section 62(1)(o) of the PPA.

3.5 The Principle of Responsible Management of Public Funds and Its Relationship with Restriction of Competition

The judicial practice concerning the application of the fundamental principle laid down in Section 2(4) of the PPA has remained undeveloped even after nearly ten years since the Act came into force. Only the specific statutory provisions⁵⁹ incorporated into the Act, which set out requirements to be enforced during contract performance, have been specified to such an extent that they have become part of case law. However, the role of the fundamental principle in the subsequent phases of the procurement procedure, and especially during the preparation of the procurement procedure, remains unclear. The Authority has identified only a single decision⁶⁰ of the Arbitration Board that may assist legal interpretation.

If the contracting authority grants unfair advantages to certain economic operators or excludes others from competition through unlawful conditions, this restriction of competition may contribute to the breach of the principle of responsible management of public funds. This is because, in artificially limited competition, it cannot necessarily be ensured that – in accordance with the findings of the above-mentioned decision – the

⁵⁹ Section 142 of the PPA.

⁶⁰ See point 119 of Decision No D.297/26/2023: 'the contracting authority must act with regard to the principle of efficient and responsible management when using public funds. This imposes an obligation on contracting authorities to make decisions that represent the most economically advantageous choice. Within this framework, the contracting authority is particularly required to ensure that its needs are met in the most effective, efficient manner and, preferably, at the arm's length price, under a system of conditions that supports the acceptance of quality tenders, so that during contract performance the authority enforces any claims arising from breaches of these obligations.'

contracting authority's needs are met in the most appropriate and effective manner, and at market price.

Directive 2014/24/EU and the regulatory framework of the PPA primarily impose expectations and obligations to ensure clean and as intense competition as possible, as this is the main instrument by which contracting authorities achieve the most economically advantageous conditions in procurement procedures. Artificial restriction of competition weakens the contracting authority's market position and, amid reduced or disappearing competition, places tenderers in a dominant position, which significantly increases the risk that the contracting authority can only conclude contracts on less favourable terms, including overpricing. For this reason, the principle of responsible management of public funds may also be breached due to inadequate preparation of the public procurement procedure. Within this context, the following aspects of the examined principle must be addressed.

The Estimated Value and the Market Price

The clearest interpretative dimension of the principle of responsible management of public funds – in line with the relevant legal practice – is that the realisation of responsible management is best served when the contracting authority ensures that the satisfaction of its procurement needs takes place at the arm's length price. The term 'arm's length' may overlap with the phrase 'generally requested or offered in the relevant market' found in the definition of estimated value in Section 16 of the PPA, thus the manner of determining the estimated value may play a significant role in terms of responsible management, making it necessary to examine the adequacy of methods used for determining the estimated value.

Based on the experience of the Authority's risk assessment activities, it is considered a frequent issue in public procurement procedures that the estimated value is improperly determined, which is corroborated by statistics⁶¹ on the discrepancies between the estimated value and the winning tender prices. The following practical consequences can be highlighted:

- The contracting authority obviously establishes the available budget with regard to the estimated value, and in most public procurement procedures these two values coincide. If neither the estimated value nor, consequently, the budget reflect market prices, this poses a difficult problem for the contracting authority when handling any deviations in the winning price in either direction. In cases where the estimated value and the budget are lower than the market price, collateral supplementation becomes necessary, which can lead to significant difficulties in the case of grant-supported projects. Conversely, if the contracting authority overestimates the estimated value, it results in the contracting authority not fully spending the budget allocated for the procurement subject, which – if the market price had been accurately determined – might have allowed for a higher quality or quantity in the procurement subject. In grant-supported projects, such resulting savings also pose complex challenges with a perspective on project management.
- Improper determination of the estimated value may also lead the contracting authority to deem as disproportionately low certain tender prices that in fact reflect the usual market price. This situation can be managed under Section 72 of the PPA, provided that the tenderers invited to justify their prices do so appropriately; however, the assessment of disproportionately low prices always carries an increased risk of invalidating the tender submitted or triggering legal remedies.

The Authority's view is that the methods listed in Section 28(2) of the PPA for determining the estimated value, along with the related contracting authority practices, do not adequately ensure the identification of market prices.

⁶¹ Based on data reported to the DIAI, for public procurement procedures concluded in 2024 with a contract award notice, the average deviation between the estimated value and the winning tender price was 23.9%.

The most common methods for determining the estimated value in the case of goods and services procurement:

- indicative tenders relating to the procurement subject: in this respect, there is a significant risk that indicative offers do not reflect market prices, which can have several reasons:
 - the selection of companies invited to submit indicative tenders does not represent the full scope of the market; indicative offers provided by economic operators selected based on typically non-transparent criteria and without a comprehensive market survey are unsuitable for identifying market prices.
 - economic operators, for economically reasonable considerations, do not provide the price they plan to submit later in the actual procurement procedure when submitting indicative tenders, as doing so could harm their competitive position during the actual tendering phase if the contracting authority were to disclose the estimated value. Consequently, there is a heightened risk that indicative prices significantly exceed the tender prices submitted in the procurement procedure under genuine competition. This effect may be amplified in certain market segments (e.g. media purchasing, automotive parts) by the common practice of economic operators applying list prices, from which the actual tender price is determined individually by granting a discount. During competition, tenderers may provide discounts exceeding 50% on these list prices for some procurement subjects, which also complicates the realistic determination of the estimated value.
 - the practice of pro-forma tenders also appears in the context of indicative tendering, where tenders are submitted in coordination with other economic operators or, in some cases, with the contracting authority, aiming to set the estimated value at a pre-determined figure (e.g. aligned with the available budget in grant-supported projects).
- analysis of the contracting authority's previous contracts on similar subjects: this method is also not always suitable for determining the market price, as there is no guarantee that the contracting authority's previous contract was concluded under adequate competitive conditions. The PPA does not even require that only prices obtained through (open) public procurement procedures be taken into account to support the estimated value; therefore, a contract concluded as a result of a negotiated procedure without prior publication or a below-threshold procurement procedure may also be lawfully used.

In the case of construction works, the statutory obligation is that the estimated value is based on a cost estimate prepared by the designer, which likewise does not provide a sufficient guarantee that the price levels therein correspond to market prices.

Undoubtedly, these experiences also contributed to the development of the detailed regulations set out in Government Decree No 98/2025 of 12 May 2025 on cost control of state investments, which the Authority considers progressive in terms of its objectives. However, due to the lack of practical application experience, at the time of preparing this Report no well-founded conclusions could be drawn as to whether this instrument is suitable for enforcing the principle of responsible and efficient management of public funds.

Identifying market prices for public works imposes a significantly greater administrative burden compared to most goods and services purchases, raising the question whether the introduction of cost control should be extended to other procurement subjects as well. However, the Authority's position is that the scope of subject-matters of procurement other than public works is too heterogeneous for such control to be practically feasible. Nevertheless, it may be warranted to supplement the methods used to support the estimated value, considering the above-mentioned deficiencies related to indicative tenders and previous contract analysis. The additional methods listed in Section 28(2) of the PPA (market research conducted by specialised organisations on specific procurement subjects, involvement of expert witnesses) may be appropriate solutions but are very rarely applied by contracting authorities (e.g. in the field of energy procurement) and require the involvement of resource-intensive external experts.

As an intermediate solution, contracting authorities could be required to undertake a more thorough examination of market prices by carrying out market analysis tasks as defined in Section 3(22) of the PPA, possibly utilising methods described in the NDC's market knowledge guide. This would allow more efficient identification of realistic market prices that reflect the full extent of the relevant market (e.g. examining winning prices of similar public procurement procedures in the EPPS, collecting publicly available price lists, etc.). State bodies supervising public procurement could also effectively support this activity by preparing statistics on procurement prices or by establishing regularly updated databases based on the data available in the EPPS.

Enforcing the Principle of Responsible Management of Public Funds in Relation to Procurement Subjects

The principle of responsible management of public funds also implies that contracting authorities, during the preparation of their public procurement procedures (beyond unilaterally formulating their organisational needs and complying with the further fundamental principles and detailed provisions of the PPA), are required to assess whether the conditions they set – both individually and collectively – ensure the implementation of the most economically advantageous procurement scheme.⁶² This may, in certain cases, require the contracting authority to review its procurement needs, as demonstrated by the latest legal practice of the European Court of Justice.⁶³

Determining which decision is the most advantageous for the contracting authority is largely a matter of economic and financial assessment, requiring expertise that contracting authorities typically do not involve in the preparation of procurement procedures. Economic expediency is treated by both control and review bodies as falling within the contracting authority's decision-making competence, and they only examine the legality of the public procurement procedure after the subject of the procurement has been specified. At the same time, the process of defining the technical and contractual conditions related to the procurement subject is also part of the preparation, and the final conditions may not always fully align in every detail with the contracting authority's procurement needs; they may be superseded by the available market supply or even by a lack of available funding. The definition of these parameters is therefore an iterative process, fundamentally influenced by the results of situation assessments and market surveys, and can be characterised as a balancing act between internal procurement needs, supply security, competition, and cost-effectiveness.⁶⁴ While market assessment focuses on analysing the external business and market environment, the tasks outlined above involve accurately defining the technical and contractual framework of the procurement subject, taking into account the organisation's internal circumstances and possibilities. The situation assessment, as referred to in Section 3(22) of the PPA, may be suitable as a collective term for these tasks.

Nonetheless, under the currently applicable legal framework, contracting authorities are not legally required to carry out these preparatory tasks, and according to the Authority's risk analysis findings, control bodies do not currently require the related documentation either. In the Authority's view, to ensure compliance with the principle of responsible management of public funds, it is essential not only to carry out these tasks but also to document them properly and transparently.

⁶² See Decision No D.297/26/2023.

⁶³ See the judgment of the Court of Justice of the European Union in Case C-424/23.

⁶⁴ According to the guidance on the preparation of public procurement procedures (20 February 2023) issued by the Council operating within the Public Procurement Authority, the following activities are defined as the responsibilities of the expert involved in the preparation of the procedure and providing subject-matter expertise related to the subject-matter of the procurement: 'assessment of the contracting authority's procurement needs, offering procurement alternatives, (...) determination of the deadline/duration for performance, coordination of parallel needs, scheduling of procurement procedures, etc., and in particular, determination of the realistic market price and consideration of price-to-value.' These tasks are closely related to market survey.

Conclusion

Based on an analysis of how the principle of responsible management of public funds is applied in practice, it can generally be concluded that the expectation to implement the 'most economically advantageous' solutions represents a very broad and difficult-to-specify criterion. This makes it challenging for regulatory and control bodies to assess compliance, as there is currently no objective set of criteria available for such an assessment. However, even based on the limited legal sources currently available, it can be concluded that contracting authorities are under an obligation to demonstrate – e.g. during an audit – that, when defining the procurement conditions, they took into account the enforcement of the principle of responsible management of public funds. Therefore, it may be advisable to extend the documentation requirements to include the following preparatory actions:

- justifying the necessity of the procurement need;
- conducting a detailed assessment of the contracting authority's needs with the involvement of the relevant internal organisational units and individuals;
- examining procurement options:
 - examination of in-house performance versus outsourcing;
 - examination of legal scheme (purchase or lease);
 - examination of substitute products/services;
- justification of delivery deadlines/duration and procurement scheduling;
- evaluation of price-to-value ratio, and conducting cost-benefit analysis as necessary.

In conclusion, developing a framework for the practical application of this principle may serve to promote an ownership-based approach and may also provide appropriate tools for managing the support policy risks related to market price assessments, as outlined in Section 4.2.1 of the Report.

In the context of enforcing the principle of responsible management of public funds, the Authority puts forward the following specific recommendations:

- The Authority recommends that the Government examine, by 31 December 2025, the need to revise the methods, as defined in Section 28(2) of the PPA, for determining estimated value, in order to ensure that the estimated values in procurement procedures more effectively reflect market prices.
- The Authority further recommends that the Government assess the necessity of making it mandatory to document the above-listed preparatory materials related to situation assessment to ensure enforcement of the principle of responsible management of public funds. In this context, we recommend the development of a template document or practical checklist, modelled after Annex 1 of the NDC's market knowledge guide.

3.6 The Impact of Inadequate Expertise in The Preparation of Public Procurement Procedures at The Level of Competition

Among the risks of infringement presented in the Report and the related recommendations, needs and market analysis tasks were given particular emphasis, as in the absence of such tasks, the competition-restricting effects of the conditions set out in specific public procurement procedures can only be identified to a limited extent. However, according to the published results of the performance measurement framework for the year 2024, it is clear that the vast majority of contracting authorities do not possess the expertise required to carry out market survey tasks. Only 9.5% of contracting authorities considered that their staff were capable of conducting adequate market research in relation to complex needs.⁶⁵

⁶⁵ Results of the Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurement (28 February 2025), Indicator 83, Sub-indicator 6 (p. 184).

As previously mentioned, the Guidance on the Preparation of Public Procurement Procedures (20 February 2023) issued by the Council operating within the Public Procurement Authority assigns the execution of these tasks to an expert providing subject-matter expertise in relation to the subject-matter of the procurement. In the view of the Authority, however, the majority of experts providing technical expertise (for example, an IT specialist, dietitian, or security expert) lack the specialised experience necessary for carrying out such tasks. For instance, an IT specialist may be perfectly suited to specify the technical parameters of a server infrastructure to be procured and may, where appropriate, even be able to identify product options available on the market. However, the analysis and assessment of the characteristics of market participants, their willingness to submit tenders, the market structure, and the intensity of competition will almost certainly exceed their professional competence, and it would not be reasonable to expect them to perform such tasks.

The European Commission also devoted specific attention to this matter, culminating in the 2017 publication of its Recommendation on the Professionalisation of Public Procurement⁶⁶, wherein the Commission set out two objectives in this area:

- First, the more effective enforcement of the practical application of strategic public procurement. Recital (4) of the Recommendation set this out as follows: 'Therefore, the most efficient use of public funds needs to be ensured and public buyers need to be in a position to procure according to the highest standards of professionalism.'
- Second, the Commission sets out the establishment of a unified public procurement profession as a goal. To this end, it developed a competency framework for public procurement professionals, known as ProcurCompEU⁶⁷.

The ProcurCompEU framework identifies a total of 30 public procurement competencies, with tasks related to situation assessments and market surveys – explicitly listed among the competencies of public procurement professionals – playing a prominent role. Among these tasks, we wish to highlight the following:

'COMPETENCE 10: NEEDS ASSESSMENT

Required competencies:

The expert is able to

- oversee the entire process of needs assessment, identifying opportunities to improve value for money and strengthen the influence of policy objectives across the organisation;
- propose alternative options and solutions to better address needs and priority areas, and make recommendations.

COMPETENCE 11: MARKET ANALYSIS AND MARKET ENGAGEMENT

Required competencies

The expert is able to

- leverage market conditions and opportunities to align the procurement strategy with emerging market trends and adapt them to best support the organisation's policy objectives;
- promote an organisational culture focused on meeting and exceeding internal needs while maximising value for money;

understand and open up markets through market engagement, including by influencing supply chains (e.g. through consultations with SMEs).

⁶⁶ Commission Recommendation C(2017) 6654 final

<https://ec.europa.eu/docsroom/documents/25614>

⁶⁷ ProcurCompEU – European competency framework for public procurement professionals,

https://commission.europa.eu/document/download/8932d030-cb9b-478d-a647-1ae62e035645_hu?filename=procurcompeu-competency_matrix-table_hu.pdf The original recommendations are presented in a significantly abbreviated form.

COMPETENCE 12: PROCUREMENT STRATEGY

Required competencies:

The expert is able to

- analyse and implement the findings of market analysis and market engagement in order to shape the procurement strategy;
- utilise the results of market analysis to assess the risks of anti-competitive behaviour by suppliers in relation to different options and take measures to mitigate such risks.

COMPETENCE 13: TECHNICAL SPECIFICATIONS

Required competencies:

The expert is able to

- apply selection and award criteria and understand their impact on the market;
- ensure that the technical specifications comply with the principles of public procurement (...).

Based on the above, it is clear that situation assessment and market survey tasks play a prominent role in the preparation of public procurement procedures and are identified as key competencies by the European Commission. It can also be established that these tasks correspond to those set out in the Public Procurement Authority's official guidance on the preparation of public procurement procedures and in the market knowledge guide issued by the NDC, with the addition of competencies related to the formulation of procurement strategies.

It is therefore of particular importance to provide contracting authorities with guidance and professional support to enable them to carry out situation assessment and market survey tasks. A first and forward-looking step in this direction is the NDC's market knowledge guide published on 16 December 2024; however, the Authority maintains that further assessments and measures are necessary to ensure that situation assessments and market surveys become integrated into the practice of contracting authorities.

In line with the above, the Authority makes the following recommendations:

- The Authority recommends that the Government, by 31 December 2025, review the adequacy of the types of expertise listed under Section 27(3) of the PPA with regard to the professionals involved by contracting authorities in the preparation and conduct of public procurement procedures. The review should determine whether the competencies required for situation assessment and market survey, as set out in the European Commission's ProcurCompEU framework, are adequately covered by the current legal provision. Should the Government find that the current legislation does not require amendment, the Authority proposes that a guidance document to support legal application should clearly specify which of the experts involved in the preparation of procedures is responsible for carrying out situation assessment and market survey tasks, taking into account the findings of this Report.
- The Authority also recommends that the Government consider organising training programmes on situation assessment and market survey methods for individuals involved in the preparation of public procurement procedures on behalf of contracting authorities, given that these competencies are almost entirely lacking according to the above-mentioned performance measurement framework results. The training programmes could also include instruction on how to use the EPPS databases from a market analysis perspective (e.g. effective search methods in the database of contract notices or in the contract register).

3.7 Additional Integrity Issues Related to Public Procurement

3.7.1 Experiences Related to the Application of Preliminary Market Consultations

As previously mentioned, several measures have been taken in recent years to reduce the proportion of procedures with one submitted tender.

Due to the shortcomings in meeting commitments made to the European Union regarding the reduction of procedures with one submitted tender, the Authority considers it necessary to formulate additional proposals concerning the use of preliminary market consultations, which has been identified as a key tool in reducing the proportion of procedures with one submitted tender.

A preliminary market consultation (PMC) is a procedural step within public procurement, during which the contracting authority typically consults with market participants to properly prepare the conditions and technical content of the procurement procedure and to inform economic operators about the planned procedure and its requirements. As a measure to reduce procedures with one submitted tender, Government Decree No 63/2022 of 28 February 2022 has made the use of PMCs mandatory in 2024 in all cases where the contracting authority does not apply the ground for declaring the procedure unsuccessful under Section 75(2)(e) of the PPA, i.e. where the authority does not commit to declaring the procedure unsuccessful if fewer than two tenders or applications are submitted by the deadline.

Despite the significant increase in the number of preliminary market consultations (according to data presented in the report recording the 2024 results of the Performance Measurement Framework, only 7.3% of procedures were preceded by a preliminary market consultation in 2022, compared to 46% in 2023 and nearly half, 49.4%, in 2024), the number of comments received during such consultations remains low (according to the Performance Measurement Framework, the average was 1.2 in 2024, compared to 1.1 in 2023).

In the Authority's view, this supports the need to continue seeking solutions that could lead to an increase in the number of economic operators participating in preliminary market consultations.

One potential solution would be to once again make announced preliminary market consultations accessible from the main page of the EPPS via a dedicated submenu (in addition to maintaining availability via the Procedures Repository). This would also make it easier for less experienced economic operators – whom such consultations are intended to reach – to monitor newly published preliminary market consultations.

The Authority agrees with the Performance Measurement Framework's conclusion that increasing the number of economic operators participating in preliminary market consultations is essential for enhancing competition in public procurement procedures. In addition to reinstating the previous access path, the Authority also recommends that the term 'előzetes piaci konzultációk' (i.e. 'preliminary market consultations') be used in the Procedure Repository instead of 'jövőbeni üzleti lehetőségek' ('future business opportunities') in order to facilitate orientation for economic operators.

To improve the effectiveness of preliminary market consultations, the Authority considers it important to simplify the procedural rules governing preliminary market consultations conducted in the EPPS. (We understand that this measure is also included in the development plans of the National Development Centre, responsible for the operation of the EPPS.) The current system is unnecessarily complex; the legal framework does not justify the application of procedural requirements similar in complexity to those of public procurement procedures for this preparatory step.

Urgent action is needed to ensure that the identities of interested economic operators are not disclosed to each other during or after the process in the EPPS. This is important not only due to competition law concerns, but also because such disclosure could reduce potential tenderers' willingness to participate in the process. Similar to the treatment of requests for additional information, comments submitted during a preliminary market consultation should be handled anonymously by the contracting authority, and the related requirements should be codified in legislation.

The Authority also considers that economic operators' willingness to participate in preliminary market consultations could be enhanced if the EPPS were to automatically notify them of the launch of the relevant procurement procedure, provided they had expressed interest in preliminary market consultations. The Authority recommends the implementation of this system development (along with the necessary legislative amendments, if deemed necessary by the legislature).

It is also worth considering the inclusion of a feature in the EPPS that allows contracting authorities to notify known market participants upon the announcement of a PMC.

The Authority finds it important to establish in law regarding PMCs that the use of a PMC can only exempt the contracting authority from the obligation to apply the ground for declaring the procedure unsuccessful under Section 75(2)(e) of the PPA if, following the consultation, the content that must be submitted for consultation under Government Decree No 63/2022 of 28 February 2022 does not change significantly,⁶⁸ or only changes specifically as a result of the comments received during the consultation. The clarification could also support the clear definition of the expectations enforceable by the Public Procurement Authority during its review of PMC-related matters.

In the Authority's view, it is also questionable whether the legal intent behind mandating PMCs can be considered fulfilled if the contracting authority rejects all incoming comments, does not modify the originally published content, and only one tender is submitted in the subsequent procurement procedure.

It is crucial for economic operators participating in PMCs to feel that it is worthwhile to invest time and effort into formulating comments. To this end, the Authority believes that contracting authorities should be obliged to respond substantively to all received comments, providing detailed professional justification for their responses.

The Authority's position is that PMCs in which no expressions of interest or comments are received are not suitable as a substitute for the application of Section 75(2)(e) of the PPA; the Authority recommends that this be explicitly stated in Government Decree No 63/2022 of 28 February 2022.

Furthermore, the Authority recommends that the Performance Measurement Framework also examine, at least in cases where the preliminary market consultation involves only one economic operator, how common it is for that single participant to later submit a tender and win the respective procedure. If this is common, PMCs are unsuitable for reducing the number of procedures with one submitted tender.

In relation to Government Decree No 63/2022 of 28 February 2022, the Authority considers it justified to revise the procedural rules governing the attribution of procedures with one submitted tender to individual contracting authorities in the context of joint procurement. It is not appropriate for the responsibility for a procedure with one submitted tender to rest solely with the contracting authority designated to conduct the public procurement procedure. This not only distorts data related to the affected contracting authorities, but also creates an opportunity to circumvent legal requirements, especially when the authorisation of the acting contracting authority is based on Section 29(1) of the PPA.

⁶⁸ The subject-matter of the contract, the technical specifications, the eligibility requirements and the award criteria, as well as the draft contract or the main contractual terms and conditions.

Revising this regulation is also necessary to ensure consistency with Section 29(4) of the PPA, which governs the responsibilities relating to procurement procedures conducted by joint contracting authorities.

3.7.2 Proposals Relating to The EPPS to Strengthen The Level of Competition

Ensuring The Anonymity of Economic Operators in The EPPS Prior to The Deadline for Submitting Tenders

In 2024, in line with the Action Plan on Measures Aimed at Increasing Competition in Public Procurement (2023–2026), a development was implemented in the EPPS to ensure the anonymity of economic operators interested in the given procurement procedure prior to the expiry of the deadline for submitting tenders.

This development was also recommended by the Integrity Authority in its 2022 Integrity Report, which highlighted the importance of ensuring anonymity even in the context of requests for additional information, thereby enabling contracting authorities to respond to tenderers' clarifications in a competition-neutral manner and supporting fair competition.

However, the implemented development does not ensure anonymity for requests for additional information, and it also fails to align with the Authority's recommendation regarding the identity of tenderers: the identity of the economic operator submitting a tender becomes visible to the contracting authority immediately upon submission, rather than at the time of opening (or at least after the deadline for submission). Contrary to the intended objective of the original proposal, the EPPS makes the guarantee of anonymity conditional upon a declaration by the economic operator indicating interest in the procedure, rather than ensuring it automatically. In light of the above, the Authority considers it justified to adjust the operation of the EPPS accordingly.

Elimination of The Waiting Period Between The Tender Submission Deadline and The Opening of Tenders in The EPPS

In its 2022 Annual Analytical Integrity Report, the Authority also recommended eliminating the two-hour waiting period between the tender submission deadline and the opening of tenders in the EPPS.

The proposal aimed to address the following risks, identified on the basis of feedback from participants in public procurement procedures:

- to prevent the contracting authority or a rival economic operator from influencing the pool of tenderers participating in the public procurement procedure;
- to ensure that the identity of the party raising a question or initiating contact does not influence the contracting authority's choice or willingness to cooperate, thereby supporting the enforcement of the principles of equal treatment and equal opportunities;
- to eliminate the concern among economic operators that submitting questions may negatively affect their chances of being awarded the contract.

The Action Plan on Measures Aimed at Increasing the Level of Competition in Public Procurement (2023–2026) set out the significant reduction of the waiting period in the EPPS. The implemented development ultimately reduced the two-hour waiting time to one hour. In the Authority's view, this is not suitable for achieving the intended effects of the development as outlined above. If the EPPS is operating reliably – as assumed in previous reports by the Authority – it would be warranted to examine and make public the reasons why it is not possible to eliminate the waiting period entirely or to reduce it to a truly minimal duration (e.g. five minutes, as is the case in the DKÜ Portal System). In the absence of identifiable obstacles, the Authority considers it necessary to eliminate the waiting period.

Accessibility of Open Dynamic Purchasing Systems and The Management of Closed Ones

The Authority maintains its previously expressed recommendation that, in order to enhance the level of competition, it is warranted to ensure access to open dynamic purchasing systems directly from the main page of the EPPS (as was previously possible during preliminary market consultations; see the Authority's recommendation related to preliminary market consultations). The greatest advantage of a dynamic purchasing system lies precisely in the fact that it does not close the market for the duration of its operation; the opportunity to join the DPS remains continuously available, thereby allowing the level of competition to improve even after the system has been established. However, for this advantage to be fully realised, these business opportunities must be easily identifiable for interested economic operators.

A further precondition for the identifiability of open DPSs by economic operators would be that contracting authorities – in accordance with legal requirements – formally close those DPSs under which no further procurement procedures are being carried out. At present, this occurs only in exceptional cases, resulting in a large number of dynamic purchasing systems that are no longer active appearing in search results within the EPPS. The Authority recommends the development of an EPPS function that would send periodic notifications (e.g. quarterly or biannually) to contracting authorities regarding their open dynamic purchasing systems, reminding them of the potential need for closure. The proposed change would not only be beneficial from the perspective of tenderers but would also result in more reliable statistics concerning DPSs, as the publication of closing notices – which is currently a widespread issue – would no longer be omitted.

Ensuring the Possibility of Electronic Access to Documents

In its previous integrity reports, the Authority had already proposed enabling electronic access to documents after the dispatch of the contract award summary report.

The Authority maintains this recommendation and, in response to the Government's reply, emphasises that by developing the appropriate EPPS functionality, it is possible to ensure that tenderers can access only the documents they have specifically requested, and that these documents cannot be downloaded. This way, access to documents would not be equivalent to handing over the documents themselves. In this context, the Authority also points out that, based on legal practice, it is not considered unlawful for the contracting authority to allow photographs to be taken of the viewed documents during in-person access. Furthermore, the Authority maintains that there is no substantive difference between a tenderer manually copying or taking photographs of the contents of the documents presented.

3.7.3 Comments on The Regulation Relating to The Personal Scope of The PPA

Amending The Definition of 'Public Law Bodies'

The amendment to the PPA, adopted in December 2024, revised the definition of 'bodies governed by public law' (or 'public law institutions') as defined in Section 5(1)(e) of the PPA. This revision aimed to ensure that Hungarian regulations are fully aligned with EU law, as stated in the ministerial motivations accompanying the amendment.

The amendment proposed adjustments to several conditions in the PPA definition (such as 'supervision of control' and 'financing of operations'), thereby broadening the range of institutions subject to the PPA, also taking into account audit findings.

However, the entry into force of the law passed by Parliament was postponed – just before its planned effective date – by Government Decree No 25/2025 of 27 February 2025 on the differentiated application of Act CXLIII of 2015 on Public Procurement during a state of emergency in order to allow sufficient preparation time.

In view of the above, it can be concluded that the current Hungarian regulation is not in alignment with Union law requirements; therefore, the Authority recommends the expedited entry into force of the proposed amendment.

Clarification of the Regulation Applicable to Grant Beneficiaries

As previously noted in its earlier integrity reports, the Authority has observed that successive amendments to the PPA have continuously narrowed the scope of grants requiring the conduct of public procurement procedures – without affecting the mandatory scope set by the EU directives. An exception to this is the February 2024 amendment to the PPA, which brought certain service contracts financed from specific grants under the scope of the PAA.⁶⁹ The amendment to the PPA, effective from 1 January 2023, also repealed the interpretive provision defining the concept of 'grant'.

With regard to the Section 5(3) of the PPA, effective February 2024, the Authority considers it necessary to clarify what the legislature means by 'funded directly from sources originating from the European Union'.

Furthermore, taking into account that, to the Authority's knowledge, interpretative anomalies concerning the concept of 'grant' have posed problems during audits, the Authority recommends the prompt issuance of methodological guidance on the definition of 'grant' as applied in Sections 5(2) and 5(3) of the PPA. Such guidance should, among other things, elaborate on relevant considerations and delimitation issues in examining procurement obligations related to corporate tax (TAO) subsidies in order to establish consistent and appropriate legal application practices.

3.7.4 Entry into Force and Monitoring of The Amendment to Offshore Exclusion Grounds

As highlighted by the Authority in its 2023 Annual Analytical Integrity Report, according to Article 39(1) of the Fundamental Law of Hungary, grants from the central budget or payments made under a contract can only be provided to an organisation whose ownership structure, organisational structure, and activities aimed at using the grant are transparent.

This constitutional provision is partly reflected in the 'offshore exclusion grounds' set out in Section 62(1)(k) of the PPA, which the PPA treats as a priority and whose enforcement is expected during the performance of public procurement contracts.

Offshore exclusion grounds: according to Section 62(1)(k) of the PPA, the following entities may not participate in a public procurement procedure as tenderers, candidates, subcontractors, or capacity-providing organisations if any of the following three conditions apply:

(ka) the entity has tax residence in a country that is not a member of the European Union, the European Economic Area, or the Organisation for Economic Co-operation and Development, is not a signatory to the Agreement on Government Procurement of the World Trade Organization, is not an overseas country or territory within the meaning of Article 198 of the TFEU, or does not have an agreement with Hungary on avoiding double taxation or a bilateral agreement with the European Union in the field of public procurement;

kb) the entity is a company that is unable to identify its beneficial owner within the meaning of Section 38(3)(a) and (b) or (d) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing, or

⁶⁹ Section 5(3) of the PPA: *In addition to the provisions set out in Subsection (2), a public procurement procedure must be conducted for procurement procedures funded by grants by an organisation not falling under the scope of Subsection (1), where the estimated value of the service contract to be awarded directly – with the exception of the Recovery and Resilience Facility – is funded from EU sources and meets or exceeds the national public procurement threshold.*

kc) the condition specified in Subpoint (kb) is met by any legal person or organisation having legal capacity under its personal law that owns or holds, directly or indirectly, over 25% of the shares or votes in the economic operator.

In its previous Annual Integrity Report, the Authority proposed legislative amendments because

- the exclusion ground specified in Section 62(1)(k)(kb) of the PPA did not refer back to the provision set out in Section 3(38)(c) of Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing – concerning the case of fiduciary asset management – and, accordingly, in public procurement procedures, the beneficial owner does not need to be named in cases of fiduciary asset management; furthermore,
- the PPA also did not include any provisions requiring the disclosure of the identity of the beneficial owners of private equity funds; taking into account the significance of the assets managed within private equity funds (see Sections 2.3 and 2.6 of this report).

The Authority welcomes the adoption of the legislative amendment addressing the above-mentioned shortcomings. However, it considers it problematic that the amendment will only enter into force on 1 January 2026, following a waiting period of more than one year; therefore it recommends the immediate implementation of the amendment.

For the proper enforcement of this exclusion ground that the PPA treats as particularly important, the Authority considers it necessary that the contracting authority be able to verify the content of economic operators' declarations against the beneficial ownership register. Therefore, the Authority also recommends the implementation of the necessary legislative amendments and measures to this end.

Finally, the Authority considers it justified to clarify the declaration template provided in the EPPS for the statement required under Section 62(1)(k)(kb) of the PPA, so that the economic operator is explicitly required to declare whether they are able (and willing) to identify their beneficial owner.

3.7.5 Managing Conflicts of Interest in Public Procurement Procedures

The prevention, detection and management of conflict of interest situations is a key requirement under EU law.

To comply with this requirement, and in accordance with the 2018 EU Financial Regulation^[1] and the related Commission Guidelines on its application, the following measures have been undertaken:

- amendment of the PPA;
- the revision of the notice issued by the minister with responsibility for public procurement concerning the monitoring practices related to the avoidance of certain situations that may compromise the fairness of competition in public procurement procedures;
- publication of guidance by the Public Procurement Council operating within the Public Procurement Authority.

In 2024, taking into account the recommendations of the Authority, the aforementioned guidance of the Public Procurement Council was also reviewed. A significant step forward is the inclusion – as an annex to the guidance – of a model declaration of conflict of interest and declaration of interest, accompanied by detailed completion instructions.

However, despite the detailed instructions provided in the Council's guidance for the correct application of conflict of interest rules, the Authority's experience shows that these are still not implemented in practice. The anticipated shift in approach resulting from the

legislative amendments and the issuance of the guidance has not occurred. It can be observed that control bodies – typically during ex-post audits – initiate a considerable number of review procedures because of breaches of conflict of interest rules or violations of the principle of fair competition. Contracting authorities typically have not introduced internal rules for verifying the content of conflict of interest declarations, do not request declarations of interest, and do not enforce consequences for submitting false declarations. The obligation to make conflict of interest declarations is still mainly perceived as an administrative burden, and the importance of the institution is not recognised; the leadership commitment necessary to achieve change is missing.

The Authority – upholding its position from previous Integrity Reports – considers that the need to establish internal regulations by contracting authorities for checking declarations of conflict of interest and declarations of interest should be explicitly provided for in the PPA. It is also justified to make it a mandatory content element of public procurement regulations to include requirements for reporting potential conflicts of interest and managing such situations, in order to ensure that the consequences of identified or revealed conflicts of interest are also enforced.

Based on international best practices, the Authority proposes that the issuance of codes of ethics be made mandatory. These would provide guidance for participants engaged by contracting authorities in public procurement procedures in identifying conflict-of-interest situations and in preventing and managing potential risks.

An analysis of international practices also reveals that in countries where individuals involved in public procurement procedures – as well as their relatives – are required to submit declarations of interest in connection with declarations of conflict of interest. Such declarations are typically collected and reviewed centrally, and in such systems, the contracting authority may also consult this central register if a suspicion of a conflict of interest arises. While acknowledging that many Member State regulations known to the Authority have not introduced such systems, the Authority recommends considering this solution.

Practical, conflict-of-interest-focused training and professional workshops remain of utmost importance to ensure proper preparation of public procurement stakeholders.

3.7.6 Dilemmas in Managing Disproportionately Low Prices

While the primary objective of public procurement procedures is to ensure the efficient use of public funds, Section 72 of the PPA, in line with EU legal requirements, places limitations on the possibility of entering into contracts with tenderers that offer excessively low prices. The obligation to examine disproportionately low prices serves to ensure that the contracting authority is satisfied of the economic rationality of the tender price, that the contract can realistically be performed at the offered price, and that tenderers do not gain a competitive advantage by offering remuneration incompatible with economic viability.

At the same time, it is understandably important – with regard to the fundamental objective of public procurement mentioned above – to ensure that contracts are not withheld from tenderers capable of performing the contract at the proposed price, merely because they are unable to navigate the excessively complex justification requirements associated with the assessment of disproportionately low prices.

Suspicions of Disproportionately Low Prices: If, in the contracting authority's assessment, a tenderer's offer appears disproportionately low in relation to the subject-matter of the contract – whether public works, goods to be supplied or services to be provided – the contracting authority is required to request a justification of the price or costs, and, if necessary, further supplementary explanations. If the contracting authority considers that the information provided does not adequately justify that the contract can be performed at the given price or cost, it must declare the tender invalid.

Disproportionately low prices continue to be a frequent ground for declaring tenders invalid, and in review procedures initiated upon request, decisions of the contracting authority to declare tenders invalid due to disproportionately low prices, or decisions whereby the contracting authority – from the applicant's perspective – did not or inadequately examine the disproportionately low price and therefore unlawfully accepted the tenderer as valid and as the winner, remain frequently disputed.

The Authority acknowledges that, in response to the recommendations made in its 2022 and 2023 Integrity Reports, significant progress has been made in defining the framework for the proper application of evaluation procedures:

- a guidance document was issued – with the active involvement of the Authority – by the Council operating within the Public Procurement Authority, concerning the assessment of disproportionately low prices. This guidance not only summarised the existing case law and legal requirements but also aimed to redirect the evaluation of offers suspected of having disproportionately low prices in a new direction by taking account of the original purpose of the legal framework;
- at the end of 2024, an amendment to the PPA was adopted, clarifying several provisions relating to the examination of disproportionately low prices and repealing the provision in the national procedural rules that – according to the legal practice – had proven problematic by allowing the omission of the examination of disproportionately low prices in the national procedure.

Despite these positive developments, **close monitoring of further developments in legal practice remains necessary** to determine whether the adopted legislative amendments and the non-binding guidance are sufficient to align practice with the intended purpose of this evaluation measure and to establish a consistent approach to its application.

The Authority maintains its earlier position that **price justifications and supplementary justifications** – which do not form part of the binding content of the tender – should not be subject to a stricter interpretation than the binding elements of the tender itself. The Authority therefore recommends that **the legislature make the rules on remedy of deficiencies under Section 71(8) of the PPA applicable** to the further clarification or amendment of price justifications and supplementary justifications.

The Authority also draws attention to the finding in Point 34 of the Court of Justice ruling C 669/20 Veridos, which states: 'Thus, the Court has held, on several occasions, that it is for the Member States and, in particular, the contracting authorities to determine the method of calculating an anomaly threshold constituting an abnormally 'low' tender⁷⁰ ... or to set its value, provided that an objective and non discriminatory method is used.' In the Authority's view, a revision of the PPA would be warranted in this respect to support correct legal application.

3.7.7 Consistency and Application Issues of Public Procurement Regulation in Light of Legal Provisions Governing State Investments

The Act on State Investments and its implementing decrees – particularly Government Decree No 98/2025 of 12 May 2025 on the detailed rules of cost control for state investments – have a significant impact on the conduct of public procurement procedures, their time requirements, the scope of experts to be involved in the procedure, and the rules applicable to the management and notification of subcontractors.

The Authority draws attention, in connection with the related regulatory framework, to the importance of maintaining consistency with public procurement requirements, as

⁷⁰ See, among others: Judgment of 27 November 2001, Lombardini and Mantovani, C 285/99 and C 286/99, EU:C:2001:640, paragraph 67; Judgment of 18 December 2014, Data Medical Service, C 568/13, EU:C:2014:2466, paragraph 49.

well as ensuring the adequate preparation of the contracting authorities and economic operators concerned. It also highlights the need to preserve the results of those changes introduced in previous years with a view to enhancing competition in public procurement procedures (such as the shortening of evaluation periods, the proper application of conflict of interest rules, and the rationalisation of the application of provisions concerning disproportionately low prices).

3.7.8 Issues Related to Public Procurement Procedures Conducted in The Reserved Manner under Section 114(11) and (12) of The PPA

The PPA provides several options for contracting authorities to conduct reserved public procurement procedures.

Reserved public procurement procedures: The public procurement regulations provide contracting authorities with the possibility to restrict the pool of tenderers eligible to submit tenders in procurement procedures based on specific objectives. Most of these reservation options are based on EU directives (for example, public procurement procedures reserved for sheltered workshops), but for public procurement procedures below the EU thresholds – in order to improve the position of SMEs – the PPA also allows contracting authorities to reserve the right to participate in the procedure for economic operators whose turnover in the previous year did not exceed a specified amount (HUF 100 million for the procurement of goods and services, and HUF 1 billion for construction works). In such cases, tenderers may involve subcontractors and entities relied upon for their capacities that likewise meet the revenue requirements.

According to the Authority's monitoring and notice review experience, contracting authorities frequently make use of the reservation option provided under Section 114(11) of the PPA, which has brought several issues to light. These are particularly significant because, given the competition-restricting nature of the provision, its improper application in procurement procedures funded from European Union sources may lead to serious consequences, including financial corrections.

The first application issue arises from the fact that – unlike the provisions concerning the verification of financial capacity – Section 114(11) of the PPA requires the examination of the previous year's revenue data rather than the financial statements of the last closed financial year. If the financial statement for the previous year is not yet available, it may occur that the contracting authority is unable to verify the accuracy of the revenue data declarations made by the tenderer or by the organisations and subcontractors providing capacity designated during the procedure before the conclusion of the public procurement process, but subsequently – even after contract conclusion – it may become evident that these declarations do not correspond to reality. Besides raising the question of why public procurement regulations apply two different approaches to the examination of revenue data in relation to the assessment of financial capacity and reservation, it would be justified – similarly to the treatment of revenue data in the assessment of financial capacity – to prescribe the expected method of verification in the legislation.

The application of the rule also raises questions regarding which period's revenue data should be examined for subcontractors and capacity-providing entities that are notified or possibly replaced during contract performance. Based on the current regulation, it is almost certainly the revenue data of the year preceding the launch of the procurement procedure that must be examined. However, this could result in a situation where an economic operator no longer meeting the revenue requirement at the time of actual involvement is nonetheless accepted. This calls into question the achievement of the objective underlying the reservation rule, and thereby the justification for applying the reservation, which raises concerns regarding the proper use of EU funds.

The Authority recommends clarifying the provisions governing reserved public procurement procedures under Section 114(11) of the PPA in light of the above considerations.

3.7.9 Conditional Public Procurement Procedures

As the Authority has pointed out in previous years' integrity reports, conditional public procurement may adversely affect the level of competition in public procurement in several respects.

Conditional public procurement: Conditionally launched public procurement procedures provide contracting authorities with the opportunity to refrain from awarding a contract or from bringing an already awarded contract into force if the conditions specified in the contract notice initiating the procedure materialise (for example, if the requested funding is not granted or not granted in the applied-for amount).

On the one hand, launching a public procurement procedure on a conditional basis may influence the decision of tenderers as to whether to participate in the specific procedure: the actual implementation of the contract and the date of its entry into force are uncertain, and consequently so are the period and deadline of performance. As a result, tenderers cannot foresee how long they will be required to maintain their tenders or when they will need to schedule their resources, while at the same time they may only be exempted from concluding the public procurement contract under exceptional circumstances, and the contracts impose strict consequences on them in the event of non-compliant performance.

On the other hand, conditional procurement may also adversely affect the level of competition, as in procedures declared unsuccessful due to the non-fulfilment of the condition, or where the contract does not enter into force, the costs incurred by participating – even for the most favourable tenderer – constitute unnecessary expenditure that cannot be recovered by the tenderer. If this occurs frequently, it may result in tenderers choosing to refrain from participating in public procurement procedures.

The Performance Measurement Framework does not contain data for the year 2024 regarding the value of public procurement procedures affected by conditional procedures. However, the indicator provided in respect of the number of procedures continued to increase last year (reaching 9% of all procedure lots), in relation to which the Framework itself stipulates that 'the indicator values have ranged between 6% and 9% over the past years. In the previous year, there was a clear increase in the proportion of procedures launched on a conditional basis, indicating greater uncertainty surrounding contracting opportunities for contracting authorities in public procurement procedures."

This above-mentioned uncertainty is also reflected in the number of procedures declared unsuccessful: although there was no significant change in the proportion of procedures declared unsuccessful specifically under Section 75(2)(a) of the PPA, the proportion of procedure lots declared unsuccessful due to lack of financial coverage increased significantly in 2024; the latter being at least partly a consequence of insufficient amounts of awarded funding.

No data is available on the number of contracts whose entry into force ultimately failed to occur pursuant to Section 135(12) of the PPA; however, based on monitoring experiences, professional feedback, and media reports, it is likely that there was a significant increase in their number in 2024 (including cases where the contractual deadline for entry into force expired without effect).

In light of the above, the Authority continues to consider it necessary to tighten the rules governing the launching of conditional public procurement procedures. (In response to the Government's reply, the Authority emphasises that its 2023 Integrity Report did not propose abolishing this option.) While the flexibility offered by conditional public procurement procedures is indeed advantageous in terms of accelerating the utilisation of funding, given the effects outlined above, their application under the current conditions adversely impacts procurement processes and results in significant unnecessary costs for tenderers, and, incidentally, also for contracting authorities.

The Authority recommends that the Performance Measurement Framework for 2025 should include data

- on the number and total value of conditional public procurement procedures, with a separate breakdown for EU-funded procedures;
- on the number of contracts that ultimately failed to enter into force pursuant to Section 135(12) of the PPA, also specifying how many of these involved the use of EU funding.

The Authority further recommends that the Performance Measurement Framework examine the magnitude of unnecessary costs incurred by both tenderers and contracting authorities in relation to participation in, and the launching of, public procurement procedures conducted on a conditional basis.

3.7.10 Effective Enforcement of The Right to Legal Remedy

The Authority maintains its position – consistently articulated in previous years' integrity reports – that facilitating, even if only temporarily, the enforceability of the right to legal remedy is a fundamental condition for enhancing competition.

While acknowledging the governmental steps taken to date in this respect, the Authority – while maintaining the recommendations set out in the 2023 Integrity Report – proposes, as a first step, implementing at least the following changes in 2025:

- the revision of the practice concerning applicant eligibility before the Public Procurement Arbitration Board, including amending the relevant provisions of the PPA where necessary; and
- the rationalisation of the rules and practices related to the payment of administrative service fees.

Issues Relating to Applicant Eligibility

According to the current legal practice – also set out in the professional guidance titled 'A Közbeszerzési Döntőbizottság tájékoztatója az ügyfélképesség megitélésével kapcsolatban [Information by the Public Procurement Arbitration Board on the Assessment of Applicant Eligibility]'⁷¹ – a tenderer who has submitted an invalid tender does not possess applicant eligibility to contest the invalidity of the winning tender, even in procedures where only two tenders were submitted, unless they also successfully challenge the invalidity of their own tender.

In the Authority's view, having regard to the principles of equal opportunities and equal treatment, each tenderer must be entitled to expect the contracting authority to treat all tenders equally – that is, to declare invalid any tender for which a ground for invalidity under the PPA exists. This necessarily includes guaranteeing the right to legal remedy. In the Authority's view, the lack of applicant eligibility cannot be established solely on the basis that the tenderer's price exceeds the contracting authority's available financial resources, as this does not automatically render the tender invalid. Furthermore, according to legal practice, the contracting authority has the discretion to increase the financial coverage (irrespective of any statements it may make regarding such intention or capability during the review procedure).

It is of paramount importance that the Arbitration Board does not apply a restrictive approach in cases of serious breaches, such as remedies initiated due to the unlawful disregard of the PPA. In particular, where a contract is concluded in breach of the PPA, the Board should not dismiss the application for review procedure on the grounds that the applicant cannot be placed in a more favourable position as a result of the finding of the infringement.

Rationalisation of The Administrative Service Fee

The reduction of the maximum administrative service fee payable upon submission of a request has fundamentally increased the willingness to seek remedies only in the case of high-value procurement procedures conducted under the EU procurement regime.

⁷¹ tajekoztato-az-ugyfelkepesseg-megitelesevel-kapcsolatban-2024.12.18.honlapra.pdf

In 2024, according to data from the Performance Measurement Framework, only 27 additional substantive decisions were issued, while the number of rejected applications increased by 43, thus this has not resulted in a significant overall increase.

In the Authority's view, taking into account the penalty amounts typically imposed in review procedures and the principle of proportionality, it is warranted as a first step to implement at least the following changes:

- where the contracting authority has allowed tenders to be submitted for lots, and the allegedly unlawful identical provisions in the contract notice initiating the procurement procedure and the related procurement documents are prescribed in exactly the same manner for all or several lots, the Authority is of the view that it is unjustified to require the payment of the legal fee multiple times for each challenged lot in applications for review procedure contesting such provisions (noting that, in practice, the Public Procurement Arbitration Board typically issues a single decision in respect of these).
- if a breach is established with respect to at least one of the submitted elements of application, the applicant should be entitled to a full refund of the paid administrative service fee, except for the portion of the minimum administrative service fee (HUF 300,000) that is not reimbursed by the contracting authority.

To support legal practitioners, the Authority recommends that the professional guidance titled '*A Közbeszerzési Döntőbizottság tájékoztatója a bírságolással kapcsolatos joggyakorlatáról* [Information by The Public Procurement Arbitration Board on The legal Practice Relating to Fines]⁷² be supplemented with statistical data on the fines imposed for various types of infringements.

3.7.11 Risk Associated with The Transformation of the Public Procurement Profession and the Responsibility of Public Procurement Consultants

Risk Associated with Transforming The Public Procurement Profession

As we have already discussed in Subsection 3.6, it is crucial to have a substantial number of competent public procurement experts in the ever-changing European Union and domestic public procurement environment to provide support for public procurement processes: to ensure that public procurement procedures are lawfully and effectively conducted by the contracting authority and to ensure successful tendering by the tenderer. In its 2023 Integrity Report, the Authority examined in detail the evolution of the Hungarian regulatory framework applicable to professionals with expertise in public procurement, as well as the consequences of the discontinuation of the institution of accredited public procurement consultants. It concluded that, although characterised by different regulatory backgrounds and titles, the past almost twenty years saw the formation of a stable pool of public procurement consultants in Hungary. It also emphasised that the mandatory transformation of the public procurement profession, despite professionally grounded objections raised by stakeholders, constitutes a risk that affects public procurement processes.

In the Authority's view, the transformation of the public procurement profession, taking into account international best practices, is essential for achieving the objectives set out in the PPA and for reducing integrity risks. Accordingly, rather than abolishing the institution of accredited public procurement consultants (FAKSZ), the Authority recommends its transformation, supporting the professionalisation of the public procurement profession, expanding the circle of experts authorised to perform expert activities, and broadening recognised practice. Furthermore, it also considers that the establishment of the related framework – taking into account the termination date of the institution of accredited public procurement consultants on 30 June 2026 – must take place by the end of 2025 at the latest, with the active involvement of professional public procurement organisations.

⁷² See: tajekoztato-birsagolasi-gyakorlatrol-2024.12.18.honlapra.pdf

Accountability of Public Procurement Consultants

During its reviews, the Authority identified several legal infringements in relation to which the ethical, disciplinary or even criminal liability of the public procurement consultants involved in the respective procurement procedures may be called into question.

In this context, the Authority identified as a deficiency the absence of any ethical or disciplinary code applicable to public procurement consultants, as well as the lack of a designated forum – comparable to the Bar Association and its regulations – capable of enforcing appropriate consequences.

The Authority recommends the establishment of such a designated forum. Furthermore, the Authority proposes amending Section 420 of the Criminal Code to ensure the enforceability of the liability of public procurement experts.

3.8 Risks Identified in Connection with the Operations of Centralised Public Procurement Systems

3.8.1 The Practice of Framework Agreements and Centralised Public Procurement

In accordance with Section 11 of the Integrity Authority Act, the Authority's Integrity Report also contains an analysis relevant to the application of framework agreements and the practice of contracts concluded based on them.

In recent years, the use of framework agreements has seen a steady increase: since 2021, the number of FA1 procedures has grown consistently within the total number of successful procurement procedures. While such procedures accounted for 9.7% of all successful procedures in 2021, their share had risen to 14.4% by 2024 (for details, see Chapter 2). Their proportion by value is even more significant: according to data published in 2025 by the Performance Measurement Framework⁷³, despite a slight decrease in 2024, framework agreements still represented 53% of the total value of all successful procedure lots.

Accordingly, and in line with Section 11 of the Integrity Authority Act, the Authority dedicated special attention to the practice of framework agreements in both its 2022 and 2023 Annual Integrity Reports, with a specific focus on Hungarian domestic practice of centralised public procurement, in which framework agreements have traditionally served as a key instrument.

Framework agreements are a specific procurement method that allows contracting authorities to carry out their recurring, well-defined and predictable procurement procedures over a given period within the confines of flexible procedures.

Although any contracting authority may conclude a framework agreement, those concluded within the context of centralised public procurement are of particular significance for the overall efficiency of procurement due to the high volume of purchases. Consequently, the effective operation of central purchasing bodies and the framework agreements they establish play a key role in ensuring procurement efficiency.

Central purchasing bodies are organisations authorised to request tenders in centralised public procurement. There are several central purchasing bodies operating in the Hungarian public procurement market, including Digitális Kormányzati Ügynökség Zrt. (DKÜ), the Directorate General for Public Procurement and Supply (DGPPS), the National Communications Office (NCO), the Defense Procurement Agency (DPA), as well as the Government Training Organisation Centre (GTOC), founded in 2024.

⁷³ See Indicator No 45 of the Public Procurement Framework

Centralised public procurement procedures: the activity carried out by central purchasing bodies whereby the central purchasing body procures supplies or services for the purpose of resale to contracting authorities, or concludes contracts or framework agreements for the procurement of supplies, services or construction works on behalf of such contracting authorities. The objective of the centralised public procurement system is to enable the procurement of products and services that arise on a recurring basis, serve the same purpose of use, and possess identical or similar technical, economic, or other characteristics, through a unified procurement procedure for a designated group of contracting authorities, while also allowing emerging needs to be addressed through a flexible procedure.

The centralisation of public procurement is a common practice in OECD countries and is recognised as an important tool to enhance efficiency and effectiveness in public procurement. Although centralisation may offer numerous advantages, it must be implemented efficiently and with appropriate control mechanisms to ensure that the benefits arising from the aggregation of demand and procurement needs can be fully realised.

In the 2022 Annual Integrity Report, we presented the stages of centralisation in Hungary, the key institutional actors, and provided a detailed analysis of the operational characteristics of centralised public procurement. In the 2023 Annual Integrity Report, taking into account the government responses to the recommendations formulated in the first Integrity Report, we reviewed the measures taken and elaborated on the recommendations and proposed changes concerning the specific procurement methods used within the framework of centralised public procurement, such as framework agreements and dynamic purchasing systems.

Overall, we have made a number of recommendations – with due consideration of the responses received in the questionnaire survey conducted 2024 – to improve the functioning and enhance the transparency of centralised public procurement.

In this year's report, beyond the analysis of centralised public procurement, we primarily summarise and evaluate the governmental and institutional actions taken in response to the previous two integrity reports, and also address possible directions for further progress in light of newly identified risks.

3.8.2 Assessment of The Effectiveness of Centralised Public Procurement Systems

Given the high volume of goods exchanged within the framework of centralised public procurement, the limited number of potential economic operators able to participate in such procedures, and the typical use of long-term framework agreements resulting from these procedures, the lawful, effective and transparent operation of the centralised public procurement system is of paramount importance.

Measuring the effectiveness of public procurement is a complex, multifaceted task. The Framework annually assesses the performance of the procurement system using an increasing number of increasingly refined indicators. However, it is clear that data on the cost-effectiveness of the procurement system constitute an essential component of any measurement system designed to evaluate efficiency.

Given that centralised public procurement is regarded in EU Member States as one of the key tools for achieving better price-to-value⁷⁴, the Authority has consistently maintained in both of its annual integrity reports that steps to assess the cost-effectiveness of these systems cannot be omitted.

In the 2022 Annual Integrity Report, the Authority proposed conducting targeted studies to assess cost-effectiveness in centralised public procurement systems, consequently advocating for the strengthening of the data provision obligations of central purchasing

⁷⁴ Comparative Analysis of Centralised Public Procurement Systems by the OECD for the Integrity Authority

bodies. In addition, the Authority urged the development of methods and standards enabling the comparison of prices achieved through centralised procurement with prevailing market prices.

In its response, the Government took the position that the price stipulated in an individual contract concluded as a result of a centralised procurement procedure cannot serve as the sole metric of cost-effectiveness. This is because such a price does not directly reflect the benefits provided by centralised public procurement systems, such as cost savings resulting from time savings, the implementation of the centralised procurement strategy, or savings arising from the ancillary services provided by central purchasing bodies.

Having considered the arguments presented by the Government, the Authority refined and further detailed its proposal on assessing the efficiency of centralised public procurement systems in its 2023 Annual Integrity Report. Rather than insisting on a comparison between prices achieved through centralised procurement and market prices, the Authority – drawing on international examples – emphasised that an objective evaluation of the efficiency of these systems and an assessment of their cost-effectiveness is indispensable and a legitimate expectation.

This position is also supported by the report on the comparative analysis and best practices of centralised public procurement systems ('OECD Centralised Procurement Report'), commissioned by the Integrity Authority under its cooperation agreement with the OECD. According to the report, one of the principal expected benefits and key performance indicators of centralised procurement is cost savings. The overwhelming majority – 9 out of 11 – of the central purchasing bodies from different EU Member States consulted during the study indicated that they apply some form of methodology for calculating savings achieved through centralised public procurement.

For example, the centralised public procurement systems of Austria, Estonia, Lithuania, Italy, Croatia, Sweden and France also include – although based on differing methodologies – a framework for measuring the savings achieved through centralised procurement. In many countries, savings are calculated at the level of the framework agreement, comparing final prices obtained at the conclusion of a procedure with prices set in the framework agreement. Some countries – such as Croatia, Ireland, Norway, and Denmark – go further by comparing contract prices with current market prices of similar products. When calculating savings, the comparison is not limited to the prices achieved through centralised procurement and prevailing market prices. Other factors are also taken into account, such as human resource costs or the 'gains' realised by the contracting authorities concerned as a result of not having to conduct a full procurement procedure themselves.

Despite the fact that in its 2023 Annual Integrity Report the Authority recommended not only assessing the cost-efficiency of centralised public procurement but also analysing their overall efficiency, the Government did not agree with any of these proposals.

A stalemate appears to have developed on this matter, and even the Authority's refined proposal has not succeeded in bringing the parties closer to a shared position. At the same time, in relation to the Government's negative position, it remains unclear what the basis is for the assertion that '(...) *the consolidation of the procurement of budgetary authorities creates a large-scale contracting authority position, which enables significant financial savings and, in this context, the achievement of national economic objectives*'. Such wording clearly suggests that savings are being measured in some form after all.

The objective evaluation and review of the operational mechanisms of centralised public procurement systems is further complicated by the divergence of views expressed by the various stakeholders. For example, institutional stakeholders have also expressed the view that the frequently cited argument of economies of scale in relation to centralised public procurement often cannot be fully realised, given that there is no genuine increase in scale but rather many small procurement procedures. Furthermore, there exists a threshold of scale beyond which cost savings no longer occur, and instead costs increase.

Without disputing that measuring financial savings and efficiency is a complex task, it nevertheless appears to be indispensable for ensuring clarity in this matter and the transparency of the system. We believe that publishing and making such results accessible could also contribute to a more nuanced perception of the legal instrument concerned.⁷⁵

Among the proposals put forward by the Authority in relation to efficiency was the suggestion that – in line with practices in several central purchasing bodies across EU countries where ‘client satisfaction’ forms an integral part of the system – a mechanism should be developed to measure feedback from institutions involved in centralised public procurement.

The Government agreed with this proposal and, as a corresponding measure, indicated that it would request the minister with responsibility for public procurement to approach the ministers overseeing central purchasing bodies in order to develop – with the involvement of central purchasing bodies – a methodology suitable for measuring feedback from users of centralised public procurement systems.

The related measure is set out in Point 4 of Government Decision No 1086/2025 of 31 March 2025 on the 2025 review of the Action Plan on Measures Aimed at Increasing the Level of Competition in Public Procurement (2023–2026). According to the Decision, the Government calls upon the Minister for National Economy, the Minister for Energy, and the Head of Cabinet of the Prime Minister to establish – with the involvement of the central purchasing bodies under their supervision – a satisfaction measurement system whereby contracting authorities using the centralised public procurement system may evaluate, via a web-based interface, the services received following procurement procedures conducted through central purchasing bodies. The deadline for implementing this measure is 31 December 2025.

We continue to consider it important and therefore propose that an objective and data-driven assessment of the efficiency of centralised public procurement systems be conducted based on the results of the ‘client satisfaction system’, introduced in 2025 following the recommendation of the Authority to measure feedback from institutions involved in centralised public procurement.

We consider the overall impact of our recommendations on measuring effectiveness to be a small yet tangible shift: the evaluation of user feedback in centralised public procurement has initiated progress in assessing the effectiveness of these systems.

3.8.3 Improving Data Provision by Central Purchasing Bodies, Enhancing Transparency

For a precise evaluation of the efficiency of public procurement, it is vital that the inputs necessary for the measurements are available. Although numerous data sources already exist in various public procurement subsystems to evaluate performance, the Framework has undoubtedly taken a major step forward in making these data widely accessible and interpretable from new perspectives. Nevertheless, it is in centralised public procurement that efforts are still needed to ensure the provision of consistent data that is accessible for a broad range of stakeholders. The Authority’s proposals also addressed these every year.

It is not unique to Hungary that centralised public procurement data are dispersed across multiple platforms and can be extracted from various systems, including the EPPS and the individual portals of centralised buyers. Moreover, centralised public procurement

⁷⁵ See the results of the Authority’s 2024 questionnaire survey conducted among public procurement professionals, according to which the overwhelming majority of respondents – 90% – believed that centralised public procurement would not result in procurement procedures being implemented at prices lower than market prices. The picture is further highlighted by the fact that, for certain product categories, 75% of respondents explicitly indicated that the prices achieved through centralised public procurement are typically higher than market prices. In response to the question addressing the general efficiency of centralised public procurement, 78% of respondents stated that centralised procurement does not operate efficiently.

already functions as a multi-actor market. Because of this, however, gaining access to and navigating through data pose a challenge to both the institutional framework and participants in public procurement.

The Authority included proposals in both its 2022 and 2023 Annual Integrity Reports to enhance public access and transparency through improved and more detailed insight into centralised public procurement data. We identified an integrity risk arising from the second phase of framework agreement procedures conducted by central purchasing bodies outside the EPPS, whereby data on implemented procurement needs – such as reopened competitions and direct orders – are either unavailable or only partially accessible. The⁷⁶ Government partially endorsed our recommendations for addressing the identified risks.

Point 4(b) of Government Decision No 1082/2024 of 28 March 2024 on the revision of the action plan in 2024 for measures aiming to increase the level of competition in public procurement (2023–2026) calls on the leaders of the ministries concerned to create, while also engaging central purchasing bodies under their supervision, a standard template for the disclosure of data on the distribution of individual contracts either based on framework agreements or dynamic purchasing systems among economic operators in data provisions to be performed by central purchasing bodies. The request stipulated data provision only in respect of those framework agreements and dynamic purchasing systems that allowed for EU-funded public procurement procedures to be conducted.

Despite the progress, it is important to note that the legal provision requiring the Integrity Authority to conduct an analysis of framework agreements does not differentiate between sources of funding. This is because Section 11(c) of the Integrity Authority Act stipulates in general terms that *“the Authority shall draw up an analytical integrity report every year that shall include the following: [...] analysis of the practice of using framework agreements and contracts concluded under framework agreements, including the distribution among individual economic operators of framework agreements and specific contract awards based on framework agreements”*.

Section 11 of the Integrity Authority Act, which sets out the Authority's mandate to prepare annual analytical integrity reports, goes further than the origin of the funding source. Mapping framework agreement practices would require information on all framework agreements. Considering that the requested data provisions include the aforementioned restriction in all cases, we also relied on data published in the Framework to analyse framework agreement practices.

Pursuant to the requirement outlined in the 2024 government decree, the DGPPS and the DKÜ published data provisions on the portal for the conduct of centralised public procurement procedures on two separate occasions: in the second half of 2024 and in early 2025⁷⁷. Serving as the basis for data provisions, the standardised template and its detailed data content, as stipulated in Government Decree No 1082/2024 of 28 March 2024, are not familiar to the Authority; however, with respect to the scanned document published in PDF format, we propose the following:

The tables present the suppliers and the value of contracts they fulfilled under the framework agreements (FAs), broken down by FAs concluded by the central purchasing body, with the corresponding FA identifier indicated. With regard to future data provisions, we propose breaking down data by consortia, indicating therein the distribution of the

⁷⁶ The recommendation stipulates that data on the distribution of the awarding of framework agreements concluded by central purchasing bodies and individual contracts concluded on the basis of dynamic purchasing systems among economic operators must be made accessible. This includes information on the number and value of these contracts, as well as the prices achieved in the second phase of the framework agreement.

⁷⁷ DKÜ data provisions are accessible under Point III.8 within the 'Közérdekű adatok' [Public Interest Data] section (adkuzrt.hu/koz-erdeku-adatok/), while the DGPPS published the data in a subsection of *Dokumentumtár* [Document Repository] (*Dokumentumtár - Liferay*)

contract value among consortium members. It would also be beneficial to know the share of subcontractor performance in the case of Single Operator Framework Agreements.

To promote transparency in public procurement and to identify distinct operational features and dysfunctions, it is essential to ensure access to the full spectrum of public procurement data. In 2023, the Authority made several recommendations for conducting an analysis – within the context of centralised public procurement – on how to ensure the availability of data in one location and their automatic connection with the data recorded in the EPPS. The Government essentially agreed with the relevant proposals and did not consider further measures necessary.

In addition to general proposals, the Authority also made recommendations for specific solutions. These included advocating for a review of how to ensure the availability of data on all FA2 contracts in the EPPS, and proposing that the Database of Contract Award Notices include, among contract conclusion information, an indication of whether a specific contract was based on a framework agreement, along with data referring to the relevant framework agreement.

Consistent calls for public access to detailed data on centralised public procurement are voiced not exclusively by the Authority. Issued in connection with the Framework's report of 1 March 2025, the Task Force opinion – summarising the views of independent experts and of representatives from independent organisations involved in the operation of the Performance Measurement Framework –⁷⁸ also highlights that, while acknowledging the positive trends achieved thus far, the public availability of FA2 procedures and individual contracts remains unsatisfactory, and the available data do not allow for clear, actionable conclusions to be drawn.

As for the background to the Authority's proposal regarding the broader public availability of data – going beyond current practice – it should be noted that while the first phase of procedures conducted under centralised public procurement takes place on the EPPS, Section 31(5) of the PPA does not require contracting authorities to use this platform in the second phase of procurement procedures based on framework agreements concluded by the central purchasing body, with or without the reopening of competition, nor in the tendering phase within dynamic purchasing systems established by the central purchasing body. This results in a situation where – while structured data on the first phase of centralised public procurement procedures conducted by the central purchasing body are available in the EPPS – the data related to the second phase of such procedures is held exclusively on the central purchasing bodies' own platforms.

To ensure transparency and public access, the law stipulates that the central purchasing body or the contracting authority conducting the procurement process must, even in such cases, make publicly available through the EPPS or record in the EPPS all contract notices and data that such entities are required to make publicly available or, with regard to the contract, record in the system under the PPA or its implementing regulation.

Each central purchasing body implements different solutions. While the DKÜ publishes, at specified intervals, 'grouped information' on the outcomes of individual procurement procedures conducted under framework agreements / dynamic purchasing systems through notices titled 'regular notice on the outcome of the procedure', it is the responsibility of contracting authorities, as per DGPPS practice, to publish such information. This is based on Section 2(1) of *Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement*. Under this framework, it is the responsibility of contracting authorities – in fact, it is clearly incumbent upon them – to publish the notices and information required by law, even in cases falling under Section 31(5) of the PPA, that is, in connection with procedures conducted outside the EPPS. According to the DGPPS, it has no influence or authority to ensure that the obligated institutions publish contracts resulting from the second phase of framework agreements, as well as the related data.

⁷⁸ Task Force opinion and proposals on the Performance Measurement Framework for assessing the efficiency and cost-effectiveness of public procurement, available at <https://ekr.gov.hu/portal/hirek/8799664928088>

Given that we have no information on the monitoring of compliance with this obligation, there is a risk that contracting authorities do not always fulfil their responsibility to ensure the transparency of procurement procedures carried out under the second phase of framework agreements concluded by the central purchasing body.

As for the issue raised by the Authority, the Government took the position that the functionalities necessary for publishing the data are available in the EPPS, and that it is possible to identify whether a published notice relates to a framework agreement, using the variables 'Type of Procedure' and 'Type of Notice' within the Database of Contract Award Notices, accessible through the EPPS.

It is evident that data on procedures conducted under centralised public procurement are published according to different regimes – including aggregated, retrospective data disclosure by the central purchasing body and individual notifications by contracting authorities. Furthermore, there are numerous cases where no notice is linked to procedures carried out under the second phase of framework agreements.

The practices of European Union member states analysed in the OECD report on centralised public procurement systems present a varied picture regarding the platforms used to conduct centralised procurement procedures, and whether these are integrated into the e-procurement systems employed for conducting procedures. Some member states, such as Croatia or Ireland, do not operate separate portals for conducting centralised public procurement procedures, while others, like Denmark and Finland, run platforms dedicated to centralised public procurement and independent of the centrally and commonly used electronic public procurement portals. While in Italy the portal dedicated to conducting centralised public procurement procedures is functionally distinct from the national e-public procurement system, it operates in partial integration with it. The OECD report highlights that – independently from the followed model – centralised procurement portals are important tools for ensuring transparency and gathering public procurement data.

While acknowledging the Government's position that storing data in one location is not technically feasible, and that the additional functionalities available on the portals of central purchasing bodies include all data relating to centralised public procurement, we propose the following:

We propose a gradual approach to conducting a thematic analysis of centralised public procurement procedures, grouped by central purchasing bodies and product categories, publishing detailed data from these procedures, and making them available in downloadable format – either in the EPPS or the websites of central purchasing bodies. Data provision should extend to the value and method (whether by reopening of competition or by direct orders) by which contracting authorities conduct public procurement procedures in the second phase of FAs. These sorts of analysis and data provisions also help assess the outcomes of centralised public procurement procedures.

3.8.4 Proposals on Centralised Public Procurement Practices

The Authority put forth several proposals, both in its 2022 and 2023 Integrity Reports, to review and rationalise certain mechanisms used in the practical functioning of centralised public procurement.

We proposed, inter alia, phasing out mandatory application of centralised framework agreements regardless of the threshold, assessing practical experiences related to the application of dynamic purchasing systems, and reviewing the justification for upholding 'mixed framework agreements' that allow for both direct orders and the reopening of competition.

There has been progress in several areas concerning our proposals on centralised public procurement practices.

Proposals on the use of DPSs

The Government agreed with our proposal, which advocated for the assessment of practical experiences concerning the use of dynamic purchasing systems, promoted greater awareness of the use of this legal instrument, proposing, in this context, targeted improvements to the electronic public procurement system. Although the new functions in the EPPS, introduced on 30 June 2024, facilitate easier access to new business opportunities for economic operators and provide more structured options for searching through public procurement procedures, the Authority's proposal goes further. The implementation of this measure has yet to take place. We maintain our position that it is necessary to introduce a function in the EPPS that would, upon request, facilitate the automatic notification of interested economic operators about open DPSs.

Dynamic Purchasing Systems (DPSs): comprehensive electronic processes designed to fulfil the often-emerging demands of contracting authorities. Similarly to framework agreements, DPSs constitute a flexible procurement method. Their use is supported by the argument that, unlike framework agreements, DPSs allow any economic operator that meets the eligibility criteria set by the contracting authority to join at any time throughout their entire durations.

As for the practical experiences related to the application of DPSs, the Government has outlined plans to review, based on additional indicators, competition and law application typical to dynamic purchasing systems within the Performance Measurement Framework. Furthermore, in 2022, the Council operating within the Public Procurement Authority also raised the issue of updating the guide on dynamic purchasing systems.

With respect to the measures already implemented and those currently underway, the following observations can be made.

Point 5 of Government Decision No 1086/2025 of 31 March 2025 on the revision of the action plan in 2024 for measures aiming to increase the level of competition in public procurement (2023–2026) stipulates the relevant measure with regard to our proposal to assess the practical experiences related to DPSs. In it the Government called on the President of the Public Procurement Authority to ensure, through the Council operating within the Public Procurement Authority, the updating and supplementation of the Council's guide on the dynamic purchasing system, specifically addressing guidance on tools for improving competition, following the collection of law application experiences. The deadline for implementing this measure is 31 December 2025.

The Public Procurement Authority has already started preparations in this regard, reaching out to the Authority in the process.

Our proposal from 2024 was based, in several aspects, on the findings and statistical data communicated in the Framework⁷⁹. This suggests that, despite the expansion of centralised public procurement, the use of DPSs remains marginal. Furthermore, the number of economic operators joining DPSs after their establishment has also been steadily decreasing. This is indeed unfortunate, especially because, much like framework agreements, they facilitate the flexible fulfilment of the often-emerging demands of contracting authorities. However, while framework agreements close the market for a set period, economic operators are free to join DPSs at any point throughout their entire duration. For this reason, we maintain that this procurement method is significantly better suited to competition. An additional advantage of DPSs is that participating economic operators are only required to submit tenders for smaller lots, which likely prevents them from pricing in the uncertainty factors typically associated with framework agreements, such as the full product range over a longer period. As a result, DPSs may allow for more efficient use of public funds.

⁷⁹ The number of entities joining DPSs after their initial set-up has seen a steady decline since 2020, according to Framework data published in 2023. While the year 2020 saw an average of 12 economic operators joining DPSs, this number shrank to two in 2023.

We believe that **complex measures** are required to better exploit the potential of DPSs and effectively address this phenomenon. One step in this direction could be the dissemination of experiences related to the use of DPSs, as well as the sharing of **contracting authority 'best practices'**, within the framework of the official guide.

We propose considering the incorporation of **experiences from contracting authorities** that have conducted a higher number of DPS procedures, including an assessment of the **product categories** in which DPSs are typically applied successfully, as well as those in which their use has proven to be ineffective. Contracting authorities would likely be supported by receiving **concrete, tangible examples** illustrating the situations in which it is advisable to use DPSs, and identifying the specific characteristics of procurement subjects or categories that make them particularly suitable for these systems.

We propose a more in-depth presentation and **analysis**, to be carried out either as part of the guide's review or within the Framework, of the **phenomenon** and its background whereby certain contracting authorities – typically central purchasing bodies, and more specifically the DGPPS – conclude **framework agreements as part or as a result of DPSs**. We believe that the practice of contracting authorities realising their procurement needs with a single or a small number of framework agreements within a DPS is **inconsistent with the original purpose of DBSs**. With this solution, what dynamic purchasing systems lose is exactly their dynamic features. Framework agreements set prices as maximum rates – meaning that tenderers may only offer more favourable prices than those fixed in the agreement at later stages. This, however, entails the risk that tenderers price every potential cost element in their initial quotations according to the framework agreement. In contrast, DPSs revitalise competition by reopening the opportunity to submit tenders – ideally – for specific and immediate procurement needs only.

Our **proposals** for the 'promotion' of DPSs remain **multifaceted**: in addition to addressing practical issues and providing support within the guide, we maintain our recommendation to **improve the searchability of open DPSs** and to develop the EPPS accordingly. We also consider it important to **raise awareness of this legal instrument** – through targeted training, if necessary – among both contracting authorities and tenderers. By ensuring partial tendering, DPSs can serve as effective tools for supporting SMEs and preventing market concentration.

Reviewing Quotas

In accordance with the relevant provisions set out in the PPA, specifically Section 104(3), a framework agreement may be established with one or multiple tenderers, as decided by the contracting authority. While contracting authorities hold discretionary powers in making such decisions, we believe that the exceptionally high proportion of framework agreements concluded with a single tenderer **warrants a review of this regulation**, taking into account the following considerations as well.

The operational characteristic of framework agreements is the quotas. In terms of operation, framework agreements concluded with a single supplier and those concluded with multiple suppliers each have their advantages and disadvantages. In the case of framework agreements with a single tenderer, there is an increased risk of monopolistic situations arising – this is particularly true for high-value framework agreements concluded for longer periods. Some analyses also list the limited adaptability to individual buyer needs among the disadvantages. By contrast, framework agreements concluded with multiple tenderers are more favourable in terms of competition: they are less likely to entrench market participants, though their maintenance and operation are generally more complex.

In its analysis of indicators and framework agreement data, the Framework's 2024 report states that the upward trend in FA1 procedures has continued. 7 Among the years under review, the proportion of FA1 procedures was at its highest in 2024.

This information includes all FA1 procedures by contracting authorities, including central purchasing bodies. Beyond the number of such procedures, the **share of framework agreements by value** provides a more telling piece of information: the value of FA1 procedures accounted for 53.2% of all successful procedures in 2024. In this context, the **share of framework agreements concluded with a single tenderer** accounted for 69% of all framework agreements.⁸⁰

It is important to know how common it is for central purchasing bodies to conclude **framework agreements with a single tenderer** in the case of high-value framework agreements that often cover an entire market segment or a significant part of it. The past two decades show a **positive trend**: with the exception of the NCO, the share of framework agreements concluded with a single tenderer has been decreasing for both the DKÜ and the DGPPS. Although in 2024 more than a third (34.74%) of the DGPPS's framework agreements were still concluded with a single economic operator, this marks a roughly 20% decrease compared to the year before. In the case of the DKÜ, however, the share of single-tenderer framework agreements experienced a more than 60% drop⁸¹. There were no changes in the practice of the NCO, as its framework agreements are still concluded with a single tenderer.

Considering that the overall share of framework agreements within public procurement is notable, we consider further analysis necessary (e.g. on the typical characteristics of the markets where contracting authorities apply them, the procurement subjects involved, and the level of competition prevailing in these markets). Moreover, we propose that the following **regulatory issues related to framework agreements be considered**, with particular attention to the fact that the PPA allows for the establishment of regulations that deviate from its provisions in the case of central purchasing bodies.

To specify our recommendation made in the 2023 Annual Integrity Report – where we advocated for the reduction of single-tenderer framework agreements in favor of multi-tenderer framework agreements – we propose considering the following. Prior to making a decision on the determination of the quotas, a market survey or impact study should be conducted. And as a mandatory requirement, it should include the **rationale behind the contracting authority's decision to apply a framework agreement concluded with a single tenderer**, while also taking into account the number of competing products and economic operators available in the relevant market. Modelled after the obligation to justify the exclusion of partial tendering, this information could be incorporated into procurement notices.

We advocated for a review of quota practices in both of our previous integrity reports. We previously proposed a review of quota practices used by contracting authorities in our 2022 Integrity Report. According to the proposal, Government Decision No 1082/2024 of 28 March of 2024 on the revision of the action plan for measures aiming to increase the level of competition in public procurement (2023–2026) called upon the Minister of Finance and the Head of Cabinet of the Prime Minister to examine the quotas and the practice of ensuring partial tendering in centralised public procurement systems, specifically in relation to framework agreements involving procurement procedures funded by the European Union, and to publish a report on the results of the examination. The deadline for publishing the referenced report was 31 December 2024. Reports on the quotas applied and the provision of partial tendering are available on the websites of both the DGPPS and the DKÜ: in the case of the DKÜ, under the Public Interest Data section (<https://dkuzrt.hu/kozerdeku-adatok>), while in the case of the DGPPS, under the Document Repository section ([Dokumentumtár – Liferay](#)).

⁸⁰ The share of framework agreements concluded with a single tenderer also includes cases where the procedure was initially intended to result in a framework agreement with multiple tenderers, but ultimately only one valid tender was submitted.

⁸¹ See Framework Subindicator 98.1

According to the DKÜ, quotas were set above the statutory minimum – of three tenderers – in the vast majority of EU-funded framework agreements subject to investigations (in 16 out of the 18 framework agreements concerned). Furthermore, the report emphasises that the DKÜ assigns considerable weight to ensuring that as many economic operators as possible – which are capable of executing framework agreements – have the opportunity to meet the procurement needs of the relevant organisations in future centralised public procurement procedures.

In the report, the DGPPS provided details on the factors it takes into account when determining the quotas in framework agreements. When setting the quotas during the preparation of procedures, several factors are taken into consideration: these include the nature and complexity of the procurement subject, the number of market participants, as well as ensuring the efficiency and swift operability of the centralised public procurement system. In this context, they also take into consideration that unrealistically high quotas would make the use of framework agreements too complex and time-consuming for the institutions involved.

As for the quotas, the DGPPS stated that they are set at a number at least one less than the number of potential economic operators. With regard to experiences, the report states that in 43% of the framework agreements allowing for the use of European Union funds, the quotas were set higher than the number of participants with whom the respective contracts were concluded. While the share of framework agreements in which contracts were concluded with a number of participants corresponding to the quotas accounted for 57%. According to the DGPPS, the applied quotas do not hinder the tendering opportunities available to potential participants. To complete the picture, it is important to note that in nearly 41% of framework agreements enabling the use of European Union funds, the successful tenderers enter into consortium agreements among themselves.

Procedural Techniques Applied on the Basis of Framework Agreements

In the 2023 Integrity Report, we analysed the procedural techniques central purchasing bodies used in the operation of framework agreements. We proposed a review of the justification for maintaining ‘mixed framework agreements’ allowing for placing direct orders and reopening competition, as well as a review of the rational behind the practice that permits the conclusion of framework contracts based on framework agreements without a specific order.

While the Government expressed partial agreement with the proposals, it did not consider any measures necessary, considering, among other things, that the relevant EU regulations⁸² explicitly allow the use of mixed framework agreements. The Framework also includes data partly related to this⁸³. According to data from 2024, the share of active framework agreements that allow public procurement procedures to be conducted through direct orders is exceptionally high for the DGPPS, accounting for 96.24% of all framework agreements. In the case of the DKÜ, the share of such framework agreements dropped from 68% to 57%. The data do not reflect the actual proportion of cases in which direct orders are used, but rather indicate the proportion of framework agreements that allow for such orders. It would be beneficial if the Framework also included data on the proportion of cases, within mixed framework agreements, in which competition is reopened and those in which direct orders are placed.

⁸² See Article 33(4)(b) of Directive 2014/24/EU

⁸³ See Subindicator 98.2

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4.1 Reviewing the Regulatory Environment

4.2 Reviewing Control Mechanisms

4.3 Reviewing Project Implementation

4.4 The Impact of the 2023 Annual Analytical Integrity Report on the Rules Concerning the Use of European Union Funds

This chapter reviews, in accordance with Section 11(d) of the Integrity Authority Act, the existing control system responsible for controlling the use of European Union funds. Furthermore, pursuant to Section 11(f) of the same act, it also assesses the ways bodies with functions and powers in relation to the control of the use of European Union funds have taken into account previous annual integrity reports and the recommendations therein concerning the control system.

The largest part of the chapter presents the findings of the Authority's investigations in 2024, conducted within the scope of its functions and powers under the Integrity Authority Act. European Union funds involved in the 21 investigations concluded by the Authority in 2024 exceeded HUF 57 billion. The aim is to formulate recommendations that go beyond individual investigations, addressed both to the legislature and to the actors of the control system responsible for controlling the use of European Union funds, by identifying existing shortcomings and opportunities for abuse that the current monitoring system is not yet able to address effectively and efficiently.

The chapter presents the experiences gained through the Authority's investigations, along with the corresponding recommendations, as follows:

- 1) Experiences and corresponding recommendations relating to the regulatory environment
- 2) Experiences and corresponding recommendations relating to control mechanisms
- 3) Experiences and corresponding recommendations relating to project implementation

The final subchapter compares the recommendations in the Authority's 2023 Report of last year with the Government's responses. The number of rejected relevant proposals decreased, with the subchapter detailing the actions taken. In cases where recommendations were not accepted or where no action was taken, the Authority presents its constructive position and recommendations for improvement.

4.1 Reviewing the Regulatory Environment

This chapter is intended to present the findings of the investigations conducted by the Authority in 2024 within the scope of its functions and powers under the Integrity Authority Act. Based on these findings, the Authority aims to issue recommendations to both the legislature and the actors of the control system responsible for controlling the use of European Union funds.

In 2024, the Authority closed 21 investigations involving a total of HUF 57,391,994,000 in European Union funds. The presented findings are based on either these closed or, in some cases, ongoing investigations.

In this chapter, the Authority seeks to present experiences and recommendations on the regulatory environment, focusing on the following areas:

- requests for additional funding in projects – involving independent expert witnesses;
- commitment in public works projects;
- defining beneficiaries – acquisition of ownership by civil society organisations;
- registration and settlement of events, training courses, and conferences.

The experiences outlined in this subchapter are attributable to shortcomings and opportunities for abuse that go beyond individual investigations and, as maintained by the Authority, exist at a systemic level. In this context, the Authority seeks to make recommendations below to ensure that these issues can be addressed efficiently and effectively by the control system in the future.

4.1.1 Requests for Additional Funding in Projects – Involving Independent Expert Witnesses

In the case of projects involving European Union funding, it was already a common issue during the 2014–2020 programming period that the awarded funding proved insufficient to implement the projects, despite their technical and professional content remaining unchanged.

Requests for additional funding are attributable to various factors. In many cases, the problem stemmed from the inadequate technical and professional preparation of the projects, which essentially came down to the budgets being based on outdated or underestimated market prices, or to the planned tools, materials, and activities proving inadequate and insufficient to ensure the successful implementation of the project.

Stemming from a lack of funds, inadequate planning resulted in failed (public) procurement procedures in many cases, causing significant delays and, as a result, further cost increases in projects.

In addition, in certain cases, delays in project implementation due to other reasons – such as the beneficiary's prolonged fulfilment of certain obligations or the managing authorities' lengthy decision-making processes (e.g. assessment of contract amendments or payment requests) – also contributed to increased costs. Naturally, there have also been cases where additional funding became necessary despite appropriate and careful preparation – for example, when a piece of equipment planned for procurement could no longer be purchased at the initially estimated price, or when unforeseen circumstances required extra work. However, effective action by the institutional system for development policy – such as requiring thorough project preparation, conducting conditional public procurement procedures, or accelerating the processing of beneficiary requests – could, in many cases, prevent significant cost increases. Given that a significant portion of additional funding – due to the limited availability of EU funds or ineligibility – must be covered from the national budget, reducing such needs could also contribute to lower public expenditure.

In the context of the 2014–2020 programming period, additional funding beyond the awarded amount – available exclusively to public sector entities – is governed by Section 87 of Government Decree No 272/2014 of 5 November 2014 and the provisions of Government Decree No 17/2017 of 1 February 2017, while in the case of the 2021–2027 programming period, it is governed by Sections 168 to 174 of Government Decree No 256/2021 of 18 May 2021. Public sector organisations are defined in Section 3(11) of Government Decree No 590/2022 of 28 December 2022 on the regulation of the use of chapter and centrally managed appropriations under the chapter of Union developments.

Decision-making powers related to cost increases have changed several times over the years. According to current regulations, if a request submitted to the managing authority does not exceed 30% of the initially awarded funding and remains below HUF 100 million, the decision is made by the managing authority – whereas requests exceeding this threshold are decided by the Government. However, the Government may, by way of individual decisions, deviate from the application of the general rules pursuant to Section 87(1)(cd) of Government Decree No 272/2014 of 5 November 2014 and Section 168(1)(c) of Government Decree No 256/2021 of 18 May 2021.

In cases where a request for additional funding reaches 30% of the initially awarded amount, the compliance of the cost increase with market prices must be certified by an expert witness appointed by the minister with responsibility for public finance⁸⁴.

⁸⁴ Section 3(2) of Government Decree No 17/2017 of 1 February 2017, as well as Section 171(1)(b) of Government Decree No 256/2021 of 18 May 2021

Following the submission of a request for support to cover cost increases, the managing authority is authorised to initiate the appointment of an expert witness [Section 171(2) of Government Decree No 256/2021 of 18 May 2021 and Subsection (1f) of Government Decree No 272/2014 of 5 November 2014].

With the aforementioned provision, the Government intended to ensure and verify – by involving an independent expert with the necessary expertise in the relevant field (e.g. engineering, technical, etc.) – that the costs included in the request comply with the arm's length price. In the course of its investigations, the Integrity Authority found that, in some cases, managing authorities fail to fulfill their obligations outlined in government decrees and that they submit government proposals concerning requests for additional funding to the Government for decision without a prior expert witness assessment, posing significant risks to integrity.

Although the Government may, by way of individual decisions, deviate from several rules concerning cost increases set out in the government decree, it was the managing authorities themselves that decided not to involve expert witness assessments in the cases reviewed. And as a result, the Government made decisions on cost increases without the mandatory assessments by independent individuals to verify compliance with market prices. The Authority maintains that the decision not to involve expert witnesses – and, consequently, the failure to ensure verification by independent experts of compliance with market prices – poses a significant risk. This carries the risk of overpricing and may also lead to project budgets lacking a sound basis in the long run.

This poses a risk to the EU's principle of responsible and efficient financial management. Furthermore, if, in connection with cost increases, subsequent audits – such as those conducted by the DGAEF, the European Commission, the Integrity Authority, etc. – find that the costs were not justified and did not comply with the arm's length price, these costs will become ineligible, thereby placing a significant burden on the national budget.

Therefore, the Authority recommends clarifying and ensuring the coherence of the regulations – for example, by amending the aforementioned government decrees to stipulate that, following the submission of a request for cost increase support, the managing authority is not merely authorised but required to initiate the appointment of an expert witness.

The Authority proposes that the Government, also taking into account the risks outlined above in connection with eligibility, refrain from making decisions on future requests relating to cost increases without expert witness assessments. Furthermore, the Authority recommends that during the assessment of requests, the Coordination Committee for Development Policy – serving as the Government's preparatory body for development policy – should not allow any proposal to be submitted to the Government for which, despite the provisions of the decree, an expert witness opinion is not available. To curb requests for additional funding, the Authority recommends issuing calls for applications that ensure – through selection or evaluation criteria – that grant applications are submitted only after adequate professional and technical preparation, accompanied by budgets suitable for project implementation.

4.1.2 Commitment in Public Works Projects in Light of Government Decree No 256/2021 of 18 May 2021

Section 123(1) of Government Decree No 256/2021 of 18 May 2021 stipulates that the managing authority may undertake commitments in the case of a public works project with a total EU-eligible cost exceeding HUF 5 billion gross only if the applicant has either concluded a supplier contract for the project element representing the fundamental objective of the project with the successful tenderer of the public procurement procedure, subject to a condition precedent whereby the contract enters into force upon the applicant's notification to the successful tenderer that the funding agreement has been concluded, or if the applicant already holds a public procurement contract or a framework agreement

– which is either under its own name or accessible to it – concluded with the European Union, the value of which exceeds the threshold specified in this paragraph. The purpose of the provision presented is to ensure that, in the case of **infrastructure investment projects exceeding a total cost of HUF 5 billion gross**, the project has already reached an **appropriate level of preparedness** at the time of submitting the grant application – either through a supplier contract for the implementation of the core project element or via a public procurement contract or framework agreement.

The Authority examined the circumstances and driving factors of the **significant delays** and the **substantial additional funding granted to beneficiaries** under the supported projects of a Call for applications implemented within the framework of the 2014–2020 programming period. One of the identified causes of the delays in the projects was that the Call for applications did not require the submission of technical design documentation at the time of the grant applications, which meant that the technical preparation of the projects could only begin in the implementation phase. Moreover, two years after submitting their grant applications, beneficiaries were also confronted with a significant increase in construction costs, making the initially awarded funding amounts insufficient for the implementation of the projects.

In response to the problems identified in the implemented projects under the Call for applications reviewed, the Authority made primarily **preventive recommendations** for the 2021–2027 programming period. Among these, a key example is Section 123(1) of Government Decree No 256/2021 of 18 May 2021 which, according to the Authority, is a necessary but not sufficient tool for ensuring a higher number of professionally well-prepared projects.

A conditional public procurement procedure successfully conducted prior to the submission of the grant application would ensure that implementation works could commence shortly after the approval of the funding. In most cases, this could offer a solution to price increases caused by inflation over time – which may span several years – and to the frequent failure of public procurement procedures due to lack of funding. In addition, the proposed solution could significantly reduce both the number and the amount of requests for additional funding, thereby easing the burden on the national budget. In light of the above, the Authority recommends that the Government review Section 123(1) of Government Decree No 256/2021 of 18 May 2021 and consider lowering the gross total cost threshold of HUF 5 billion in order to ensure that grant applications for public works are submitted with a level of preparation that enables timely and proper implementation.

4.1.3 Defining Beneficiaries – Acquisition of Ownership by Civil Society Organisations (CSOs)

The Authority found that in order to achieve the set project objectives – for example, establishing supported housing or developing basic social services – several operational programmes allow **CSO beneficiaries to purchase real estate as part of the project**. As for projects involving real estate purchases, ownership is acquired exclusively by CSOs, posing a potential risk to maintaining the results achieved during project implementation.

The Authority maintains that following the expiry of the maintenance obligation, a significant risk arises from the absence of guarantees to ensure that the CSO acquiring ownership under the project does not take actions that would jeopardise or make the preservation of the results achieved during project implementation impossible.

As outlined above, the Authority holds the view that cases where CSOs acquire ownership require **additional guarantees** that should be stipulated in the respective calls for applications in cases where real estate is purchased using EU funds under the projects. According to the Authority, such guarantees could include the **extension of the maintenance period**; the **introduction, as an evaluation criterion during project selection, of how long a CSO has been engaged in the activity indicated in the project**; as well as the **formation of a consortium involving the local government or an association of local governments**.

Setting a Longer Maintenance Period

To ensure that the project objective remains effective for as long as possible, it may be warranted to require the beneficiary to maintain the results for a longer period (10 to 15 years) following the physical completion of the project, as stipulated in the call for applications.

Activities Carried Out by CSOs as Award Criteria

If a CSO has already been performing, in practice, the activity indicated in the project for an extended period of time (i.e. 10 to 20 years), additional points could be awarded during the evaluation of the Grant application.

Formation of a Consortium Involving the Local Government or an Association of Local Governments

The Authority recommends that ownership of the real estate purchased under the project should lie with the local government or an association of local governments. Acting in their capacity as owners, they would conclude an agreement with the CSO – under a lease or other legal title – granting the right of possession and use. The purpose of the consortium would be to ensure that, through municipal ownership, the results achieved during project implementation can continue to be maintained even after the expiry of the maintenance period. This would contribute to the long-term impact of EU funds by prioritising community interests.

The Authority maintains that the application of the aforementioned guarantees, where possible, reduces the risk that, following the expiry of the maintenance period, the property purchased under the project will later be used in a manner inconsistent with community or societal interests (e.g. sold by the beneficiaries).

4.1.4 Registration and Settlement of Accounts of Events, Training Courses, and Conferences Organised within Projects

In the course of its investigations, the Authority identified EU-funded projects in which, despite two events having been held at different times and for residents of two different municipalities, the attendance sheets included overlapping individuals based on name and year of birth. In some cases, the photographs and attendance sheets attached to the reports were inconsistent in terms of the number and age of the participants.

In the case of events organised by two different beneficiaries, the date and location were identical, and overlaps were identified among the individuals listed on the attendance sheets. Nevertheless, the beneficiaries accounted separately for catering, event and programme organisation, as well as material costs, raising suspicions of double funding.

There were also cases where, following a request for missing information, the theme of the event indicated in the report was modified, despite the original invitation, attached as an annex to the original report, stipulating a different topic. In other words, although the beneficiary had initially submitted a professional report on an event with a specific theme and attached the corresponding invitation, they revised the professional report, following the request for missing information, to describe an event with a different topic.

The Authority maintains that in light of the aforementioned inconsistencies, closer monitoring of the project events, and thus of the use of funds, would have been necessary, primarily through unannounced on-site audits.

The Authority recommends establishing a unified platform accessible to all relevant parties (for example, a dedicated subpage within the Electronic Applicant Information and Communication System to cover all Operational Programmes), where beneficiaries can upload the location, date, and related invitation of upcoming events organised as part of a project. This could enhance the efficiency and effectiveness of extraordinary on-site audits.

The Authority identified projects in which the – separate but simultaneous – settlement of accounts of event and programme organisation costs was approved by the managing authorities despite lacking clear and explicit definitions for the concepts of 'event and programme organisation'. Furthermore, the technical reports did not include additional information regarding the activities underlying these cost items either. Furthermore, in several cases, invoices for certain catering costs were accepted despite the beneficiary not including photographic evidence of these expenses in the technical reports.

In light of the above, the Authority recommends that in cases where training courses, conferences, workshops, and other events form the core of a project, the definition of eligible costs should be more precisely specified in the Call for Applications, the General Guidelines, and the Financial Accounting Guide. Furthermore, stricter conditions should be established to substantiate eligibility which, in the Authority's view, would also enhance effectiveness in expenditure verifications.

4.2 Reviewing Control Mechanisms

The aim of this chapter is to set forth the risks and issues that surfaced in 2024 regarding the verification of the actual, effective and efficient use of European Union funds, as revealed through investigations performed by the Authority consistent with its functions and powers under the Integrity Authority Act.

In this chapter, the Authority seeks to present experiences and recommendations on the control mechanisms, focusing on the following areas:

- market price review by managing authorities
- irregularities area – application of exclusion
- expanding ARACHNE;
- guarantee declarations – bank guarantee;
- LEADER funding.

Based on the findings presented in this subchapter, the Authority aims to issue recommendations to both the legislature and the actors of the control system responsible for controlling the use of European Union funds.

4.2.1 Market Price Review by Managing Authorities

According to Section 2.3.2.5 of Annex 5 to Government Decree No 272/2014 of 5 November 2014, the unit prices serving as the basis for cost calculation may not exceed the arm's length price, for example, the price stipulated in a contract concluded as a result of a public procurement procedure, with due regard to points III.6.2 and 6.3 of Annex 6.

Point 6.2 of Annex 6 stipulates that 'in the case of goods procured through a public procurement procedure or another procedure type defined by law, the documentation of the procedure may serve as justification for the market price, provided that the managing authority is authorised, in case of doubt, to carry out a separate investigation and, based on its outcome, determine the recognised market price at a value different from the price established during the procedure.'

Based on the above, and taking into account the practices and positions of the managing authorities, the documentation of the public procurement procedure may be accepted to substantiate the market price. Accordingly, managing authorities consider the market price of items subject to public procurement to be substantiated and usually do not conduct a separate examination of these during financial settlement.

By contrast, the Authority's investigative experience suggests that a different approach would be required from the managing authorities with regard to point 2.3.2.5 of Annex 5 and Points III.6.2 and 6.3 of Annex 6 to Government Decree No 272/2014 of 5 November 2014.

This is because in the case of goods procured through public procurement procedures, the Authority's experience shows that the substantiation of the market price has, in several instances, become questionable in light of additional information that emerged during implementation, financial reporting, or the maintenance phase.

This issue is deepened by the shortcomings and risks identified in Section 3.4.2 of the Report in relation to the application of the principle of responsible management of public funds as defined in Section 2(4) of the PPA. In light of these findings, the Authority has formulated specific recommendations in the relevant subchapter to support the practical implementation of this fundamental principle.

Taking these aspects into account, the Authority maintains that in the case of projects subject to public procurement, managing authorities must interpret and apply Points 2.3.2.5, along with Points III.6.2 and 6.3 of Annex 6 to Government Decree No 272/2014 of 5 November 2014 on a case-by-case basis when assessing payment and modification requests, as well as reports. Therefore, individual assessment is required to determine whether any circumstances have arisen in relation to a project that call into question the market price established through public procurement, and at the same time justify a price verification to be carried out by the managing authority.

Accordingly, in addition to developing a framework for the practical application of the principle referred to in Section 3.4.2 of the Report, the Authority recommends that managing authorities incorporate a set of assessment criteria (e.g. a checklist) into the control process. This tool should be applicable to projects that are implemented under an operational programme and subject to public procurement, in order to determine whether a review of the established market price by the managing authority is necessary.

4.2.2 Irregularities Field – Application of Exclusion

This chapter elaborates on the application of exclusion as a legal consequence from eligibility for funding. Section 164(7) and (8) and Point 2017.8 of Government Decree No 272/2014 of 5 November 2014, as well as Section 398(1) to (3) of Government Decree 256/2021 of 18 May 2021, provide the legislative basis for exclusion.

Information on exclusion, as defined in the two aforementioned government decrees, is available on the following website: https://archive.palyazat.gov.hu/atlathatosag_kozerdeku_bejelentesek For closed irregularities concerning a specific period, this information is presented – though not for all operational programmes – in the uploaded tables, under the column titled 'Consequences of Irregularities', indicating whether the exclusion of the Beneficiary was either carried out or merely proposed. With regard to closed irregularities broken down by programming periods and operational programmes, it is evident that exclusion as a sanction is applied only in exceptional cases. There are several factors contributing to the infrequent application of exclusion. Among these factors, only the circumstantial elements leading to a proposal and the application of rules concerning repeated commission of irregularities are addressed.

Shared elements in the legal consequences applicable in irregularity decisions based on Government Decree No 272/2014 of 5 November 2014 on the rules governing the use of grants from European Union funds and Government Decree No 256/2021 of 18 May 2021;

- reducing eligible costs, reclaim,
- withdrawal,
- exclusion,
- other legal consequences.

Among the sanctions applicable as a result of irregularity decisions, exclusion may only take place following a specific proposal to that effect;

- pursuant to Government Decree No 272/2014 of 5 November 2014, on the proposal of the decision maker in the irregularity proceedings, subject to a decision by the head of the authority managing the relevant budget heading.

- pursuant to Government Decree No 256/2021 of 18 May 2021, and based on the managing authority's proposal subject to a decision by the NDC.

In exercising discretionary powers regarding the sanction of exclusion, the authority making the proposal must take into account that the legal consequence should be proportionate to the severity of the irregularity. However, the question arises as to which irregularity decisions may lead to the application of exclusion. In this regard, both government decrees uniformly refer to cases where the beneficiary commits irregularities intentionally or repeatedly.

The concept of intentional commission is defined in Point (1a) of Section 3, titled 'Interpretive Provisions', of Government Decree No 272/2014 of 5 November 2014; while its definition pertinent to the implementation of the EAFRD and the EMFF is stipulated in Point 4 of the same decree.

Intentional conduct: the behaviour of the applicant, beneficiary, or any intermediary or representative engaged by them, where the applicant, beneficiary, or intermediary/representative is aware that the active conduct or omission exhibited, in connection with the funding, leads to the unauthorised acquisition or retention of eligibility for the applicant/beneficiary or provides a more favorable assessment, in relation to the funding, for any element of eligibility, compared to what would have been the case without such active conduct or omission.

Other funds (other than the EAFRD and the EMFF) were not specified, nor was the definition of intentional conduct provided in Government Decree No 256/2021 of 18 June 2021. According to the Authority's assessment, the definition of intentional conduct provided in Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021 is not comprehensive. Therefore, with respect to other funds (apart from the EAFRD and the EMFF), it is advisable to define intentional conduct explicitly or to extend the scope of the aforementioned interpretive provision.

In the future, it is important to clarify the extent to which intentional conduct corresponds to the suspicion of budget fraud as defined in Section 396 of Act C of 2012 on the Criminal Code ('Criminal Code'), and whether, based on the established practices of the NDC and Managing Authorities, irregularities committed out of intentional conduct as defined in Government Decree No 272/2014 of 5 November 2014 consistently result in a complaint to the competent investigative authority.

Section 3, titled 'Interpretive Provisions', of Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021 include provisions that define the concept of fraud, addressed separately from intentional conduct.

Fraud: the concept, activity or omission as defined in Article 1(1) of the Convention on the Protection of the Financial Interests of the European Communities, promulgated by Act CLIX of 2009 on the promulgation of the Convention on the protection of the European Communities' financial interests drawn up based on Art. K.3. of the Treaty establishing the European Community, and of the Additional Protocols thereto and of the declaration based on Art. 35(2) of the Treaty on the European Union, as well as the concept of budget fraud as defined in Section 396 of Act C of 2012 on the Criminal Code.

With regard to **repeated commission**, both government decrees uniformly stipulate that a beneficiary is deemed to have repeatedly committed an act warranting grounds for exclusion if the same type of irregularity is committed on at least two occasions within a five-year period.

In explaining the conduct constituting irregularities, it is advisable to introduce the irregularity classifications used in the Irregularity Management System ('IMS'). With regard to closed irregularities, Member States are required to provide data on cases involving amounts that exceed EUR 10,000. This obligation is fulfilled through the IMS, which Member States use to submit data to the European Commission. In the case of irregularities exceeding EUR 10,000, the following four classifications apply:

Table 24 Irregularity Management System (IMS) Classifications

Classification code	Classification description
IRQ5	established fraud
IRQ3	suspected fraud
IRQ2	irregularity
IRQ0	no irregularity

Intentional Commission

The Authority maintains that, based on IMS classifications, the commission of an irregularity is to be considered intentional in all cases if it is classified as IRQ5 (meaning 'established fraud') within the IMS.

The Authority recommends that a proposal for exclusion should be made in all cases classified as IRQ5, and – where the severity of the irregularity so warrants – exclusion should be applied.

In cases where irregularity proceedings conclude with an IRQ3 classification (meaning 'suspected fraud') and there is a suspicion of a criminal offence, managing authorities are required to monitor the progress of the investigative actions.

If a criminal offence is established by a final decision, the managing authority is required to promptly update the classification to IRQ5. Furthermore, it is recommended that the authority initiate a review of the decision and propose the application of exclusion effective from the date of the final decision.

Basing exclusion on final decisions is in accordance with Section 62(1) of the PPA (grounds for exclusion). The PPA bases most exclusion grounds on final court rulings. By analogy, the Authority maintains that it is worth considering in this regard that the NDC should also base the application of exclusion on final court rulings.

A proposal for exclusion may be made in the course of the review of the decision based on a court ruling [Section 401(1) of Government Decree No 256/2021 of 18 May 2021], considering that in the case of an IRQ3 classification (indicating 'suspected fraud'), the irregularity must be reclassified as IRQ5 (meaning 'established fraud') following a final court ruling. The term 'court ruling' is not specified in Section 164/A(1) of Government Decree No 272/2014 of 5 November 2014, signifying a gap in the decree in this regard; nevertheless, this does not preclude the application of judicial review, attainable, for example, by referring to legal regulations ranking higher in the hierarchy (such as Regulation 2021/1060 of the European Parliament and of the Council).

If the managing authority files a complaint in the case of an IRQ3 classification, it is recommended that the managing authority, as well as the NDC, exercise their enhanced monitoring powers with regard to the Beneficiary concerned. Beneficiaries concerned should be classified as high risk until the results of the investigation emerge. Therefore, projects affected by irregularities warrant the application of such vertical (in relation to all projects of the Beneficiary within the same operational programme) and horizontal measures (with respect to the Beneficiary's ongoing projects funded from other operational programmes) by the NDC and the managing authorities, with aim of carrying out checks based on a high-risk classification.

In cases where suspicions of irregularities are reported because of the initiation of investigations, the Authority recommends that the managing authorities concerned, concurrently with launching irregularity proceedings, examine whether the irregularity proceedings prompted by the investigations may also have an impact on other projects of the Beneficiary within the same operational programme. If such a risk arises, it may be warranted to extend the irregularity proceedings to the other projects, while also taking measures to suspend financial payments and classify the projects as high risk.

Vertical Repeated Commission of Irregularities

If irregularity proceedings are initiated in relation to multiple projects involving the same beneficiary, following the same circumstance giving rise to the irregularity, and the relevant Managing Authority finds irregularities in at least two projects – referring to irregularities related to the same set of facts – repeated commission may be established. In such cases, the Managing Authority should propose exclusion, while the NDC should decide on the exclusion of the Beneficiary.

Horizontal Repeated Commission of Irregularities

If the Beneficiary has received support from multiple Managing Authorities and commits irregularities in relation to several projects managed by different MAs, coordination between the Managing Authorities concerned is necessary to determine whether the possibility of repeated commission arises. If this is the case, they should discuss making a proposal for exclusion. The Authority maintains that exclusion from the use of funding may also be applicable in cases of irregularity-related decisions classified as IRQ2 ('irregularity occurred'), provided that it is proportionate to the severity of the irregularity.

The uncovering of horizontal repeated commission of irregularities – involving the same set of facts across multiple operational programmes – is only possible if the factual circumstances underlying the irregularity can be examined and compared across all affected operational programmes. A transparent and effective platform for this would be the System of European Union Programmes ('EUPR') – and, if necessary, its development in this direction – while ensuring completeness.

Without it – or another up-to-date list fulfilling the same function and accessible to all Managing Authorities and the central coordination units of the NDC – one of the legal conditions underpinning exclusion becomes void. This is because, in the absence of such a list or data accessible via the EUPR, the Managing Authorities are unable to determine whether the beneficiary has committed the same type of irregularity in another operational programme as the one identified by the respective Managing Authority.

The Authority recommends establishing a system – either within the EUPR or as a separate registry⁸⁵ – through which the Managing Authorities and the NDC can, in the course of irregularity proceedings, verify whether the beneficiary has already committed the same irregularity in a project funded under another operational programme.

In IRQ3 cases, treating the Beneficiary as high-risk – i.e. applying enhanced monitoring and control – is warranted until the investigation is concluded, across all Managing Authorities where the Beneficiary concerned has a valid Grant Agreement or Granting Decision. The Authority recommends that the Managing Authorities and the NDC consider the proposals in accordance with Section 20(28) of Government Decree No 272/2014 of 5 November 2014, as well as Section 7(2) of Government Decree No 256/2021 of 18 May 2021. Furthermore, the Authority recommends that the Government assess the possibility of amending the relevant government decrees in line with these proposals.

4.2.3 Expanding ARACHNE

The Authority identified a group of suppliers suspected of collusion in connection with a project under investigation for irregularities – a group which has also appeared in other projects examined by the Authority. This suspicion justifies the Authority's need – as a body responsible for controlling the use of European Union funds – to ensure that the identification, tracking, and monitoring of supplier groups involved in or suspected of collusive or fraudulent practices can be carried out at a systemic level.

This necessity is further reinforced by a finding made by the European Commission ('Commission') as part of an earlier audit conducted in 2020, concerning the aforementioned project also examined by the Authority. The Commission found that the project proposal included suppliers that had also participated in another project and

⁸⁵ For example, by using queries initiated as part of the Data Marketplace task on the EUPR HDF (HelpDesk) interface.

were under investigation for suspected fraud at the time of drafting the Commission's audit report. The Managing Authority learnt about the suspicion of fraud as early as 2019; nevertheless, it did not initiate irregularity proceedings in relation to the project at that time.

Furthermore, the Commission issued a recommendation to the Managing Authority, requesting the amendment of procedural rules relating to on-site audits and the investigation of irregularities in order to allow for the Managing Authority to verify the involvement of the organisations concerned in other projects in cases of suspected fraud or collusion among tenderers. Subsequently, the Managing Authority conducted irregularity proceedings in 2020, also based on a Commission recommendation, concerning the project in question, which was likewise reviewed by the Authority. This led to the MA confirming collusive practices and imposing a 25% financial correction.

Taking these aspects into account, the Authority asserts its view that irregularity proceedings should have been initiated in 2020 for other projects it reviewed, involving supplier groups suspected of engaging in collusive practices; however, such proceedings took place only much later, in 2024. Full (100%) financial corrections were established as a result of these irregularity proceedings.

In conclusion, it is evident that the given Managing Authority has limited tools for the follow-up and monitoring of contractors suspected of collusion. As a result, collusive practices – which are later confirmed – and other related cases of misuse tend to be identified and addressed with significant delays, rather than in a timely manner.

To address this issue, the Authority recommends that the Government consider **expanding the ARACHNE system and developing an automatic flag system mechanism** to flag economic operators appearing in projects affected by irregularities who have⁸⁶ previously been subject to irregularity proceedings for suspected collusion.

4.2.4 Guarantee Declarations – Bank Guarantee

Over the course of its investigations, the Authority has repeatedly identified guarantee declarations, issued by financial enterprises and serving as securities for advance payments in grant-supported projects, as a recurring issue. In accordance with Act V of 2013 on the Civil Code ('the Civil Code'), suretyship contracts⁸⁷ and guarantee contracts (or guarantee declarations)⁸⁸ are personal securities for the fulfillment of an obligation. Both types of security are based on the principle that the provider of the security is liable with their own assets in the event of non-performance by the principal obligor. However, while suretyship is collateral in nature – meaning it is closely linked to the main operation between the obligee and the obligor – a guarantee establishes an independent legal relationship between the obligee and the guarantor. In the case of suretyship, a legal relationship is established through a suretyship contract, whereas in the case of guarantees, it may be established either by a guarantee contract or by a (unilateral) guarantee declaration.⁸⁹

With regard to the guarantees identified as risk factors in the projects subject to investigation, it was found that – based on both the legal framework and an assessment of the financial capacity of the issuing financial enterprises – such guarantees should not have been accepted as project collateral, or at the very least, should have been assessed as high-risk during the decision-making process. In light of these gaps in checks, the Authority deemed it important to include the issue of guarantee declarations in its annual report.

⁸⁶ *In addition to the beneficiary or beneficiaries, this also includes tenderers, contractors, subcontractors, and other economic operators who enter into a contractual relationship with the beneficiary or beneficiaries as part of a project.*

⁸⁷ Section 6:416 of the Civil Code

⁸⁸ Section 6:431 of the Civil Code

⁸⁹ For more information on the topic, see the Curia of Hungary Pfv.I.20.706/2023/10.

Legal Background

In accordance to Section 83(1) of Government Decree No 272/2014 of 5 November 2014, the grant agreement must include provisions on the securities for the withdrawal of the grant, the termination of the grant agreement, and the repayment of the grant in the event of irregularities. In accordance with Section 83(1)(a) of Government Decree No 272/2014 of 5 November 2014, one of the means by which the Beneficiary may provide security is through a guarantee declaration. This provision of the Government Decree is supplemented by Paragraph 82 of Annex 1 to Government Decree No 272/2014 of 5 November 2014, which specifies that only guarantee declarations issued by credit institutions falling under the scope of Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises ('Banking Act') are considered valid guarantee declarations.

This provision is further clarified by Point 83.1(a) of Annex 1 to Government Decree No 272/2014 of 5 November 2014, which explicitly states that guarantees issued by financial enterprises are not accepted as securities for projects.

Both credit institutions and financial enterprises are classified as financial institutions⁹⁰; however, the question arises as to how these two types can be distinguished from one another. On the one hand, we can refer to the provisions of the Banking Act, which define credit institutions in terms of organisational form as banks, specialised credit institutions, or cooperative credit institutions⁹¹. From an operational perspective, on the other hand, a financial institution qualifies as a credit institution if it collects deposits or accepts other repayable funds from the public – excluding public bond issuance as defined by law – and provides loans and money lending.⁹²

Besides financial holding companies, a financial enterprise is a financial institution that – with certain exceptions –⁹³ performs one or more financial services or operates a payment system.⁹⁴ In terms of organisational form, the Banking Act imposes additional restrictions only on financial enterprises operating as foundations.⁹⁵

To determine whether a specific financial institution qualifies as a credit institution or a financial enterprise, the institution search tool available on the website of the Hungarian National Bank ('MNB') can serve as a helpful resource⁹⁶. The MNB keeps records of all financial service providers subject to its supervision under the Banking Act, including those whose disclosure is required by other legal regulations or deemed essential for investor protection. Furthermore, the MNB regularly publishes the data of these providers on its website. The MNB registry categorises supervised enterprises by institution type.

In light of the above, if a financial institution is listed as a financial enterprise in the registry maintained by the MNB, the guarantee declarations issued by such an institution may not be accepted as financial security for projects under the implementing regulation applicable to the 2014–2020 programming period. However, the Authority found that in numerous projects subject to investigation, this provision had not been taken into account by the managing authority or intermediate body involved in the decision-making process, and supporting decisions were nevertheless adopted, with grant advances disbursed to beneficiaries.

Similarly, appropriate securities must be stipulated in funding agreements in accordance with Section 139(1) of Government Decree No 256/2021 of 18 May 2021. A change between the two programming periods is that, unlike Government Decree No 272/2014 of 5 November 2014, Section 140(a) of Government Decree No 256/2021 of 18 May 2021 incorporated into

⁹⁰ Section 7(1) of the Banking Act

⁹¹ Section 8(3) of the Banking Act

⁹² Section 8(1) of the Banking Act

⁹³ For exceptions see Section 3(1)(d) and (e), as well as Section 8(2) of the Banking Act

⁹⁴ Section 9(1) of the Banking Act

⁹⁵ Section 9(4) of the Banking Act

⁹⁶ <https://intezmenykereso.mnb.hu/>

the main body of the legislation a restriction⁹⁷ that had previously appeared in an annex, thereby allowing only guarantee declarations issued by credit institutions to be accepted as security in projects.

The national legislation governing the implementation of the Common Agricultural Policy ('CAP') for the 2023–2027 period⁹⁸ does not include provisions on the issuance of guarantees or the provision of security. Instead, Section 6.1 of the document titled 'General Guidelines for Calls for Applications Announced under the CAP Strategic Plan for the 2023–2027 Programming Period'⁹⁹ applies. The relevant rules can be found in the section concerning the attestation of own resources. According to this, unlike in the previous programming period – where it was still acceptable under Government Decree No 272/2014 of 5 November 2014 – a guarantee declaration issued by a credit institution may no longer be accepted as security for own resources.

Guarantor's Financial Capacity

In addition to managing authorities' disregard of the restriction arising from the legal framework, concerns were also raised about the economic capacity of financial enterprises as guarantors, which calls into question the credibility of the guarantees issued. In other words, even if the legal provisions permitted the acceptance of guarantee declarations from financial enterprises, their actual function as valid security would remain doubtful. In addition to the basic data of the entities under the MNB's supervision, the aforementioned MNB registry also includes decisions that impose obligations, warnings, or sanctions on them. This allows for the supervisory measures and their specific content to be known, which in many cases may constitute a risk factor in relation to the financial enterprise. Furthermore, the MNB annually publishes the supervisory data provisions – known as the 'Golden Book' – submitted electronically by the institutions under its supervision, reflecting their status as of the end of the given year.¹⁰⁰ Available for download by year, the Golden Book includes audited asset, liability, and profit data related to financial institutions, grouped by their area of activity. These data are therefore not derived from the reports published on the e-reporting platform by the Ministry of Justice,¹⁰¹ but are submitted directly to the MNB. However, they must be fully consistent with the data disclosed in them.

In light of this, it would be necessary to review the guarantor's annual financial report, focusing particularly on the annex, as the additional information provided therein may also be useful in assessing financial capacity (e.g. contract portfolio, overall amount of guarantees provided to clients). The findings of the Authority confirmed that certain guarantors provided guarantees to beneficiaries in amounts far exceeding their own equity and asset base, thereby making the enforceability of such guarantees highly questionable, as these entities may not be in a position to fulfil their obligations under the guarantees if called upon.

These facts pose extremely serious risks to the efficient and effective use of European Union funds. The Authority asserts that these risk factors must be taken into account by managing authorities or intermediate bodies during substantive reviews of guarantee declarations, so that the securities for projects are not assessed solely on formal grounds.

⁹⁷ Point 83.1(a) of Annex 1 to Government Decree No 272/2014 of 5 November 2014

⁹⁸ a) Act LXV of 2022 on the procedure for agricultural support from the Common Agricultural Policy and the national budget ('CAP Act')

b) Government Decree No 601/2022 of 28 December 2022 on the institutions for the implementation of the Common Agricultural Policy and agricultural subsidies from the national budget

(c) Directive No 6/2023 of 7 December 2023 of the Ministry of Agriculture on the rules governing state aid under EU competition law for agricultural, forestry, and agri-rural development support provided under the CAP Strategic Plan, as well as

d) Decree No 54/2023 of 13 September 2023 of the Ministry of Agriculture on the rules governing the use of agricultural subsidies provided under the Common Agricultural Policy and from the national budget

⁹⁹ <https://kap.gov.hu/auf> Downloaded on: 5 May 2025

¹⁰⁰ <https://statisztika.mnb.hu/publikacios-temak/felugyeleti-statisztikak/aranykonyv/aranykonyv>

¹⁰¹ <https://e-beszamolo.im.gov.hu/oldal/kezdolap>

4.2.5 LEADER Funding

Similarly to the 2007–2013 period, the 2014–2020 programming period saw ‘Community-Led Local Development’¹⁰² (‘LEADER’) reemerge¹⁰³ as a tool to achieve territorial cohesion objectives in line with the implementation of the Rural Development Programme (‘RDP’).¹⁰⁴ The LEADER strategy was envisaged by the Community legislature as being developed and implemented by local action groups (LAGs) representing the interests of the community at the local level, thereby foreseeing the establishment of such local action groups.¹⁰⁵

Under this measure of the RDP, LAGs developed ‘Local Development Strategies’ (‘LDSS’) aligned with the objectives of the RDP and other operational programmes, and tailored to local development goals. These strategies are approved by the Managing Authority, which in this case is the Ministry of Agriculture’s Deputy State Secretariat for the Implementation of the Common Agricultural Policy. In the approved LDSS, LAGs define development objectives to be implemented by local stakeholders through calls for proposals.¹⁰⁶

Among the responsibilities of LAGs is the development and publication of calls for applications based on local capacities, including the related procedural rules and objective selection criteria. They are also responsible for the preliminary assessment of submitted applications, which are then forwarded to the Managing Authority for the final eligibility check. In performing these tasks, LAGs must ensure the application of implementation rules that are non-discriminatory and avoid conflicts of interest. In this way, LAGs are embedded in the organisational structure of the measure’s implementation, positioned between the managing authority, the intermediate body (Hungarian State Treasury), and the final beneficiaries through their roles in issuing calls for applications and preparing decisions.

Organised at territorial level, there are currently a total of 104¹⁰⁸ LAGs operating across the country, covering all municipalities classified as rural. This means that LEADER measures affect 90% of the country’s territory and more than one-third of the total population.¹⁰⁹ Furthermore, under Hungary’s Strategic Plan for the Common Agricultural Policy (CAP), a total of EUR 81,757,330 has been allocated to the LEADER theme for the 2023–2027 period, intended to support the operation of LAGs and the implementation of the LDSS they have developed.¹¹⁰ In light of all these factors and the observations made during the investigations, the Authority saw merit in including a few issues relating to the operation of LAGs and the LEADER measure in its report.

Conflicts of Interest

In accordance with Article 34(3)(b) of Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council, the general implementing regulation for the 2014–2020 period assigns to LAGs the tasks of developing a non-discriminatory, transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest.¹¹¹ Furthermore, pursuant to Section 39(1) of Government

¹⁰² Article 32 to 35 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council

¹⁰³ The very first LEADER programme (not including the LEADER+ pilot programme) was included in the New Hungary Rural Development Programme for the 2007–2013 programming period. Downloaded from: <https://umvp.kormany.hu/umvp-program>

¹⁰⁴ Hungary – Rural Development Programme 2014–2020 8.2.18. M19 – LEADER funding for (community-led local development) local development (Art. 35 of Regulation (EU) 1303/2013)

¹⁰⁵ Article 34 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council

¹⁰⁶ Hungary – Rural Development Programme 2014–2020 8.2.18.2.

¹⁰⁷ Article 34 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council

¹⁰⁸ <https://kap.gov.hu/leader>

¹⁰⁹ Hungary – Rural Development Programme 2014–2020 8.2.18.2.

¹¹⁰ Hungary’s CAP Strategic Plan, 2023–2027 RD57_R15_LDR_77 – Preparation and implementation of LEADER strategies 12. Planned unit amounts. Downloaded from: <https://kormany.hu/dokumentumtar/magyarorszag-kap-strategiai-terve-2023-2027>

¹¹¹ Article 34(3)(b) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council

Decree No 272/2014 of 5 November 2014, which regulates implementation for the programming period in question, any person or organisation that has submitted a grant application under the relevant call for applications, participated in the preparation of such grant application, is involved in the implementation of the project where no decision has yet been made regarding the grant application, or is in an employment relationship with, holds an executive position in, is the beneficial owner of, or has in any way participated in the preparation of the project for such organisation – or is a relative of such persons as defined in the Civil Code¹¹², or whose impartial and objective involvement cannot otherwise be ensured – must be excluded from the preparation and adoption of the decision on the award of the grant¹¹³. Accordingly, the same conflict of interest rules apply to the implementation of the LEADER measure under the RDP as to calls for applications issued under other operational programmes. This means that any person involved in the evaluation of grant applications, decision-making, or any stage of implementation – including, for example, the preparation of decisions, the assessment of payment claims, or on-site audits – must not be in a situation of conflict of interest as defined in Government Decree No 272/2014 of 5 November 2014.

Based on the findings of its investigations, the Authority observed that the aforementioned rules on conflicts of interest are not always applied effectively in practice for LEADER projects. When reviewing the documentation generated during the implementation of LEADER projects, the Authority found no indication that conflict of interest situations had been checked or filtered out at any stage of project implementation – neither by the Managing Authority, nor by the Intermediate Body, and least of all by the LAG. This led, in many cases, to conflicts of interest between LAGs – responsible for issuing calls for applications, receiving grant applications, conducting preliminary evaluations based on decision preparation, and forwarding the documentation to managing authorities – and the applicants. The most frequent type of such conflict of interest situation was the violation of the prohibition concerning relatives as defined in the Civil Code. Furthermore, there were several cases where the executive officers of LAGs and the persons authorised to represent the applicants turned out to be one and the same individual.

The Authority maintains that this is counterproductive to the efficient use of European Union funds and constitutes a risk to integrity. Therefore, the Authority recommended that the managing authority and the Intermediate Body review and verify, in relation to the supported projects under the VP-19 scheme implemented by the LAGs, whether there is any conflict of interest as defined in Section 39(1) of Government Decree No 272/2014 of 5 November 2014 between the LAG and the Beneficiaries. Furthermore, with regard to the current 2023–2027 period, the Authority deems it particularly important that the managing authority check, in respect of the LEADER intervention, the declarations of conflict of interest and declarations of interest submitted by LAG members in accordance with Section 5(3a) of Government Decree No 601/2022 of 28 December 2022 on the organisation and institutions of the implementation of the Common Agricultural Policy and agricultural subsidies provided from the national budget with the aim of filtering out the problematic projects described earlier.

Substantive Review of Grant Applications

Another issue identified by the Authority in relation to the projects under investigation was that, in its role of preparing decisions, the LAG failed to ensure that applicants complied with the requirements set out even in its own calls for applications. As a result, there were cases where, for instance, although the call for applications required, in the context of equipment procurement, the submission of price quotations from three suppliers that were independent of one another and of all parties involved in implementation, such quotations were not included in the project documentation. Furthermore, this omission was not reviewed by the managing authority either, which nonetheless proceeded to issue the granting decision. The Authority asserts that these shortcomings in control are

¹¹² Section 8:1(1)(1) and (2) of Act V of 2013 on the Civil Code [Interpretive Provisions]

¹¹³ Section 39(1)(a) to (f) of Government Decree No 272/2014 of 5 November 2014 on the rules governing the use of grants from European Union funds in the 2014–2020 programming period

detrimental to the responsible and effective use of European Union funds. Therefore, the Authority recommends that the managing authority should also assess the content of the grant applications submitted by LAGs with a positive recommendation, and, if necessary, request applicants to remedy any shortcomings.

Communication of Results

Substantive information on projects supported under the LEADER programme is not available based on online searches, as municipalities or other beneficiaries are not required to publish all successful applications on their official websites within a reasonable timeframe.

As previously explained, LAGs are required to publish the calls for applications they draw up. This is how local organisations, considered potential beneficiaries, are able to submit their grant applications, which, in practice, is done through a platform operated¹¹⁴ by the Hungarian State Treasury. However, it raises the question as to what practices are in place for the communication of results concerning the projects awarded funding and the implemented investment projects, and whether or not, in the event of a lack of transparency regarding the results, the grantor monitors such potential shortcomings and calls upon the defaulting LAG to remedy them.

In relation to the communication of results by LAGs subject to the Authority's investigations, the Authority found that these LAGs did not consistently disclose, on their respective websites, the investment projects implemented under the calls for applications they issued. In this regard, numerous shortcomings have been observed both in relation to the projects in question and the online platforms operated by the institutional system for browsing grant-supported projects. When searching for projects implemented under the¹¹⁵ LEADER measure on the grant portal's (Pályázati Portál in Hungarian) search page for grant-supported projects, only limited information is available among the results. Apart from the beneficiaries' name, the total project cost, as well as the funding amount, no other substantive information related to the projects is available, unlike for projects supported under other operational programmes. On the Common Agricultural Policy's Funding Search portal, which was created for browsing projects funded under rural development support,¹¹⁶ it is not possible to search for projects supported under LEADER calls for applications.

The Authority maintains that, to ensure the transparent use of European Union funds, it is essential for LAGs to publish on their websites the projects supported under their calls for applications, providing comprehensive and substantial information, and for the managing authority to monitor compliance with such obligation. Furthermore, the Authority deems it necessary to make the projects supported under the LEADER measure searchable on both the palyazat.gov.hu and kap.gov.hu websites, accompanied by substantive reports on the results achieved under the projects, comparable in content to those of other operational programme projects.

4.3 Reviewing Project Implementation

This chapter aims to present the findings of the Authority's investigations carried out within the scope of its functions and powers as defined in the Integrity Authority Act, focusing on anomalies and inconsistencies observed during the physical implementation of projects funded by the European Union. These findings were primarily identified and analysed in respect of the amendment requests initiated by beneficiaries and the economic operators involved in implementation, specifically concerning the year 2024.

In this chapter, the Authority seeks to present specific practical experiences and recommendations on project implementation, focusing on the following areas:

¹¹⁴ <https://e-kerelem.mvh.allamkincstar.gov.hu/enter/leaderbongeszo/leaderBongeszo.xhtml>

¹¹⁵ <https://www.palyazat.gov.hu/eredmenyek/tamogatott-projektek>

¹¹⁶ <https://kap.gov.hu/tamogataskereso>

- expanding the review of places of implementation;
- risks associated with the outsourcing of implementation: outsourcing to suppliers and implementation by subcontractors;
- contradictory decisions by managing authorities in relation to contract amendment requests with identical subject-matters;
- voluntary project transfer – change of beneficiaries.

Based on the findings presented in this subchapter, the Authority aims to issue recommendations to both the legislature and the actors of the control system responsible for controlling the use of European Union funds.

4.3.1 Expanding the Review of Places of Implementation

With regard to the review and examination of the place(s) implementation – which constitute the core of the projects – the Authority considers it important to highlight three key aspects based on the findings of the investigations: firstly, the frequency of occurrence of a given place of implementation; secondly, the circumstances surrounding the proposed modification and subsequent approval of a place of implementation; and thirdly, the plausibility of and justification for additional places of implementation arising within a given project.

The Number of Occurrences of Places of Implementation

Based on data gathered from the System of European Union Programmes ('EUPR'), the Authority has established that the place of implementation designated for a given project also appeared as such in a significant number of other project plans. An examination of the project plans (grant applications) revealed that they were prepared with identical or similar content and structure according to certain criteria, including the subject matter, the prototype to be developed, the project architecture, cost structure, maximisation of the funding amount, the identity of the project manager, the wording of the texts, and the tenderers involved.

A significant factor is that, despite the managing authority rejecting the grant applications (barring one project), this decision was driven primarily by a lack of available funds, rather than concerns about suspected collusion, that is the creation of 'mirror projects'.

Furthermore, EUPR data collection conducted in relation to an additional place of implementation associated with the sole successful project's Beneficiary led to similar findings: this other place of implementation was also listed as such in a considerable number of other project plans. The applicants identified in this latter case corresponded to those revealed earlier in connection with the aforementioned place of implementation.

These similarities, coupled with the circumstances indicating possible collusion and the decisions taken in relation to the projects (predominantly rejections), all corroborate the Authority's position that the managing authority should monitor, through EUPR queries, the frequency of occurrence of a specific place of implementation with heightened priority and diligence.

Furthermore, based on the above, the Authority recommends that, during project evaluation, the managing authority conduct screening for grant applications or projects submitted with identical professional content and linked to the same place of implementation. In this context, particular attention should also be given to assessing the suitability of the place(s) of implementation.

Changing the Place of Implementation

Pursuant to the 'General Provisions' section of the 'General Terms and Conditions for Grant Contracts with Beneficiaries Receiving Grants Under Operational Programmes' ('GTC'), if there is any change in the data provided by the Beneficiary in the grant application or stipulated in the Contract – or in any data provided under Government Decree No 272/2014 of 5 November 2014 – or if there is a change in the technical-professional content, location, budget, schedule of the project, or in any other condition of the funding, the Beneficiary is required to notify the Grantor within 8 days of becoming aware of such change.

In connection with this rule, the Authority considers it important to emphasise that, when assessing contract amendment requests concerning changes to the place(s) of implementation, the date of submission of the amendment request and the project start date – i.e. the date of the first service contract concluded – must always be carefully compared with the date on which the new place of implementation was registered in the Beneficiary's certificate of incorporation.

The Authority's experience indicates that, because of the omission or inaccuracy in comparing the aforementioned dates, the managing authority in question has approved, in certain cases, amendment requests related to the place of implementation even when the registration of the new place in the Beneficiary's certificate of incorporation occurred belatedly.

In order to ensure the full enforcement of the requirements set out in the GTC and the specific call for applications regarding the suitability of place(s) of implementation, the Authority recommends a review – and, where relevant, the clarification or supplementation – of the checklist used for verifying places of implementation. This review should result in the incorporation of the date comparisons outlined above into the checklist.

Emergence and Conformity of Other Place(s) of Implementation

In the course of project implementation, the Authority observed instances in which – contrary to the place of implementation indicated in the project data sheet, i.e. the place approved as part of the grant decision (1st place of implementation) – the raw materials intended for use within the project were delivered to a second location (2nd place of implementation) and subsequently utilised at a third location (3rd place of implementation). However, the latter two locations (the second and third place of implementation) were neither indicated in the grant application nor reported to and approved by the managing authority through a notification of modification (contract amendment).

It was only during subsequent on-site audits that – following the presentation of delivery notes and other supporting documentation, coupled with the declarations made by the Beneficiary – the roles of these two locations in the project were brought to the attention of the managing authority. Furthermore, in relation to the second place of implementation, characteristics were identified that indicated the property was objectively unsuitable for the delivery of raw materials, despite the supporting documentation suggesting otherwise.

In light of places of implementation that are not recorded on the project data sheet or disclosed to the managing authority – and are therefore absent from the Beneficiary's certificate of incorporation – yet play a significant role in project implementation, such as delivery, storage, and utilisation (i.e. the second and third place of implementation), the Authority recommends tightening the requirements and expectations regarding places of implementation in the calls for applications.

4.3.2 Risks Associated with The Outsourcing of Implementation: Outsourcing to Suppliers and Implementation by Subcontractors

With regard to project implementation, numerous calls for applications under the operational programmes provide beneficiaries with the opportunity to have the development of the product that constitutes the main objective of the project, the execution of activities, or the construction, renovation, or alteration of buildings carried out by an external supplier, and in the case of public works projects, by a construction contractor and its subcontractors. This is primarily due to the fact that, firstly, beneficiaries are typically not required by the application conditions to achieve the given result solely on their own, and secondly, in the vast majority of cases – because of the specific nature or scale of the projects – such capability cannot reasonably be expected from them.

Regarding these aspects, the Authority's investigations identified two main categories related to the outsourcing of the physical implementation of projects, the risks of which warrant attention in the 2024 Annual Integrity Report. In the course of creating a product (prototype) or performing an activity (service providing), outsourcing may involve engaging external contractors with whom beneficiaries typically enter into a service or work contract, the value of which generally constitutes a significant portion of the project budget. Furthermore, a more indirect form of outsourcing may occur – typically in public works projects – when the contractor contracted by the beneficiary engages subcontractors during the execution phase. These subcontractors usually become known to and subject to checks by the managing authority only upon the occurrence of the related cost item, primarily within the framework of relevant financial settlements.

Involving External Suppliers for R&D Projects

The first category of outsourcing in implementation occurs predominantly in the specialised field of research and development ('R&D'). Similarly to the 2014–2020 programming period ('Széchenyi 2020'), significant funds have also been allocated to R&D-themed calls for applications in the 2021–2027 programming period ('Széchenyi Plan Plus'), showing the importance of R&D.

R&D activities are typically performed by enterprises with sufficient human resources, appropriate professional expertise, and adequate financial capacities.

However, Széchenyi 2020 calls for applications also featured permissive eligibility criteria that allowed enterprises with a statistical headcount of only one employee to qualify for European Union funding. It is exceptionally rare for such enterprises to have the necessary professional expertise, workforce, and financial resources all available to successfully implement the project. Therefore, there is a risk that an enterprise submitting a successful grant application under an R&D call may, in practice, not actively participate in the actual implementation of the project, but instead outsource the project to external suppliers. This raises questions regarding the beneficiary's added value and, indeed, the very necessity of their involvement in the project. Moreover, if the beneficiary does not substantially engage in activities aimed at the actual implementation of the project's technical and professional content, the effectiveness and efficiency of financial management also become questionable.

Targeted reviews revealed that, in these projects, project owners did not perform any substantive activities; the core activities underlying the projects were carried out exclusively by R&D suppliers. The project budget did not include any costs related to own performance, meaning personnel expenses. Furthermore, project owners neither planned genuine participation or involvement in the project activities at the time of submitting the grant application nor during the implementation phase.

The project budget included material costs as own cost elements, even though the project owners did not actually perform the planned R&D work, and the materials were used by the companies providing services. In this case, material costs should have been included in the R&D service quotation issued by the tenderer, meaning that these costs should have been recorded under the service expenses related to professional implementation in the project budget, rather than as the grant applicant's own expenses.

The Authority asserts its view that the managing authority or authorities should, as a preventive measure, introduce various restrictions and stricter rules for grant applicants in the calls to ensure that beneficiaries effectively and successfully implement feasible R&D projects. This could help to ensure that, instead of rapid allocations of funds, European Union resources are used in an effective, efficient, and responsible manner. The Authority recommends that the relevant managing authority include in the respective calls for applications that, as a general rule, material costs related to professional implementation should be accounted for as a cost element of the applicant, rather than that of the R&D service provider. If the R&D service provider incurs material costs, these must be included in the service provider's quotation.

Furthermore, the Authority recommends amending the calls for applications to include applicants who do not meet the risk criteria among those ineligible for funding.

Risks Associated with Implementation by Subcontractors

Regarding the second category of outsourcing in project implementation, characterised by extensive subcontracting, the essence of the risk uncovered by the Authority is that **subcontractors are identified** only at later stages of project implementation, usually through documents submitted to support payment claims.

Annex 4 of Government Decree No 272/2014 of 5 November 2014 stipulates that the declaration regarding the extent of subcontractor performance and the fulfillment of the consideration due to subcontractors must be submitted at the time when the relevant cost is incurred. Furthermore, the submission of conflict of interest declarations for suppliers and subcontractors also takes place at the time of accounting for the relevant cost.

Furthermore, in the 2021–2027 programming period, Chapter II of the Accounting Guide (Supporting Documents Matrix to be submitted with the payment claim and the technical report) stipulates that all the aforementioned documents must be submitted to the managing authority upon the settlement of the relevant cost.

Based on the above, the **managing authority** can examine, **as part of payment or settlement claim checks**, whether the supplier has engaged subcontractors, and if so, identify those companies. The Authority does not dispute the practicality of the presented regulations; however, it considers it necessary to note that the checking of subcontractors at the time the relevant cost is incurred or settled is crucial.

Several investigations found instances where a **subcontractor engaged by the main contractor** had previously been **one of the companies** that submitted a quotation for the construction work (as part of a procurement procedure), but this subcontractor was not the one that offered the most favorable quotation to the contracting authority. The Authority asserts that the applicable regulatory environment does not consider the occurrence of such a case problematic, nor does it impose any restrictions on it. Nevertheless, the fact that a previous competing bidder later becomes a subcontractor creates an opportunity for potential issues related to the (public) procurement procedures – such as collusion between the two companies in preparing quotations and subsequently executing the contracted work – to go undetected or be detected only belatedly because of the retrospective settlement of costs.

In this context, it is important to note that the **proposal for legislative amendment adopted by the National Assembly on 19 May 2025** also takes steps towards establishing greater transparency in subcontracting chains. The legislative initiative to amend Act LXIX of 2023 on Public Works Projects ('Investment Act') aims to ensure that the fundamental principles of transparency, public access, auditability, fair competition, and the reasonable and efficient use of public funds are upheld throughout the contract performance phase. This prevents, for example, subcontractors excluded from public procurement from being indirectly involved at lower levels, thereby circumventing the provisions of the PPA.

In light of the above, regarding the timing of identifying and checking subcontractors engaged in a construction project, the Authority recommends considering possible amendments to the aforementioned government decrees, taking into account the new preventive provisions introduced by the Investment Act. Furthermore, the Authority believes it is warranted to potentially supplement the relevant calls with minimum requirements that focus on verifying the independence and suitability of subcontractors.

4.3.3 Contradictory Decisions by Managing Authorities in Relation to Contract Amendment Requests with Identical Subject Matters

As part of a **contract amendment request**, beneficiaries have the opportunity – subject to certain restrictions set out in the relevant government decrees – to propose changes or modifications related to a project's technical and professional content, budget, or other project-related data.

Managing authorities evaluate these amendment requests and make a decision on their approval or rejection following, if necessary, the provision of any requested missing information. Within the 'Contracts' function of the EUPR system, the 'Amendment Requests' section contains the amendment requests submitted by the beneficiaries, along with the related decisions made by the managing authorities.

Over the course of its investigations, the Authority identified the lack of full consistency in decision-making when assessing amendment requests of identical or similar content as an issue.

There have been instances where the managing authority, in its initial decision, lawfully rejected a beneficiary's amendment request that aimed to completely alter the overall data, professional content, and project objectives, as it was inconsistent with the objectives of the Call for applications.

The beneficiary did not exercise its right to legal remedies, despite the fact that, at the time of submitting the amendment request, the project – significantly altered in its professional content – had already been underway for 11 months based on the signed project management contract. Furthermore, R&D invoices related to the implementation of the modified project – which had not yet been approved by the managing authority – were also submitted several months prior to the submission of the initial amendment request.

Although the managing authority dismissed the amendment request, it did not initiate irregularity proceedings or propose terminating the contract, despite the fact that the beneficiary had commenced the implementation of the new project even before submitting the amendment request.

Furthermore, the managing authority accepted the invoices submitted in the payment claim, even though they did not pertain to activities specified in the valid Grant Agreement.

Following the rejection, the beneficiary resubmitted the same amendment request – aimed at completely altering the technical and professional content of the project – using the identical documentation and without providing any substantive new information. Unlike the initially rejected amendment request, this one was accepted in full by the managing authority – although following the submission of supplementary information – without any separate justification provided to support the differing decision.

Considering the circumstances detailed above, the Authority recommends that managing authorities provide detailed justifications when issuing subsequent decisions that approve beneficiaries' amendment requests related to the same part of a project following an earlier rejection. This justification should explicitly substantiate the conflicting (i.e. supportive) decision by clearly identifying the facts and circumstances that warranted a change in the decision.

4.3.4 Voluntary Project Transfer – Change of Beneficiaries

A **change of beneficiaries** is a contract amendment following the entry into force of the grant agreement or granting decision, whereby the beneficiary is replaced by another party. A change of beneficiaries may occur either through a modification of the beneficiary's name (i.e. a name change), or through legal succession where the change of beneficiaries results from an organisational transformation affecting the legal entity's legal personality (such as a merger, demerger, or reorganisation). Project transfers constitute the third possible category of beneficiary changes, including two distinct subtypes: One of these is the case of statutory project transfers whereby, as a result of a legal amendment, a project must be handed over to a third party. The other form, which is the subject of this chapter, is the case of voluntary project transfers whereby a grant-supported project is handed over on a voluntary basis – without statutory designation – by the beneficiary (project transferor) to a third party (project transferee).

The Interrelation Between the Provisions of Government Decree No 272/2014 of 5 November 2014 and Voluntary Project Transfers

Section 87(1)(a) and (b) of Government Decree No 272/2014 of 5 November 2014 establishes fundamental principles regarding amendments to the grant agreement, stipulating, first, that 'the amendment may not alter the fundamental objective of the project,' and second, that 'the grant agreement may only be amended if the supported activity would still be eligible under the amended conditions.'

Furthermore, Section 87(1)(e) stipulates that 'an amendment that adversely affects conditions considered advantageous during evaluation shall not be permitted if, as a result, the modified project would not have achieved the minimum score required for funding, including the internal thresholds established within the evaluation criteria.' Furthermore, Section 87(1)(f) stipulates that 'an amendment request may not be approved if it arises from a circumstance that was foreseeable or could have been planned for during project preparation, except for amendments aimed at rationalisation that facilitate the fulfillment of fundamental objectives.'

Moreover, Section 89(2) specifies that 'the beneficiary may hand the implementation of the project over to another party, provided that the new beneficiary meets the conditions set out in the call for applications or in the financial instrument's product description – particularly the eligibility criteria – and the managing authority has given its prior consent. The objectives of the project may not be altered in the course of the transfer.'

The Authority has found 'voluntary project transfers' to be particularly high-risk, especially in cases where – contrary to the aforementioned regulations – a completely different project objective was defined compared to the initially supported project plan, concurrently with the designation of a new project owner. The Authority maintains that the simultaneous modification of the project objective and the transfer of the project does not comply with the relevant provisions of Government Decree No 272/2014 of 5 November 2014, applicable to voluntary project transfers, as presented above.

Furthermore, the Authority asserts its view that the option of voluntary project transfers within the application management system is fundamentally at odds with the high level of competition observed in the decision-preparation phase – an element that, overall, contributes significantly to the high professional quality and economic soundness of the submitted grant applications.

The Authority has observed that in cases of voluntary project transfer based on an agreement between economic operators, the decision regarding the selection of the new beneficiary is not made by the relevant managing authority, but rather by the original and the new beneficiary. Therefore, managing authorities reserve the right to approve or reject the new economic operator selected by the original beneficiary. As a result, voluntary project transfers create a pathway that increases the risk of abuse, allowing economic operators to gain access to funding even if they did not, or would not have been able to, meet the original conditions of the call for applications.

For these reasons, the Authority believes it is a more effective solution for managing authorities to apply a decision-making mechanism whereby the funds awarded under a specific project are reallocated, rather than transferred to another market participant.

The essence of this approach is that the grant agreement or granting decision with the original beneficiary would be terminated, and the freed-up funds would then be reallocated to a project applicant who was deemed eligible for support during the decision-preparation phase but was not funded because of the exhaustion of the available overall amount. This reallocation would be based on rankings determined by scores and the chronological order established during the decision-preparation phase.

It is important to emphasise that the proposed reallocation should, with the successful implementation of the project in mind, ideally take place before the actual physical commencement of the project. The Authority maintains that – given the importance of timing – the relevance and feasibility of reallocation must always be assessed on a case-by-case basis when managing authorities make a decision resulting in the redistribution of funds from a given project.

Risks Arising from Modification Requests Concerning Voluntary Project Transfers

This procedural proposal is further supported by the following high-risk example identified in relation to previous amendments to grant agreements involving voluntary project transfers under the scope of Government Decree No 272/2014 of 5 November 2014.

This is because, among the amendment requests, a specific case was identified in which the economic operator, referred to as Company 'B', taking over the project ('Reviewed Project II') would not have been able to successfully apply for the relevant call for applications during the application period with the same funding amount, as its financial indicators at the time would not have met the eligibility criteria set out in the call for applications.

Table 25 Financial data from Company 'B' subject to voluntary project transfer

Annual net revenue data from Company 'B'	
2015.	324 millió Ft
2016.	213 millió Ft
2017.	866 millió Ft

Changes in the original beneficiary's (Company 'A') business operations were cited as the justification for the contract amendment. As a result, Company 'A' – through the formulation of minimum requirements – sought a professional partner (Company 'B') capable of implementing the project.

At the same time, it was established that prior to the project takeover, Company 'B' had already been awarded a project under the same call for applications ('Reviewed Project I'), which was also transferred – as part of a voluntary project transfer – to another economic operator referred to as Company 'C'. A key difference between the two projects – meaning the transferred and the acquired one – is that the total cost of the newly acquired project by Company 'B' (Reviewed Project II) was significantly higher, nearly five times the total cost of the previously awarded and later transferred project (Reviewed Project I).

Table 26 Funding amounts and decision dates of projects subject to voluntary project transfer

Reviewed Project I (From Company 'B' to Company 'C')		Reviewed Project II (From Company 'A' to Company 'B')	
Funding	Date of original decision	Funding	Date of original decision
HUF 55 million	December 2017	HUF 250 million	December 2017
Funding (project transfer)	Date of project transfer	Funding (project transfer)	Date of project transfer
HUF 55 million	September 2018	HUF 250 million	October 2018

In summary, the Authority would view the enforcement of the selection criteria (minimum requirements) set out in the certificate of acceptance between Company 'A' and Company 'B' as a positive aspect. However, Company 'B's financial data and its application history cast doubt on the integrity of the intention behind the voluntary project transfer. These factors also raise the possibility that the change of beneficiaries may not have been primarily necessitated by post-award circumstances (change in business operations), but rather may have been driven by a prior underlying agreement between Company 'A' and Company 'B', predating the formal declaration of intent.

This example shows that changing beneficiaries through voluntary project transfer constitutes a high-risk contract amendment option, which is difficult to oversee for decision makers. To address this issue, the Authority recommends that managing authorities develop, as a preventive measure, a dedicated procedural framework – aligned with the regulatory environment – for handling cases involving this category of beneficiary change.

The Interrelation Between the Provisions of Government Decree No 256/2021 of 18 May 2021 and Voluntary Project Transfers

The proposal outlined above is also in line with the provisions of Sections 154 and 162 of Government Decree No 256/2021 of 18 May 2021, governing amendments to grant agreements in the current programming period.

In accordance with Section 154(1)(c), a grant agreement may not be amended with regard to any aspect, among other things, that constituted an eligibility criterion during the evaluation of the grant application and would no longer be met following the amendment. Furthermore, in accordance with Section 154(1)(d), a grant agreement may not be amended in a way that would adversely affect conditions that were advantageous during the evaluation of the grant application if such modifications would have resulted in the project not reaching the minimum score required for funding or falling below an internal threshold set for a given evaluation criterion.

Furthermore, Section 162(2) and (2a) provide, on the one hand, that the beneficiary may transfer the implementation of the project to another party, provided that the new beneficiary meets the conditions set out in the call for applications and the managing authority gives its consent. On the other hand, if the managing authority does not consent to the entry of the new beneficiary into the grant relationship, it may withdraw from the grant agreement.

With regard to the provisions of Government Decree No 256/2021 of 18 May 2021 on voluntary project transfers, it can be concluded that under this regulatory framework, the approval powers of managing authorities are more limited compared to those provided under the government decree of the previous programming period. However, the Authority maintains that the risks associated with the project transfer mechanism presented in Subchapter 3.8.2 cannot be addressed in a comprehensive manner. Therefore, it is the responsibility of the managing authority to develop a specific procedural framework for handling contract amendment requests involving voluntary project handover.

Administrative Gaps Revealed in Relation to Voluntary Project Transfer

In relation to cases of voluntary project transfer, the Authority considers it warranted to review and supplement the existing internal procedures governing both approved and ongoing voluntary transfers, with particular attention to the precise definition of control levels. This entails a thorough definition of who is responsible for checking what, when, and exactly how this process is to be carried out.

Furthermore, based on its experience with data available in the EUPR, the Authority has found that voluntary project transfers are treated as the same type of contract amendment as a simple name change or legal succession. Therefore, in addition to attaching the supporting documents, the exact circumstances of the change are explained only in a free-text field titled 'Summary of Amendment Request'. Furthermore, within the Contract module, only the 'Beneficiary Change History' function contains further information related

to voluntary project transfers – specifically, the names of the transferring and receiving companies involved in a specific project.

In light of these aspects, the Authority maintains that to ensure more effective monitoring and greater transparency, it is warranted to develop and introduce subcategories for contract amendments within the EUPR platform. The Authority believes that these subcategories should be designed within the EUPR in a way that ensures they are filterable and displayed in a transparent manner.

With regard to administration, an additional observation is that in the case of previous voluntary project transfers, the checklists including the specific criteria used to verify the eligibility of the new project owners are only available in paper format. However, these often exhibit fundamental formal deficiencies, such as missing signatures, lack of completeness, incomplete digitisation, and failure to upload the documents to the EUPR Document Repository.

Consequently, the Authority considers it particularly important to ensure that in the case of contract amendments involving voluntary project transfers – which are especially high-risk and difficult to monitor – the checklists are completed and documented by the acting case workers with the highest possible accuracy and kept fully up to date, both in paper and digitised format.

4.4 The Impact of the 2023 Annual Analytical Integrity Report on the Rules Concerning the Use of European Union Funds

As part of the follow-up to the 2023 Annual Analytical Integrity Report, this subchapter evaluates the modifications made in 2024 based on the recommendations set out therein. The Government's response to and position on the 2022 Annual Analytical Integrity Report indicate agreement with three, partial agreement with additional three, and disagreement with five out of 11 proposals concerning control systems.

In comparison, during the follow-up to the 2023 Annual Analytical Integrity Report, the Authority observed a decrease in the number of rejected recommendations, since the Government, in its response to and position on the Report, agreed with four out of the five recommendations concerning control systems, determining that no further action was needed in two cases, and indicating possible future measures in the remaining two if necessary.

Recommendation 1

The Government did not agree with the recommendation in the 2023 Annual Analytical Integrity Report regarding the expansion of the data set to be submitted to the Arachne Risk Scoring Tool ('ARACHNE'). According to the Government's response, the additional data sets proposed by the Authority are not currently supported by ARACHNE, nor have they been requested by the European Commission. Furthermore, the referenced data sets are examined as part of built-in checks anyway. The Authority has taken note of the Government's position but continues to maintain its recommendation from the 2023 Annual Analytical Integrity Report for the future, since the data sets defined by the Authority for inclusion in ARACHNE are suitable both domestically and at the EU level to enhance control effectiveness, as well as to generate reports and analyses that increase transparency and assist in identifying new risks.

Recommendation 2 & 3

The Government agreed with the Authority's recommendations that within the domestic allocation system of European Union funds, it is necessary to conduct conflict of interest checks for those involved both in the planning phase (such as policy consultations during the development of calls for applications) and in the pre-qualification stage (a form of preliminary evaluation). The Authority maintains that these two activities carry similar weight to the tasks performed as part of decision preparation, contract management,

financing, control, irregularity management, and maintenance. As a result, Section 52/A(1) of Government Decree No 256/2021 of 18 May 2021 was supplemented by an amendment, effective 17 March 2025, requiring any person acting on behalf of the managing authority or performing substantive procedural acts under the call for applications to submit both a general conflict of interest declaration and a declaration of interest, either upon the establishment of their legal relationship or prior to commencing their activities. Subsequently, prior to undertaking any substantive procedural act, they are also required to provide a conflict of interest declaration specific to that particular procedural act.

The Authority regarded the presented amendment as a positive development; nevertheless, under the 2024 Annual Analytical Integrity Report, it assigns additional tasks to the relevant managing authorities concerning the direct implementation and monitoring of the amendment in relation to the supplementation of Section 52/A.

The Authority recommends that, taking into account the clarification of Section 52/A of Government Decree No 256/2021 of 18 May 2021, the relevant managing authorities clearly define the participants involved in planning and pre-qualification for calls for applications. The Authority also recommends that the relevant managing authorities and the Directorate of Internal Audit and Integrity ensure, in accordance with the provisions set out in Government Decree No 256/2021 of 18 May 2021, the issuance and verification of declarations by other stakeholders¹¹⁷ within the institutional system for development policy.

Recommendation 4

The Government, while concurring with the Authority's proposal, did not perceive the necessity for additional measures arising from that recommendation which specified that the conflict of interest provisions in Sections 38/B(b) and 39(8) of Government Decree No 272/2014 of 5 November 2014, as well as Sections 43/A(b) and 52/A(6) of Government Decree No 256/2021 of 18 May 2021, must be interpreted in line with Commission Notice Guidance on the avoidance and management of conflicts of interest under the Financial Regulation 2021/C 121/01 ('Commission Notice'), inclusive of several risk indicators for verifying independence between contractors and beneficiaries.

The Authority has acknowledged the Government's response, yet it continues to emphasise the importance of the risk indicators as defined in Section 6.4, titled 'Other Measures', of the Commission's Notice. This is because the risk indicators show that conflicts of interest can take many forms and may arise at any stage of projects involving European Union funding.

For this reason, the Authority recommends that the NDC develop a checklist containing specific criteria suitable for examining conflicts of interest and ensuring independence, one that will also incorporate the risk indicators listed under Section 6.4 'Other Measures' of the Commission Notice. The checklist should always be completed and updated by the acting case workers for each specific project, in accordance with the four-eyes principle.

Concurrently, Government Decree No 218/2024 of 31 July 2024, which entered into force on 1 August 2024, amended, *inter alia*, Section 215(2)(b) of Government Decree 256/2021 of 18 May 2021, stipulating that the arm's length price may be determined based on a minimum of three valid tenders submitted by potential contractors who are independent of each other and of the beneficiary, and possess the capacity to execute the contract. This amendment was also referenced by the Government in its response to the recommendation concerning risk indicators. The Authority agreed that the objective of clarifying the sentence structure was to strengthen the requirement for independence.

¹¹⁷ These include, for example, those involved in decision preparation, contract management, financing, control, irregularity management, and maintenance-related activities.

Recommendation 5

Furthermore, the Authority included proposals in both its 2022 and 2023 Annual Analytical Integrity Reports to reduce the number of pre-announced on-site audits and increase the proportion of extraordinary on-site audits in a bid to improve the rate of success in detecting fraudulent projects, a recommendation the Government agreed with but did not consider further measures necessary.

Subsequently, the Government, after reviewing its aforementioned position (measure not warranted), amended Sections 443 and 453(1) of Government Decree No 256/2021 of 18 May 2021 with the enactment of Government Decree No 218/2024 of 31 July 2024¹¹⁸, specifications the Authority regarded as promising steps.

Section 443 stipulates that ‘the managing authority may order an extraordinary on-site audit if justified by information obtained during project implementation or maintenance’. As shown in Subchapter 2.1, effective 1 August 2024, the modification expanded the referenced regulation as follows: ‘Managing authorities may waive prior notification of extraordinary on-site audits if such notification would jeopardise the success of the audit.’ The Authority maintains, however, that the possibility of omitting notification in the case of extraordinary on-site audits does not, in itself, contribute to a significantly higher rate of successful detection of projects affected by fraud. As well as providing the option to waive prior notification, it is also important to monitor the number and frequency of such audits. Therefore, the Authority believes it is important to closely follow up on unannounced on-site audits in the future.

As mentioned in Subchapter 2.1, Section 453(1) has been clarified as follows: ‘Managing authorities shall engage external experts in conducting on-site audits where justified by the nature of the call for applications and the complexity of the project.’ As a result of the change, managing authorities’ discretionary powers regarding the involvement of external experts have been eliminated in cases where the nature of the call or the complexity of the project would necessitate the involvement of an external expert.

According to the Authority, this tightening of the legislation may be a promising step in improving the effectiveness of on-site audits; however, the terms ‘nature of the call’ and ‘complexity of the project’ are not defined in the government decree. Consequently, the Authority recommends that the managing authorities consider, on the one hand, the possibility of referring to external experts in the relevant calls, and on the other, expanding the risk assessment criteria.

¹¹⁸ Effective 1 August 2024

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Annexes

5.1 Presenting Detailed Data on the Concentration of Product and Service Divisions by HHI Values

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5.4 Detailed Concentration Data Related to Contracting Authorities and Winners

5.5 Recommendations from The Annual Analytical Integrity Report

5.1 Presenting Detailed Data on the Concentration of Product and Service Divisions by HHI Values

In this section, we present the 2023–2024 HHI values of product and service divisions, also broken down by companies and company groups. We have also determined the HHI values of product and service divisions for the past five years, making the results of each calendar year between 2020 and 2024 comparable.

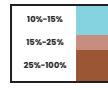
The following notations were used in the presentation of data:

No shade: Normalised HHI <10%. Not indicative of a concentrated market.
light shade: 10%<=normalised HHI <15%. Although not yet indicative of a concentrated market, it is close to the lower limit.

Medium shade: 15%<=normalised HHI <25%. Indicative of a concentrated market;

dark shade: normalised HHI >=25%. Indicative of a highly concentrated market.

The following table presents key concentration data for all product and service divisions for the year 2023, taking into account company group indicators as well.



Therefore, each darker-shaded cell in the table indicates stronger market concentration and a more limited degree of competition. In certain cases, such as in the petroleum products and energy sector (CPV division (9)), this is clearly the result of regulatory requirements. In these cases, EU funding is generally absent or plays only a minor role. In other markets, such as medical equipment and pharmaceuticals (CPV 33), the concentration of EU-funded public procurement procedures is significantly higher – reaching 23.2% – compared to 7% in the overall market. Overall, the table clearly shows that the level of market concentration varies significantly across sectors, and that EU funding contributes to the development of different market dynamics in certain areas.

The HHI values calculated based on contract values usually align at company and company group levels. However, the difference is significant in some cases. In CPV Division 79 (Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services), for instance, the HHI value calculated at company level reached 8.9%, while at the level of company groups, this value stood at 33.3% across the overall public procurement market. The situation is similar in EU-funded public procurement for CPV Division (80) (Education and Training Services), where the HHI stands at 13.6% at company level but reaches 26.1% at company group level, indicating stronger concentration driven by a few larger company groups.

The following table presents the 2024 HHI indicators for CPV divisions.

CPV division	Overall Public Procurement Market							EU-Funded Public Procurement						
	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups	Contract value on the level of HHI company groups		
(3) Crop Production, Animal Husbandry, Fishing, Forestry, and Related Products	44	88	1,1	3,1%	44	3,1%	6	7	0,1	13,1%	6	13,1%		
(9) Petroleum Products, Fuels, Electricity and Other Energy Sources	29	559	522,2	31,8%	28	31,7%	0	0	0	-	0	-		
(14) Mining, Basic Metals, and Related Products	6	18	0,6	55,4%	6	55,4%	0	0	0	-	0	-		
(15) Food, Beverages, Tobacco, and Related Products	151	956	20,6	3,0%	143	3,0%	0	0	0	-	0	-		
(16) Agricultural Machinery	30	48	2,5	4,6%	29	4,5%	17	22	1,6	5,3%	17	5,3%		
(18) Clothing, Footwear, Luggage, Travel Goods and Accessories	39	106	8,1	26,5%	38	26,8%	7	8	0,1	3,1%	7	3,1%		
(19) Leather and Textile Fabrics, Plastics and Rubber	6	23	0,3	1,6%	6	1,6%	0	0	0	-	0	-		
(22) Printed Materials and Related Products	10	20	1,9	6,5%	10	6,5%	0	0	0	-	0	-		
(24) Chemical Products	51	287	8,8	9,8%	51	9,8%	4	5	0	32,6%	4	32,6%		
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	146	516	90,7	2,0%	137	2,2%	100	267	84,7	1,8%	92	2,1%		
(31) Electrical Machinery, Equipment, Appliances, and Consumables; Lighting	70	174	9,1	6,2%	69	6,2%	10	17	3,9	25,5%	10	25,5%		
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	103	191	35,2	0,9%	98	1,3%	86	130	32,5	0,9%	81	1,3%		
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	334	3069	167,3	4,5%	311	7,0%	157	610	81,4	12,4%	145	23,2%		
(34) Transport Equipment and Supplementary Transport Items	225	578	60,1	5,3%	218	5,3%	47	75	2	6,6%	45	6,6%		
(35) Security, Firefighting, Police, and Defense Equipment	20	30	1,8	7,8%	20	7,8%	1	1	0	100,0%	1	100,0%		
(37) Musical Instruments, Sports Equipment, Toys, Games, Handicraft, Art Materials and Accessories	44	99	3,9	9,2%	44	9,2%	21	38	0,8	16,0%	21	16,0%		
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	171	435	25,9	2,5%	165	2,5%	99	167	14,6	5,7%	95	5,7%		
(39) Furniture (Including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	171	573	18,6	1,8%	165	1,8%	104	330	6,1	3,0%	101	3,0%		
(41) Collected and Purified Water	1	1	0,3	100,0%	1	100,0%	0	0	0	-	0	-		
(42) Industrial Machinery	104	183	5,3	2,8%	104	2,8%	32	44	1,9	15,7%	32	15,7%		
(43) Mining, Quarrying, and Construction Machinery	24	36	2	11,5%	24	11,5%	10	13	0,2	5,4%	10	5,4%		
(44) Construction Structures and Materials; Construction Accessories (Excluding Electrical Equipment)	99	301	27,5	7,4%	98	7,4%	17	39	3,5	18,4%	17	18,4%		
(46) Construction Works	1515	4525	1152,2	2,7%	1420	2,8%	806	2264	620,7	6,5%	756	6,7%		
(48) Software Packages and Information Systems	138	264	93,7	1,2%	127	1,3%	96	162	84,8	1,0%	89	1,1%		
(50) Repair and Maintenance Services	278	484	70,8	3,5%	266	3,5%	1	1	0,1	100,0%	1	100,0%		
(51) Installation Services (Excluding Software)	24	33	3	5,2%	23	5,1%	0	0	0	-	0	-		
(55) Hotel, Restaurant, and Retail Services	27	55	31,8	12,7%	25	13,0%	2	3	0,4	85,0%	2	85,0%		
(60) Transport Services (Excluding Waste Transport)	83	289	18,3	4,8%	82	4,8%	0	0	0	-	0	-		
(63) Transport Support and Auxiliary Services, Travel Agency Services	12	21	3,7	16,0%	12	16,0%	1	1	0,1	100,0%	1	100,0%		
(64) Postal and Telecommunications Services	10	41	15,8	48,7%	9	48,3%	3	10	0,9	68,8%	3	68,8%		
(65) Public Utilities, Public Services	16	24	19,7	16,1%	15	15,8%	0	0	0	-	0	-		
(66) Financial and Insurance Services	23	125	78,2	10,5%	22	10,4%	2	1	25,6	0,0%	2	0,0%		
(70) Real Estate Services	4	6	0,1	3,5%	4	3,5%	0	0	0	-	0	-		
(71) Architectural, Construction, Engineering, and Inspection Services	250	686	50,8	2,8%	236	2,8%	104	302	11,8	3,0%	99	3,1%		
(72) IT Services: Consultancy, Software Development, Internet, and Support	269	745	208	1,4%	250	1,6%	142	298	99,6	2,0%	134	2,1%		
(73) Research and Development Services and Related Consultancy Services	3	6	0,5	73,3%	3	73,3%	0	0	0	-	0	-		
(75) Administrative, Defense, and Social Security Services	1	1	0,1	100,0%	1	100,0%	1	1	0,1	100,0%	1	100,0%		
(76) Oil and Gas Industry Services	8	134	8,4	61,7%	8	61,7%	0	0	0	-	0	-		
(77) Agricultural, Forestry, Horticultural, Beekeeping, and Aquaculture Services	87	230	19,5	3,8%	81	9,1%	6	6	0,1	7,9%	6	7,9%		
(78) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	274	829	230,9	8,9%	261	33,3%	72	136	2,8	4,6%	67	5,4%		
(80) Educational and Training Services	34	50	7,6	10,3%	32	14,2%	16	28	4,3	13,6%	15	26,1%		
(85) Health and Social Care Services	44	94	13,6	8,7%	43	8,7%	4	10	0,2	7,5%	4	7,5%		
(90) Sewage and Waste Treatment and Environmental Protection Services	208	786	57,2	7,2%	198	9,2%	6	13	0,1	18,7%	6	18,7%		
(92) Services Related to Leisure, Culture, and Sport	17	35	1,6	14,1%	17	14,1%	5	5	0,7	69,3%	5	69,3%		
(98) Other Community, Social, and Personal Services	34	58	4,3	14,3%	34	14,3%	0	0	0	-	0	-		

* Due to consortium winners, the value may be lower than the number of winners.

** It includes only contract values associated with identifiable winners, while for consortium winners, it contains the proportional amounts. Therefore, the data may differ from those presented elsewhere. The contract value displayed as 'HUF 0.0 bn' is greater than 0 and less than HUF 50 million – but it is not an exact representation due to rounding.

Concentration of product and service markets in 2024

Compared to 2023, the year 2024 exhibits a greater number dark-shaded – meaning high – HHI values among EU-funded public procurement procedures. This means that market concentration in EU-funded markets has increased over the past year, indicating that the share of larger winning companies and company groups has grown compared to the previous year. This process warrants further analysis. Notably, CPV Division (80) "Education and Training Services" experienced a significant increase in market concentration between 2023 and 2024 in the area of EU-funded public procurement. In 2023, the contract value-based HHI for EU-funded public procurement procedures stood at 13.6% at company level and 26.1% at company group level, with the latter indicating a moderate level of concentration. By contrast, the HHI value increased drastically at both levels, reaching 98.4% in 2024. This figure is attributable to a single company's HUF 9.5 billion contract, which accounted for an exceptionally high 99.3% share within the relevant market segment. In 2024, the public procurement market was dominated by one or a few large company groups, especially in projects involving EU funding. Such a significant increase in concentration indicates a decline in competition and limited market opportunities for smaller participants.

The following table provides a comprehensive overview of the HHI values calculated for each product and service division over the past five years, between 2020 and 2024, comparing the overall and the EU-funded public procurement market. The outliers are detailed in the following tables (M3–M4), focusing this time on the differences in concentration measurable at company and company group levels.

The concentration trends of the overall public procurement market over the past five years at both company and company group levels are presented in the following table.

CPV division	OVERALL PUBLIC PROCUREMENT MARKET						EU-FUNDED PUBLIC PROCUREMENT					
	Number of winners	Number of contracts*	Contract value (HUF bn)**	Contract value HHI	Number of company groups	Contract value HHI company group	Number of winners	Number of contracts*	Total value of contracts (HUF bn)**	Contract value HHI	Number of company groups EU	Contract value HHI company group EU
(3) Crop Production, Animal Husbandry, Fishing, Forestry, and Related Products	46	114	2,7	10,6 %	46	10,6 %	1	4	0	100,0 %	1	100,0 %
(9) Petroleum Products, Fuels, Electricity and Other Energy Sources	40	331	194,8	30,6 %	38	30,5 %	0	0	0	-	0	-
(14) Mining, Basic Metals, and Related Products	10	16	0,7	52,6 %	10	52,6 %	0	0	0	-	0	-
(15) Food, Beverages, Tobacco, and Related Products	150	998	26,1	5,7 %	145	5,7 %	1	1	0	100,0 %	1	100,0 %
(16) Agricultural Machinery	22	45	1,7	14,6 %	22	14,6 %	10	24	1,2	24,4 %	10	24,4 %
(18) Clothing, Footwear, Luggage, Travel Goods and Accessories	34	88	2,8	5,3 %	34	5,3 %	1	1	0,1	100,0 %	1	100,0 %
(19) Leather and Textile Fabrics, Plastics and Rubber	7	22	0,3	3,3 %	7	3,3 %	0	0	0	-	0	-
(22) Printed Materials and Related Products	17	47	2,5	9,5 %	17	9,5 %	0	0	0	-	0	-
(24) Chemical Products	68	448	15,8	7,3 %	68	7,3 %	16	25	0,4	26,3 %	16	26,3 %
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	130	530	112,6	10,3 %	123	10,4 %	73	126	102,4	11,5 %	68	11,4 %
(31) Electrical Machinery, Equipment, Appliances, and Consumables; Lighting	61	221	8,8	6,2 %	61	6,2 %	4	4	1,5	85,9 %	4	85,9 %
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	93	140	41,6	10,4 %	86	10,6 %	65	75	32,7	12,0 %	61	12,1 %
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	267	2071	114,8	3,4 %	253	3,4 %	74	146	58,4	11,3 %	71	11,3 %
(34) Transport Equipment and Supplementary Transport Items	226	601	158,9	8,6 %	207	8,8 %	23	27	1,1	9,0 %	23	9,0 %
(35) Security, Firefighting, Police, and Defense Equipment	20	29	2,5	10,1 %	19	10,7 %	1	1	0	100,0 %	1	100,0 %
(37) Musical Instruments, Sports Equipment, Toys, Games, Handicraft, Art Materials and Accessories	42	89	2,9	3,9 %	41	3,9 %	16	21	0,2	9,4 %	16	9,4 %
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	162	517	18,7	5,6 %	157	5,7 %	89	186	7,5	29,7 %	87	29,8 %
(39) Furniture (Including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	110	428	7,4	1,9 %	108	1,9 %	34	84	0,7	4,0 %	34	4,0 %
(41) Collected and Purified Water	1	1	0	100,0 %	1	100,0 %	0	0	0	-	0	-
(42) Industrial Machinery	96	201	11,4	6,9 %	94	6,9 %	4	4	0,4	11,1 %	4	11,1 %
(43) Mining, Quarrying, and Construction Machinery	23	32	1,1	4,6 %	23	4,6 %	1	1	0,1	100,0 %	1	100,0 %
(44) Construction Structures and Materials; Construction Accessories (Excluding Electrical Equipment)	106	320	19,6	3,9 %	105	3,9 %	12	23	2,4	18,0 %	12	18,0 %
(45) Construction Works	1383	3977	1237,5	13,7 %	1278	14,1 %	709	1838	290,4	0,7 %	656	0,9 %
(48) Software Packages and Information Systems	97	216	244,5	15,9 %	96	15,9 %	22	79	231,1	14,5 %	21	14,3 %
(50) Repair and Maintenance Services	327	629	94,4	11,5 %	317	11,8 %	1	1	0	100,0 %	1	100,0 %
(51) Installation Services (Excluding Software)	21	27	1,5	5,6 %	20	5,5 %	4	7	0,8	8,0 %	4	8,0 %
(55) Hotel, Restaurant, and Retail Services	34	53	100,6	11,1 %	34	11,1 %	4	7	1,7	98,0 %	4	98,0 %
(60) Transport Services (Excluding Waste Transport)	67	215	373,3	91,3 %	66	91,3 %	2	10	0,1	30,6 %	2	30,6 %
(63) Transport Support and Auxiliary Services, Travel Agency Services	14	24	4,6	19,0 %	14	19,0 %	0	0	0	-	0	-
(64) Postal and Telecommunications Services	8	30	4,8	12,8 %	7	11,9 %	1	2	0	100,0 %	1	100,0 %
(65) Public Utilities, Public Services	8	32	6,7	32,2 %	7	31,4 %	1	20	0	100,0 %	1	100,0 %
(66) Financial and Insurance Services	27	181	88,7	8,6 %	26	8,5 %	4	2	37,9	6,2 %	4	6,2 %
(70) Real Estate Services	9	5	0,8	7,1 %	8	9,4 %	0	0	0	-	0	-
(71) Architectural, Construction, Engineering, and Inspection Services	209	491	70,9	4,8 %	200	4,8 %	50	92	2,6	3,0 %	49	3,0 %
(72) IT services: Consultancy, Software Development, Internet, and Support	247	574	204,9	4,0 %	229	5,4 %	72	156	99,1	6,2 %	71	6,6 %
(75) Administrative, Defense, and Social Security Services	3	3	0,3	8,1 %	3	8,1 %	0	0	0	-	0	-
(76) Oil and Gas Industry Services	11	178	11	49,4 %	11	49,4 %	0	0	0	-	0	-
(77) Agricultural, Forestry, Horticultural, Beekeeping, and Aquaculture Services	115	322	31,6	6,5 %	110	15,6 %	5	6	0,3	9,4 %	5	9,4 %
(79) Business Services: Legal, Marketing, Consultancy, Recruitment, Printing, and Security Services	218	850	407,6	14,7 %	203	42,7 %	22	33	1,7	22,4 %	20	22,1 %
(80) Educational and Training Services	21	25	22,3	21,5 %	20	39,9 %	6	6	9,6	98,4 %	6	98,4 %
(85) Health and Social Care Services	29	43	11,2	16,5 %	29	16,5 %	1	1	0	100,0 %	1	100,0 %
(90) Sewage and Waste Treatment and Environmental Protection Services	193	584	35,2	2,0 %	186	2,3 %	7	9	0,2	7,9 %	7	7,9 %
(92) Services Related to Leisure, Culture, and Sport	20	35	4,3	13,7 %	20	13,7 %	1	1	0	100,0 %	1	100,0 %
(98) Other Community, Social, and Personal Services	53	95	28,6	65,0 %	53	65,0 %	1	1	0,2	100,0 %	1	100,0 %

* Due to consortium winners, the value may be lower than the number of winners.

** It includes only contract values associated with identifiable winners, while for consortium winners, it contains the proportional amounts. Therefore, the data may differ from those presented elsewhere. The contract value displayed as 'HUF 0 bn' is greater than 0 and less than HUF 50 million – but it is not an exact representation due to rounding.

Based on the data in the table, HHI values had increased in all CPV divisions by 2024. Product and service divisions often show monopolies (HHI=100%) and oligopolies (HHI > 40%). In most of these cases, high concentration is due to a small number of market participants and a low number of procedures. According to the data presented in the table, HHI values experienced an increase across all CPV divisions in 2024 when compared to the 2023 period.

The table presenting the concentration of the overall public procurement market includes the HHI values of all CPV divisions in which at least one contract was awarded in any calendar year between 2020 and 2024. Therefore, this table includes more than just concentration outliers, making a comprehensive comparison of company- and company group-level figures possible.

As shown in the table, the HHI values at company and company group levels are typically very similar, and in most product and service divisions they are identical. However, in the case of some CPV divisions, more significant differences can be observed in the concentration values of contract amounts, primarily in the following cases:

(79) Business Services: Legal, Marketing, Consultancy, Recruitment, etc.

- In 2024: Company: 14.7%, Company group: 42.7% – While the segment appears to include many smaller participants, most of them belong to the same company group – therefore, the concentration value calculated on this basis is clearly more realistic.

(85) Health and Social Care Services

- In 2020: Company: 8.9%, Company group: 14.8%

(70) Real Estate Services

- In 2021: Company: 1.1%, Company group: 5.6% The added value of considering company groups is therefore clear in this case, although it does not result in substantial market concentration.
- In 2024: Company: 7.1%, Company group: 9.4% – The difference is less significant here, but the value calculated at the level of company groups is also clearly higher.

(80) Educational and Training Services

- In 2024: Company: 21.5%, Company group: 39.9% – In this case, a significant difference leads to increased concentration. This may suggest that many educational suppliers share common ownership.

(77) Agricultural, Forestry, Horticultural, Beekeeping, and Aquaculture Services

- In every calendar year between 2020 and 2024, the concentration measured at company group level was higher than the one measured at company level, which in some years indicates a substantial increase in overall market concentration. In 2022 and 2024, no concentration can be observed at the level of companies, but the company group indicator exceeds the lower threshold.
- The largest percentage point difference between the two levels can be observed in 2024 (+9.1 percentage points).

In the case of the listed CPV divisions, the company group approach made it possible to uncover hidden ownership concentration.

Trends in the concentration of product and service divisions on company and company group levels across the overall public procurement market (2020–2024)

CPV division	Contract value HHI – all public procurement procedures											
	Company level					Trend	Company group level					
2020	2021	2022	2023	2024	Trend	2020	2021	2022	2023	2024	Trend	
(3) Crop Production, Animal Husbandry, Fishing, Forestry, and Related Products	7,8 %	4,6 %	9,1 %	3,1 %	10,6 %		7,8 %	4,6 %	9,1 %	3,1 %	10,6 %	
(9) Petroleum Products, Fuels, Electricity and Other Energy Sources	17,8 %	36,6 %	27,6 %	31,8 %	30,6 %		17,8 %	36,6 %	27,6 %	31,7 %	30,5 %	
(14) Mining, Basic Metals, and Related Products	10,6 %	29,9 %	37,3 %	55,4 %	52,6 %		14,6 %	29,9 %	37,3 %	55,4 %	52,6 %	
(15) Food, Beverages, Tobacco, and Related Products	3,5 %	4,0 %	2,8 %	3,0 %	5,7 %		4,1 %	4,5 %	3,0 %	3,0 %	5,7 %	
(16) Agricultural Machinery	19,1 %	10,0 %	11,4 %	4,6 %	14,6 %		19,1 %	10,1 %	11,4 %	4,5 %	14,6 %	
(18) Clothing, Footwear, Luggage, Travel Goods and Accessories	8,3 %	21,8 %	20,8 %	26,5 %	5,3 %		8,3 %	21,8 %	20,8 %	26,8 %	5,3 %	
(19) Leather and Textile Fabrics, Plastics and Rubber	10,9 %	12,2 %	48,0 %	1,6 %	3,3 %		10,9 %	12,2 %	48,0 %	1,6 %	3,3 %	
(22) Printed Materials and Related Products	7,7 %	7,3 %	6,5 %	6,5 %	9,5 %		7,7 %	7,3 %	6,5 %	6,5 %	9,5 %	
(24) Chemical Products	7,2 %	7,8 %	6,0 %	9,8 %	7,3 %		7,2 %	7,8 %	6,0 %	9,8 %	7,3 %	
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	1,7 %	4,0 %	7,7 %	2,0 %	10,3 %		1,9 %	4,2 %	7,9 %	2,2 %	10,4 %	
(31) Electrical Machinery, Equipment, Appliances, and Consumables; Lighting	2,6 %	8,8 %	2,0 %	6,2 %	6,2 %		2,6 %	8,8 %	2,1 %	6,2 %	6,2 %	
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	2,9 %	2,7 %	1,6 %	0,9 %	10,4 %		2,9 %	3,5 %	2,0 %	1,3 %	10,6 %	
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	3,3 %	2,2 %	1,5 %	4,5 %	3,4 %		3,4 %	2,3 %	1,7 %	7,0 %	3,4 %	
(34) Transport Equipment and Supplementary Transport Items	8,0 %	7,3 %	5,4 %	5,3 %	8,6 %		8,0 %	7,3 %	5,4 %	5,3 %	8,8 %	
(35) Security, Firefighting, Police, and Defense Equipment	26,1 %	7,1 %	6,9 %	7,8 %	10,1 %		28,0 %	7,3 %	7,4 %	7,8 %	10,7 %	
(37) Musical Instruments, Sports Equipment, Toys, Games, Handicraft, Art Materials and Accessories	16,4 %	6,5 %	4,9 %	9,2 %	3,9 %		16,4 %	6,5 %	4,9 %	9,2 %	3,9 %	
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	10,5 %	2,7 %	3,0 %	2,5 %	5,6 %		10,5 %	2,9 %	3,0 %	2,5 %	5,7 %	
(39) Furniture (including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	5,8 %	2,3 %	2,6 %	18 %	19 %		6,1 %	2,5 %	4,5 %	18 %	1,9 %	
(41) Collected and Purified Water	100,0 %		75,4 %	100,0 %	100,0 %		100,0 %		75,4 %	100,0 %	100,0 %	
(42) Industrial Machinery	5,8 %	3,3 %	1,6 %	2,8 %	6,9 %		5,8 %	3,3 %	1,6 %	2,8 %	6,9 %	
(43) Mining, Quarrying, and Construction Machinery	6,3 %	19,4 %	8,3 %	11,5 %	4,6 %		7,7 %	19,4 %	8,3 %	11,5 %	4,6 %	
(44) Construction Structures and Materials; Construction Accessories (Excluding Electrical Equipment)	4,0 %	3,3 %	4,6 %	7,4 %	3,9 %		4,0 %	3,3 %	4,8 %	7,4 %	3,9 %	
(45) Construction Works	2,8 %	3,7 %	2,2 %	2,7 %	13,7 %		4,6 %	5,2 %	5,6 %	2,8 %	14,1 %	
(48) Software Packages and Information Systems	1,4 %	1,6 %	1,2 %	1,2 %	15,9 %		1,9 %	2,1 %	1,5 %	1,3 %	15,9 %	
(50) Repair and Maintenance Services	18,4 %	1,4 %	5,1 %	3,8 %	11,5 %		18,4 %	1,4 %	5,3 %	3,5 %	11,8 %	
(51) Installation Services (Excluding Software)	7,0 %	14,4 %	19,2 %	5,2 %	5,6 %		10,6 %	14,4 %	19,2 %	5,1 %	5,5 %	
(55) Hotel, Restaurant, and Retail Services	5,5 %	10,7 %	7,7 %	12,7 %	11,1 %		5,4 %	10,8 %	7,8 %	13,0 %	11,1 %	
(60) Transport Services (Excluding Waste Transport)	47,0 %	8,8 %	83,9 %	4,6 %	91,3 %		47,0 %	8,8 %	83,9 %	4,8 %	91,3 %	
(63) Transport Support and Auxiliary Services, Travel Agency Services	13,3 %	26,7 %	20,8 %	16,0 %	19,0 %		13,3 %	26,7 %	20,8 %	16,0 %	19,0 %	
(64) Postal and Telecommunications Services	15,3 %	56,4 %	26,5 %	48,7 %	12,8 %		14,9 %	55,7 %	26,2 %	48,3 %	11,9 %	
(65) Public Utilities, Public Services	59,5 %	53,4 %	43,4 %	16,1 %	32,2 %		62,2 %	53,4 %	43,4 %	15,8 %	31,4 %	
(66) Financial and Insurance Services	9,6 %	8,2 %	9,5 %	10,5 %	8,6 %		9,6 %	8,2 %	9,6 %	10,4 %	8,5 %	
(70) Real Estate Services	1,1 %	40,8 %	3,5 %	7,1 %			–	5,6 %	40,8 %	3,5 %		

Trends in the concentration indicator of product and service divisions on company and company group levels across the EU-funded public procurement submarket (2020–2024)

Data from EU-funded public procurement procedures also indicate a significant increase in concentration in 2024 compared to 2023. It is also evident that the increase in concentration is clearly higher when compared to the overall market.

In the case of the EU-funded public procurement submarket, substantial differences in concentration values calculated at the level of companies and company groups can be observed in the following product and service divisions:

(33) Medical Equipment, Pharmaceuticals, and Personal Care Products

- In 2023, the HHI value measured at company level stood at 12.4%, while at company group level it was twice as high, reaching 23.2%, which can be perceived as substantial concentration.

(79) Business Services

In this service division, concentration at company group level was higher than at the level of companies across all calendar years. For example, in 2021 the total market share was 11.5% at company level, while it reached 22.5% at company group level. This means that in the latter case, the HHI value was twice as high and that the concentration can be regarded as substantial. The company group-level indicator shows hidden ownership concentration in this case as well.

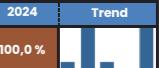
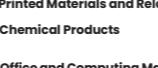
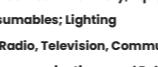
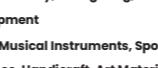
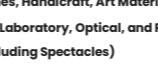
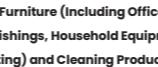
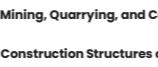
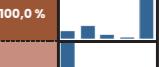
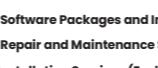
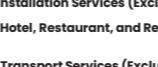
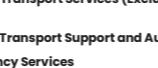
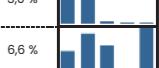
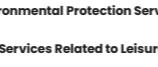
(71) Architectural, Construction, Engineering, and Inspection services

In 2021, the HHI value at company group level, reaching 21.3%, is slightly higher than the company-level value, standing at 19.9%, with both cases interpretable as concentration.

(80) Educational and Training Services

In 2023, the value stood at 13.6% at the level of companies, while it was measured at 26.1% at the level of company groups, meaning that examining the ownership structure reveals nearly double the concentration, which qualifies as a concentrated market.

Comparing data from the two tables, the contrast between the overall and the EU-funded public procurement market is notable in certain CPV divisions. These include CPV Division (98) 'Other Community, Social and Personal Services', where the HHI value for the overall market increased to 65%. (However, there were no EU-funded public procurement procedure in 2023, while in 2024 the HHI rose to 100%.) In CPV Division (22) 'Printed Materials and Related Products' market concentration is low across the overall public procurement market; however, between 2020 and 2022, concentration in EU-funded public procurement was exceptionally high, ranging between 66% and 100%. In the case of CPV Division (85) 'Health and Social Care Services,' it is once again the trends in EU-funded public procurement that are notable: the indicator increased from 7.5% in 2023 to 100% in 2024, indicating that the market was dominated by a single participant in this CPV division. The reasons for this also warrant further analysis.

CPV division	Contract value HHI – EU-funded public procurement procedures											
	Company level						Company group level					
2020	2021	2022	2023	2024	Trend	2020	2021	2022	2023	2024	Trend	
(3) Crop Production, Animal Husbandry, Fishing, Forestry, and Related Products	35,5 %	100,0 %	35,4 %	13,1 %	100,0 %		35,5 %	100,0 %	35,4 %	13,1 %	100,0 %	
(6) Petroleum Products, Fuels, Electricity and Other Energy Sources	24,3 %	62,8 %	100,0 %	–	–		24,3 %	62,8 %	100,0 %	–	–	
(14) Mining, Basic Metals, and Related Products	72,7 %	–	–	–	–		72,7 %	–	–	–	–	
(15) Food, Beverages, Tobacco, and Related Products	8,9 %	25,2 %	13,6 %	–	100,0 %		8,5 %	23,8 %	12,7 %	–	100,0 %	
(16) Agricultural Machinery	6,6 %	4,6 %	16,9 %	5,3 %	24,4 %		6,6 %	4,6 %	16,9 %	5,3 %	24,4 %	
(18) Clothing, Footwear, Luggage, Travel Goods and Accessories	39,0 %	–	46,5 %	3,1 %	100,0 %		39,0 %	–	46,5 %	3,1 %	100,0 %	
(19) Leather and Textile Fabrics, Plastics and Rubber	43,7 %	34,9 %	100,0 %	–	–		43,7 %	34,9 %	100,0 %	–	–	
(22) Printed Materials and Related Products	66,0 %	100,0 %	86,5 %	–	–		66,0 %	100,0 %	86,5 %	–	–	
(24) Chemical Products	4,9 %	6,6 %	31,6 %	32,6 %	26,3 %		4,9 %	6,6 %	31,6 %	32,6 %	26,3 %	
(30) Office and Computing Machines, Equipment and Supplies, Excluding Furniture and Software Packages	2,1 %	2,0 %	8,5 %	1,8 %	11,5 %		2,3 %	2,3 %	8,8 %	2,1 %	11,4 %	
(31) Electrical Machinery, Equipment, Appliances, and Consumables; Lighting	38,1 %	35,5 %	22,5 %	25,6 %	85,9 %		38,1 %	35,5 %	22,5 %	25,5 %	85,9 %	
(32) Radio, Television, Communications, Telecommunications, and Related Equipment	4,2 %	1,8 %	1,1 %	0,9 %	12,0 %		4,2 %	2,0 %	1,6 %	1,3 %	12,1 %	
(33) Medical Equipment, Pharmaceuticals, and Personal Care Products	2,7 %	11,2 %	5,0 %	12,4 %	11,3 %		2,7 %	11,2 %	5,0 %	23,2 %	11,3 %	
(34) Transport Equipment and Supplementary Transport Items	18,0 %	5,4 %	10,0 %	6,6 %	9,0 %		18,0 %	5,4 %	10,8 %	6,6 %	9,0 %	
(35) Security, Firefighting, Police, and Defense Equipment	8,4 %	18,8 %	52,4 %	100,0 %	100,0 %		8,4 %	18,8 %	52,4 %	100,0 %	100,0 %	
(37) Musical Instruments, Sports Equipment, Toys, Games, Handicraft, Art Materials and Accessories	8,3 %	8,0 %	8,9 %	16,0 %	9,4 %		8,3 %	8,0 %	8,9 %	16,0 %	9,4 %	
(38) Laboratory, Optical, and Precision Equipment (Excluding Spectacles)	7,1 %	3,5 %	3,1 %	5,7 %	29,7 %		7,1 %	3,5 %	3,1 %	5,7 %	29,8 %	
(39) Furniture (including Office Furniture), Furnishings, Household Equipment (Excluding Lighting) and Cleaning Products	13,5 %	5,2 %	5,5 %	3,0 %	4,0 %		14,3 %	7,3 %	8,0 %	3,0 %	4,0 %	
(41) Collected and Purified Water	–	–	–	–	–		–	–	–	–	–	
(42) Industrial Machinery	7,5 %	12,9 %	8,0 %	16,7 %	11,1 %		7,5 %	12,9 %	8,0 %	15,7 %	11,1 %	
(43) Mining, Quarrying, and Construction Machinery	20,1 %	28,8 %	11,1 %	5,4 %	100,0 %		20,1 %	28,8 %	11,1 %	5,4 %	100,0 %	
(44) Construction Structures and Materials; Construction Accessories (Excluding Electrical Equipment)	39,4 %	15,6 %	20,0 %	18,4 %	18,0 %		39,4 %	15,6 %	20,0 %	18,4 %	18,0 %	
(45) Construction Works	4,1 %	16,4 %	4,5 %	6,5 %	0,7 %		4,2 %	19,6 %	10,2 %	6,7 %	0,9 %	
(48) Software Packages and Information Systems	1,1 %	1,3 %	1,2 %	1,0 %	14,5 %		1,8 %	1,9 %	1,5 %	1,1 %	14,3 %	
(50) Repair and Maintenance Services	51,4 %	100,0 %	7,4 %	100,0 %	100,0 %		51,4 %	100,0 %	7,4 %	100,0 %	100,0 %	
(51) Installation Services (Excluding Software)	–	100,0 %	10,8 %	–	8,0 %		–	100,0 %	10,8 %	–	8,0 %	
(55) Hotel, Restaurant, and Retail Services	–	96,3 %	–	85,0 %	98,0 %		–	96,3 %	–	85,0 %	98,0 %	
(60) Transport Services (Excluding Waste Transport)	100,0 %	6,1 %	19,2 %	–	30,6 %		100,0 %	6,1 %	19,2 %	–	30,6 %	
(63) Transport Support and Auxiliary Services, Travel Agency Services	43,6 %	1,2 %	100,0 %	100,0 %	–		43,6 %	1,2 %</				

5.2 Detailed Data Related to Economic Operators Submitting Exclusively Successful Tenders

The following tables show key data from 2023 (number of tenders, contract value) on exclusively successful tenderers ('always winners'). Results are presented for both the overall and the EU-funded public procurement markets.

As clearly shown in the table, a high number of tenders by exclusively successful organisations does not necessarily lead to exceptionally high contract values. Nevertheless, the 'exclusive winner' is a considerably strong market position in a calendar year. In 2023, the company that most frequently and exclusively secured contracts in the overall public procurement market – active in the pharmaceutical sector – concluded 20 contracts, but their average value remained below HUF 1 million. In 2024, the company that secured the highest number of contracts exclusively – 22 in total – in the construction sector (as a supporter of planning) concluded these contracts with an average value of HUF 2.6 million. In the EU-funded public procurement market, the highest number of contracts in the year 2023 was 11 (construction sector), with an average contract value of HUF 31.5 million; whereas in 2024, the highest was 20 contracts in Division (65) 'Public Utilities, Public Services', with an average contract value of HUF 1 million.

Organisations with only successful tenders, ranked by the number of tenders (2023–2024)

Overall public procurement market											
Ranking	Reg. No	Company name	2023			2024			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)	Reg. No	Company name				
1	25963162	Magilab kft.	20	0	14,6	22964456	IUtak Mérnökirodakft.		22	0	56,4
2	26257745	KIFÜ-KAR Zrt.	19	0	1 355,3	24916655	Green Therm Hungary Kft.		20	0	19,9
3	13927606	DMS One Szolgáltató és Tanácsadó Zrt.	14	0	587,7	12766769	Sysco-Lux Kereskedelmi és Szolgáltató Kft.		20	0	14,8
4	11399689	SZEMP Air Légitárgyaló Kft	13	0	185,5	13739366	Signalterv Forgalomtechnika Kft.		12	0	203,5
5	11042291	RSZ-COOP LÉGISZOLGÁLTATÓ ÉS KERESKEDELMI KFT	12	0	59,5	11399689	SZEMP Air Légitárgyaló Kft		12	0	69,0
6	11967376	PERFEKT MOTORFELÜÍTÁS Kereskedelmi és Szolgáltató Kft.	11	0	1 153,4	11042291	RSZ-COOP LÉGISZOLGÁLTATÓ ÉS KERESKEDELMI KFT		12	0	69,0
7	13336011	Asseco Central Europe Magyarország Zrt.	11	0	752,6	353087049DE	SKS Knowledge Services GmbH		10	0	822,3
8	26967293	EBSCO GmbH	11	0	506,2	11522683	MANTEX Ipari, Kereskedelmi és Szolgáltató Kft.		10	0	305,1
9	29171529	ZDP & PERS Kft.	11	0	97,9	58852033	Silimon István egyéni vállalkozó		10	0	98,0
10	23567818	Varian Medical Systems Hungary Kft.	10	0	1 618,0	11684057	SDA Informatika Zrt.		9	0	2 241,1
11	10322174	Mediso Medical Imaging Systems Kft	10	0	733,2	10884979	REWIN Magyarország Kft.		9	0	654,3
12	353087049DE	SKS Knowledge Services GmbH	9	0	738,8	24161879	DHS Hungary Kft.		9	0	500,6
13	12057944	OPC Szemézeti Termék Központ Kft.	9	0	59,6	12833711	BUDAPEST MOTORS Kereskedelmi és Szolgáltató Kft.		9	0	222,3
14	14609190	Z.E.H. Energetikai és Építőipari Kft.	8	0	1 206,9	13336011	Asseco Central Europe Magyarország Zrt.		8	0	990,2
15	25929588	ALBA ROUTE Kft.	8	0	399,7	12460748	REAL-DAT MŰSZAKI FEJLESZTŐ SZOLGÁLTATÓ, ÉS KERESKEDELMI KFT.		8	0	443,4
16	11014959	BIOKOM Pécsi Városüzemeltetési és Környezetgazdálkodási Nonprofit Kft.	8	0	83,6	24765442	GeneTICA Kereskedelmi és Szolgáltató Kft.		8	0	424,0
17	12432626	Kamin Group Kivitelező Kft.	8	0	126,0	29153970	Kultúr Brand Kft.		8	0	184,3
18	23723551	JNN Beruházó és Vagyonkezelő Kft.	8	0	32,9	12492352	B-Metal Vasúti Járműműszaki Gyártó, Szolgáltató és Kereskedelmi Kft.		8	0	180,8
19	25924071	Geo Höterm Kft.	7	0	577,3	11602943	BCL Kereskedelmi és Szolgáltató Kft		8	0	51,0
20	23943175	Geotermikus Szolgáltató Kft.	7	0	577,3	13752233	Allied Solutions CEE Kft.		7	0	2 193,6
EU-funded public procurement											
Ranking	Reg. No	Company name	2023			2024			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)	Reg. No	Company name				
1	11959506	Németh Térburkoló, Útépítő és Építőipari Kft.	11	0	346,7	24916655	Green Therm Hungary Kft.		20	0	19,9
2	14609190	Z.E.H. Energetikai és Építőipari Kft.	8	0	1 206,9	24925749	XENOVA Szolgáltató Kft.		12	0	83,1
3	25929588	ALBA ROUTE Kft.	8	0	399,7	10244964	Austro-Lab kereskedelmi és szolgáltató kft.		7	0	197,6
4	10322174	Mediso Medical Imaging Systems Kft	7	0	464,1	25961706	Build Technic Hungary Kft.		6	0	278,0
5	24165866	SANOL Hungary Kereskedelmi és Környezetvédelmi Szolgáltató Kft.	7	0	58,0	13416278	Junior Vital Kft.		5	0	53,3
6	14839696	ICMM Kft.	7	0	41,7	23456141	CheBio Fejlesztő Kft.		5	0	31,4
7	27038321	ZsoMa Bau Hungária Kft	6	0	43,2	27938513	Green Water Technology Kft.		4	0	529,3
8	10568723	Sagemcom Magyarország Elektronikai Kft.	5	0	634,4	67067132	Joó Róbert Imre egyéni vállalkozó		4	0	219,0
9	10438372	Porsche Hungaria Kereskedelmi Kft.	5	0	210,3	43996168	Kecskeméti Katalin egyéni vállalkozó		4	0	145,3
10	11620839	AGRO SZIKA KFT	5	0	203,9	25044595	DFT-Hungária Oktatási, Tanácsadó és Kommunikációs Ügynökség Zrt.		4	0	102,3
11	12592964	DÉLVILL Dél-alföldi Villamos Hálózatszerelő és Kereskedelmi Kft.	5	0	93,3	11187354	Rédei Kertiág Vétőmagkereskedelmi Zrt.		4	0	10,6
12	25168738	Optimal Market Kft.	5	0	93,0	32229543	Max-I-Nova Kereskedelmi és Szolgáltató Kft.		4	0	10,2
13	23567818	Varian Medical Systems Hungary Kft.	4	0	744,6	27191284	BG Construkt Kft.		3	0	570,2
14	27938513	Green Water Technology Kft.	4	0	537,1	11475495	TATA VIA Tervező és Kivitelező Kft.		3	0	119,5
15	FR86689801686	Vinci Technologies S.A.	4	0	205,7	266679310	Feer-Trans Hungary Kft.		3	0	78,3
16	24942940	Vin-Tech Európa Kft.	4	0	205,7	24765442	GeneTICA Kereskedelmi és Szolgáltató Kft.		3	0	69,1
17	24987192	KAVIT Általános Építőipari és Mérnöki Kft.	4	0	293,2	25189500	Labnet Hungary Kft.		3	0	20,4
18	11732222	M4 Flottakezelő Gépjármű-kereskedelmi és Szolgáltató Kft.	4	0	212,2	10333655	VTK Innosystem Kft.		3	0	15,3
19	14809503	Mens Mentis Hungary Kft.	4	0	149,9	11800756	Fehérvári Építőipari és Kereskedelmi Fővállalkozó Kft.		2	0	1 965,4
20	12923829	"OPIVILL" Kereskedelmi és Szolgáltató Kft.	4	0	37,4	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Kft.		2	0	1 676,3

Organisations with only successful tenders, ranked by the total value of awarded contracts (2023–2024)

The table above clearly shows that the largest contract portfolios of companies submitting exclusively successful tenders are generally attributable to a small number of contracts. In the overall public procurement market, this required only two contracts in 2023 and four in 2024 (construction sector and transport services). While in the case of EU-funded services, a few contracts were sufficient for this (financial services).

As shown in the table, over the past five years, a single company submitted 61 tenders across the overall public procurement market – all of which emerged as successful. (Of these, 60 were submitted as part of a consortium, and one individually.) Operating within Division (90) 'Sewage, Waste Treatment, and Environmental Services', the company's average contract value totalled HUF 5.9 million, based on its proportional share within the consortium. The data related to the most successful company in the EU-funded contracts market match those observed in 2024, with the entire five-year contract portfolio, therefore, having been generated in that year.

Overall public procurement market													
Ranking	Reg. No	Company name	2023				2024				Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)	Reg. No	Company name	Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)			
1	12543300	MVM CEEnergy Zrt.	1	0	70 000,0	11604213	ArrivaBus Kft.	4	0	356 917,8			
2	25343007	BAYER CONSTRUCT Építőipari és Szolgáltató Zrt.	2	0	66 403,8	12543300	MVM CEEnergy Zrt.	1	0	70 000,0			
3	14776355	Market Építő Zrt.	4	0	45 859,0	25707144	Educational Development Informatikai Zrt.	2	0	23 177,0			
4	10688515	OBSEVER Budapest Médiafigyelő Kft.	2	0	22 323,0	25510410	Erzsébet Gyermek- és Ifjúsági Táborok Szolgáltató Kft.	1	0	20 948,8			
5	14440791	MSD Pharma Hungary Kft.	4	0	17 223,4	25343007	BAYER CONSTRUCT Építőipari és Szolgáltató Zrt.	1	0	19 893,5			
6	27094974	Századvég Konjunktúrakutató Zrt.	2	0	12 902,9	10011922	MBH Bank Nyrt.	2	0	14 823,2			
7	10189377	GRÁNIT Bank Zrt.	1	0	12 821,6	10189377	GRÁNIT Bank Zrt.	1	0	11 823,2			
8	10011922	MBH Bank Nyrt.	1	0	12 821,6	14620577	MLR Tech Üzemeltetési és Szolgáltató Kft.	1	0	10 305,9			
9	11130967	Eatrend Arrabona Zrt.	1	0	10 060,5	22777375	ELMS Informatikai Zrt..	1	0	9 533,9			
10	25395619	BM HEROS LEK Logisztikai Ellátó Központ Kft.	3	0	8 299,6	29037852	"NAGYMASTER ÉPÍTŐ" Kft.	1	0	6 744,8			
11	12550753	MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zrt.	2	0	7 610,9	14644335	E- Educatio Informatikai Zrt.	1	0	4 600,0			
12	11147073	OPUS TIGÁZ Gázhálózati Zrt.	3	0	6 451,0	10234116	RAMICÓ Gázvezetéképítő és Szerelő Kft.	1	0	4 195,1			
13	10655436	VAMAV Vasúti Berendezések Kft.	1	0	4 600,0	25578285	Menzamax Vendéglátó és Szolgáltató Kft.	1	0	4 126,5			
14	14755617	GVSX Szolgáltató Kft.	4	0	4 416,7	10542925	OMV Hungária Ásványolaj Kft.	2	0	3 725,4			
15	10941362	BKM Budapesti Közművek Nonprofit Kft.	2	0	4 189,1	12336757	MÁTRA PARTY Kereskedelmi és Vendéglátó Kft.	2	0	3 115,9			
16	22305004	"Pro-Team" Rehabilitációs Közhasznú Nonprofit Kft.	5	0	4 043,9	14025336	INTER TAN-KER Zrt.	3	0	2 971,7			
17	25707144	Educational Development Informatikai Zrt.	2	0	3 889,4	NL807406545B01	BYD Europe B.V.	2	0	2 959,1			
18	11224017	Kaposvári Önkormányzati Vagyongezelő és Szolgáltató Zrt.	2	0	3 737,8	10920394	Porsche Finance Zártkörűen Működő Rt.	2	0	2 817,5			
19	14515239	Porsche Inter Auto Hungaria Kft	4	0	3 692,2	11053727	BÉKÉS DRÉN Környezetvédelmi, Víz- és Mélyépítési Kft.	1	0	2 493,3			
20	23921230	MEDYAG Kft.	1	0	3 342,8	13948337	Magyar Antidopping Csoport Kft.	1	0	2 400,0			
EU-funded public procurement													
Ranking	Reg. No	Company name	2023				2024				Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)
			Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)	Reg. No	Company name	Number of successful tenders	Number of unsuccessful tenders	Value of awarded contracts (HUF m)			
1	10189377	GRÁNIT Bank Zrt.	1	0	12 821,6	10537914	OTP Bank Nyrt.	1	0	11 823,2			
2	10011922	MBH Bank Nyrt.	1	0	12 821,6	10189377	GRÁNIT Bank Zrt.	1	0	11 823,2			
3	25586907	MaxiContech Vállalkozási és Kereskedelmi Kft.	2	0	1 755,3	10011922	MBH Bank Nyrt.	1	0	11 823,2			
4	14206728	Aditus Tanácsadó és Szolgáltató Zrt.	2	0	1 054,2	22777375	ELMS Informatikai Zrt..	1	0	9 533,9			
5	24393786	Reg hun Kft.	2	0	1 054,2	13044866	Unikorn-Épker Építőipari és Szolgáltató Kft.	1	0	5 554,8			
6	13961149	Colas Alterra Építőipari Zrt.	1	0	2 638,8	10568723	Sagemcom Magyarország Elektronikai Kft.	1	0	4 094,5			
7	23567818	Varian Medical Systems Hungary Kft.	4	0	744,6	11800756	Fehérvári Építőipari és Kereskedelmi Fövállalkozó Kft.	2	0	1 965,4			
8	CHE-105742500	Siemens Healthineers International AG	3	0	725,9	11053727	BÉKÉS DRÉN Környezetvédelmi, Víz- és Mélyépítési Kft.	1	0	2 493,3			
9	13722009	Integrated Engineering Solutions Kft.	1	0	1 962,5	10456017	UNIQA Biztosító Zrt.	1	0	2 416,7			
10	11223786	KVGY Kaposvári Villamosági Gyár Kft.	3	0	1 917,1	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Kft.	2	0	1 676,3			
11	11500607	KSK Mérnöki Vállalkozási Iroda Kft	1	0	372,5	13564010	THDG Kereskedelmi és Szolgáltató Kft.	1	0	1 452,8			
12	10388466	HIDROKOMPLEX Mérnökszolgálati Kft.	1	0	372,5	32379758	MaxiconRail Vállalkozási és Kereskedelmi Kft.	1	0	1 432,5			
13	13162175	Fototronic Kereskedelmi és Szolgáltató Kft.	2	0	1 292,9	26223593	Vergotek Zrt	1	0	667,3			
14	14609190	Z.E.H. Energetikai és Építőipari Kft.	8	0	1 206,9	11454599	R-KORD Építőipari Kft.	1	0	667,3			
15	10620386	3DHISTECH Fejlesztő Kft.	1	0	1 134,5	24652333	Perform Consulting Kereskedelmi Szolgáltató Kft.	1	0	612,5			
16	14764189	Wood-Vill Kereskedelmi és Szolgáltató Kft.	1	0	549,7	13530947	Fürdőpark Vízgépészeti Innovációs Kereskedelmi és Szolgáltató Kft.	1	0	539,5			
17	26158794	Maxicontine Vállalkozási és Kereskedelmi Kft.	1	0	978,5	11868806	HUN-BAU HOLDING Szolgáltató Kft.	1	0	788,2			
18	22688873	ARRI Rental Deutschland GmbH Magyarországi Fióktelep	1	0	954,3	23809707	Electric Network Kereskedelmi és Szolgáltató Kft.	2	0	694,3			
19	12015252	Sampo Consult Kft	1	0	279,0	27191284	BG Construkt Kft.	3	0	570,2			
20	24835648	SMB Pure Systems Kft.	1	0	755,0	10562318	Wolf-Farkas Építőipari és Szolgáltató Kft.	1	0	569,9			

5.3 Detailed Data on Successful–Unsuccessful Organisation Pairs

The following table presents the outliers related to successful–unsuccessful roles from the past two years.

In the overall public procurement market, the highest number of parallel tenders submitted by the same companies – including both successful and unsuccessful roles – was 63 in 2023 and 44 in 2024, corresponding to contract portfolios of HUF 77 billion and HUF 0.9 billion, respectively. The leading company pair in 2023 was from the energy sector, while in 2024 it was tied to the food distribution industry. The highest number of contracts held by the leading company pairs in the EU-funded public procurement submarket was 25 in 2023 and 28 in 2024, with total contract values amounting to HUF 2.7 billion and HUF 1.7 billion, respectively. The leading company pair in this market segment differed between 2023 and 2024, but they were associated with the construction sector in both years.

The following table presents data on successful–unsuccessful company pairs over the five-year period between 2020 and 2024, ranked in descending order by the number of parallel tenders.

Successful–unsuccessful company pairs with parallel tenders, ranked by the number of procedures (2023–2024)

Ranking	2023			Overall public procurement market			2024			
	Successful company	Unsuccessful company	Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company	Successful company	Unsuccessful company	Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
1	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zrt.	63	76 970,7	365	MORTAK FRUIT Kereskedelmi és Szolgáltató Kft.	M és Társa Kereskedelmi és Szolgáltató Kft.	44	870,1	45
2	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	44	5 971,1	78	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	36	2 022,2	68
3	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	39	1 416,0	76	BEST CLEAN BEST Kft.	ORINK HUNGARY Kereskedelmi és Szolgáltató Kft.	36	39,9	36
4	MORTAK FRUIT Kereskedelmi és Szolgáltató Kft.	M és Társa Kereskedelmi és Szolgáltató Kft.	38	993,0	40	KISS KERT 2006 Kertészet, Kereskedelmi és Szolgáltató Kft.	EcoGarden Kft.	31	138,7	53
5	HÓR Kereskedelmi és Szolgáltató Zártkörű Részvénytársaság	Balázs-Díák Kft.	34	311,8	35	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zrt.	30	20 577,6	118
6	HARTMANN-RICO Hungaria Kft.	Wolf Onnos Műszereket Forgalmazó Szolgáltató Kereskedelmi Kft	34	145,2	77	VUD TRANS Kft.	SZEP HÁZAK - 6. PILLÉR Kft.	28	1 678,5	55
7	STRABAG Általános Építő Kft.	Colas Út Építőipari Zrt.	33	1 096,4	76	STRABAG Általános Építő Kft.	Colas Út Építőipari Zrt.	28	1 671,0	68
8	HARTMANN-RICO Hungaria Kft.	Lohmann & Rauscher Hungary Kft.	31	111,3	77	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	25	8 733,6	43
9	Gulyás János és Társa Kft	VAN-HÜS Kft.	30	1 374,8	34	EUROMEDIC TRADING Szolgáltató Kft.	Johnson & Johnson Egészségügyi és Babaápolási Termékeket Gyártó és Forgalmazó Kft.	25	21,7	40
10	ETIAM Kft.	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Kft.	29	52,0	76	MVM Next Energiakereskedelmi Zrt.	Wottler Kft.	23	2 368,1	118
11	HARTMANN-RICO Hungaria Kft.	HBS Medical Kft.	28	98,2	77	Gulyás János és Társa Kft	VAN-HÜS Kft.	23	1 429,0	35
12	STRABAG Általános Építő Kft.	VIA VOMITO Mélyépítő és Szolgáltató Kft	27	409,4	76	ETIAM Kft.	Bechtle direct Kft.	22	196,3	60
13	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Kft.	INNOCONSY Kft.	25	562,9	64	ORINK HUNGARY Kereskedelmi és Szolgáltató Kft.	I-COM IRODAELÁTAS Kereskedelmi Kft.	20	615,6	24
14	Premier G. Med Cardio Kft.	‘MEDTECH’ Kereskedelmi és Szolgáltató Kft.	25	414,7	58	VARIOMEDIC HUNGARY Kereskedelmi és Szolgáltató Kft.	EUROMEDIC TRADING Szolgáltató Kft.	20	24,5	24
15	STRABAG Általános Építő Kft.	Fischer Trade 2011 Kft.	25	263,0	76	EUROMEDIC TRADING Szolgáltató Kft.	SUTURA Képviselői és Kereskedelmi Kft.	20	23,3	40
16	Colas Út Építőipari Zrt.	STRABAG Aszfalt Kft.	24	4 538,0	78	Green Therm Hungary Kft.	Sole Nostrum Energetikai Zrt.	20	19,9	20
17	SUTURA Képviselői és Kereskedelmi Kft.	‘MEDTECH’ Kereskedelmi és Szolgáltató Kft.	24	506,9	58	Green Therm Hungary Kft.	PV Napenergia Szolgáltató és Kivitelező Kft.	20	19,9	20
18	Medimetol Gyógyászati Termékeket Gyártó és Forgalmazó Kft.	Sanctmetal Ortopédiai és Traumatológiai Eszközök Gyártó Kft.	24	103,9	40	Green Therm Hungary Kft.	Pannonwatt Energetikai Megoldások Zrt.	20	19,9	20
19	AVA-MED HUNGARY Kft.	UJÁN 2000 Kereskedelmi és Szolgáltató Kft.	24	67,5	40	TZMO Hungary Kft.	Inco-Med Kft.	19	485,6	24
20	PROFI-COPY 2002 Irodatechnika Szolgáltató és Kereskedelmi Kft.	I-COM IRODAELÁTAS Kereskedelmi Kft.	23	799,5	36	Medicontur Orvostechnika Kft.	NeovisusPlus Kft.	19	393,1	54
EU-funded public procurement										
Ranking	2023			2024						
	Successful company	Unsuccessful company	Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company	Successful company	Unsuccessful company	Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
1	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	25	2 705,5	39	VUD TRANS Kft.	SZEP HÁZAK - 6. PILLÉR Kft.	28	1 678,5	55
2	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Kft.	INNOCONSY Kft.	25	562,9	62	Green Therm Hungary Kft.	Sole Nostrum Energetikai Zrt.	20	19,9	20
3	HÓR Kereskedelmi és Szolgáltató Zrt.	Balázs-Díák Kft.	22	186,7	22	Green Therm Hungary Kft.	Pannonwatt Energetikai Megoldások Zrt.	20	19,9	20
4	Colas Út Építőipari Zrt.	Stravaco Építőipari Kft.	17	2 028,8	39	Green Therm Hungary Kft.	PV Napenergia Szolgáltató és Kivitelező Kft.	20	19,9	20
5	Colas Út Építőipari Zrt.	Duna Aszfalt Út és Mélyépítő Zrt.	17	1 749,4	39	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	19	1 151,6	25
6	Colas Út Építőipari Zrt.	STRABAG Általános Építő Kft.	15	1 455,0	39	VAJDA MÉLYÉPÍTŐ Kft.	TÖMB 2002 Szolgáltató Kft.	18	1 137,5	31
7	Épít-Takarít 2004 Bt.	Bőjtös-Bau Kft.	14	322,1	22	STRABAG Általános Építő Kft.	Colas Út Építőipari Zrt.	14	1 021,1	25
8	STRABAG Építő Kft.	Colas Út Építőipari Zrt.	13	1 368,3	30	VUD TRANS Kft.	SZAES Ügyöki, Kereskedelmi és Szolgáltató Betéti Társaság	14	892,5	55
9	STRABAG Építő Kft.	SWIETELSKY Magyarország Kft.	13	1 055,1	30	HÓR Kereskedelmi és Szolgáltató Zrt.	Balázs-Díák Kft.	14	120,4	15
10	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Kft.	Clear Body Kft.	13	202,4	62	VAJDA MÉLYÉPÍTŐ Kft.	SZAES Ügyöki, Kereskedelmi és Szolgáltató Betéti Társaság	13	59,6	31
11	Ubranorum Kereskedelmi és Szolgáltató Kft.	VATNER Ipari, Kereskedelmi és Szolgáltató Kft.	13	110,1	16	VAJDA MÉLYÉPÍTŐ Kft.	Duna Aszfalt Út és Mélyépítő Zrt.	12	1 071,2	31
12	Balázs-Díák Kft.	KOLONEL-FA Kereskedelmi és Szolgáltató Betéti Társaság	13	60,5	54	KÁLÓ-ROAD Utépítő Kereskedelmi és Szolgáltató Kft.	Nyír-Epítő Építőipari Kereskedelmi és Szolgáltató Kft.	12	512,3	18
13	Révész Kft	TÖMB 2002 Szolgáltató Kft.	12	981,2	15	XENOVA Szolgáltató Kft.	Novogene (UK) Company Limited	12	83,1	12
14	VAJDA MÉLYÉPÍTŐ Kft.	ROAD FOR YOU Utépítő és Szállítási Kft.	12	341,1	33	VUD TRANS Kft.	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Kft.	11	723,5	55
15	Balázs-Díák Kft.	CPM Mobilier Kft.	12	79,6	54	VUD TRANS Kft.	Petrucz Transz Szolgáltató Kft.	11	553,9	55
16	TaktIMed Egészségügyi, Kereskedelmi és Szolgáltató Kft.	Mediversum Kft	11	347,8	39	SWIETELSKY Magyarország Kft.	STRABAG Általános Építő Kft.	11	493,0	18
17	VAJDA MÉLYÉPÍTŐ Kft.	KÁLÓ-ROAD Utépítő Kereskedelmi és Szolgáltató Kft.	11	240,6	33	TÖMB 2002 Szolgáltató Kft.	KELET-Út Építőipari, Beruházó és Szállítmányozó Kft.	10	3 811,6	46
18	Almus Pater Tanészki- és Intézményellátó Zrt.	Balázs-Díák Kft.	11	52,8	26	VAJDA MÉLYÉPÍTŐ Kft.	Nyír-Epítő Építőipari Kereskedelmi és Szolgáltató Kft.	10	652,5	31
19	H-Copex Irodatechnika Kft.	Garzon Novum Kereskedelmi és Szolgáltató Kft.	11	36,9	12	VAJDA MÉLYÉPÍTŐ Kft.	DUBA-SPED Kft	10	496,3	31
20	H-Copex Irodatechnika Kft.	FS Bútor Kft.	11	36,9	12	VAJDA MÉLYÉPÍTŐ Kft.	LASPED Kereskedelmi, Építőipari és Szolgáltató Kft.	10	254,0	31

As shown by the data in the table, the 2020–2024 period featured a successful–unsuccessful company pair in the energy sector of the overall public procurement market that submitted parallel tenders leading to a total of 341 contract awards. In this case, the total value of the relevant contracts amounted to HUF 201.6 billion. In terms of the number of contracts, the third and fourth places are occupied by companies in the food and healthcare industry, respectively.

In the case of the EU-funded public procurement market, the highest number of parallel tenders involving a successful–unsuccessful pair of companies was 52 in the years between 2020 and 2024. In this case, the value of contracts totalled HUF 5.5 billion. The company pair with the highest number of parallel tenders was active in the construction sector, while the second in the ranking – with 45 parallel tenders and a total contract value of HUF 0.15 billion – operated in school supply distribution.

Although not widespread, it is an existing and noteworthy phenomenon when a successful–unsuccessful company pair remains significant even when their roles are reversed. This means that both organisations in the pair have significant contract portfolios as successful tenderers, while the parallel tenders submitted by the other organisation – losing when the partner wins, and winning when the partner loses – are also significant. In such cases, the two organisations can have substantial market shares collectively.

There are very few company pairs that appear on an annual basis with a substantial presence in both roles – meaning at least seven contracts as both successful and unsuccessful parties, based on our calculations. Therefore, the following table presents the combined data of the past five years.

Successful–unsuccessful company pairs with parallel tenders, ranked by the number of procedures collectively between 2020 and 2024

Ranking	Entire public procurement market			Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
	Successful company	Unsuccessful company	2020–2024 aggregate			
1	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zrt.	341	201 563,0	968,0	
2	MVM Next Energiakereskedelmi Zrt.	ELMÜ-ÉMÁSZ Energiakereskedő Kft.	210	40 031,7	968,0	
3	MORTAK FRUIT Kereskedelmi és Szolgáltató Kft.	M és Társa Kereskedelmi és Szolgáltató Kft.	187	3 959,7	213,0	
4	HARTMANN-RICO Hungaria Kft.	Wolf Orvosi Műszereket Forgalmazó Szolgáltató Kereskedelmi Kft	154	526,3	462,0	
5	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	126	23 667,5	276,0	
6	HARTMANN-RICO Hungaria Kft.	TZMO Hungary Kft.	119	293,9	462,0	
7	ETIAM Kft.	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Kft.	118	521,4	312,0	
8	Premier G. Med Cardio Kft.	"MEDTECH" Kereskedelmi és Szolgáltató Kft.	114	1 206,0	312,0	
9	HARTMANN-RICO Hungaria Kft.	Eastimpex DL Kereskedelmi és Szaktanácsadó Kft.	114	226,6	462,0	
10	STAPLCARE Kereskedelmi és Szolgáltató Kft.	Johnson & Johnson Egészségügyi és Babaápolási Termékeket Gyártó és Foraalmazó Kft.	108	304,5	154,0	
11	MVM Next Energiakereskedelmi Zrt.	ALTEO Energiakereskedő Zrt.	105	12 304,9	968,0	
12	MVM Next Energiakereskedelmi Zrt.	JAS Budapest Kereskedelmi és Szolgáltató Zrt.	99	26 313,9	968,0	
13	ETIAM Kft.	Alienline Kft.	97	427,3	312,0	
14	Medimetál Gyógyászati Termékeket Gyártó és Forgalmazó Kft.	Sanatmetal Ortopédiai és Traumatológiai Eszközök Gyártó Kft.	97	255,7	154,0	
15	MVM Next Energiakereskedelmi Zrt.	Wattler Kft.	88	8 593,8	968,0	
16	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	84	4 279,3	252,0	
17	Novomed Kereskedelmi Kft.	"MEDTECH" Kereskedelmi és Szolgáltató Kft.	83	1 070,7	241,0	
18	SUTURA Képviselői és Kereskedelmi Kft.	"MEDTECH" Kereskedelmi és Szolgáltató Kft.	81	614,6	288,0	
19	Wolf Orvosi Műszereket Forgalmazó Szolgáltató Kereskedelmi Kft	HARTMANN-RICO Hungaria Kft.	79	300,1	140,0	
20	ETIAM Kft.	Infopolis Kft.	78	698,5	312,0	
EU-funded public procurement						
Ranking	2020–2024 aggregate			Number of parallel tenders	Contract value related to parallel tendering (HUF m)	Total number of tenders by successful company
	Successful company	Unsuccessful company	2020–2024 aggregate			
1	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	52	5 533,8	115,0	
2	Almus Pater Taneskóz- és Intézményellátó Zrt.	Balázs-Diák Kft.	45	148,8	78,0	
3	ETIAM Kft.	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Kft.	43	184,7	88,0	
4	"HOR" Kereskedelmi és Szolgáltató Zrt.	Balázs-Diák Kft.	42	356,6	54,0	
5	STRABAG Építő Kft.	SWIETELSKY Magyarország Kft.	38	51 856,0	100,0	
6	Z.E.H. Energetikai és Építőipari Kft.	Megújuló Energia és Hulladékhásznositó Kft.	36	4 385,6	43,0	
7	VWR International Kft.	RK Tech Kereskedelmi és Szolgáltató Kft.	35	511,8	91,0	
8	Balázs-Diák Kft.	QUANTUM Kft.	34	179,2	214,0	
9	VAJDA MÉLYÉPÍTŐ Kft.	TÖMB 2002 Szolgáltató Kft.	33	2 313,7	73,0	
10	ETIAM Kft.	PROCOMP Számitástechnikai és Elektronikai Kft.	32	97,6	88,0	
11	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	31	2 208,8	79,0	
12	RailCert Hungary Kft.	BME ITS Közlekedési- és Jármürendszer Nonprofit Zrt.	30	5 799,9	32,0	
13	ETIAM Kft.	Infopolis Kft.	30	104,2	88,0	
14	ETIAM Kft.	Alienline Kft.	30	80,5	88,0	
15	VJD TRANS Kft.	SZÉP HÁZAK – 6. PILLÉR Kft.	28	1 678,5	60,0	
16	STRABAG Építő Kft.	Colas Út Építőipari Zrt.	27	4 220,5	100,0	
17	Colas Út Építőipari Zrt.	STRABAG Általános Építő Kft.	26	3 594,0	115,0	
18	Balázs-Diák Kft.	CPM Mobilier Kft.	26	151,1	214,0	
19	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Kft.	INNOCONSYS Kft.	25	562,9	93,0	
20	Balázs-Diák Kft.	"HOR" Kereskedelmi és Szolgáltató Zrt.	25	222,9	214,0	

The results in the table show a striking similarity to the data on successful–unsuccessful company pairs between 2020 and 2024, presented in descending order by the number of contracts. In the overall public procurement market, the ranking of the top 18 successful–unsuccessful company pairs remains unchanged, which means that reversed roles are also of particular significance for them. In the EU-funded public procurement submarket, it is the ranking of the top four company pairs that correspond.

**Number and total contract value of parallel tenders submitted by the same company pairs between 2020 and 2024
collectively, categorised by successful–unsuccessful and unsuccessful–successful outcomes**

Ranking by number of awarded contracts for COMP1	Overall public procurement market					
	COMP1		COMP2		COMP1-successful and COMP2-unsuccessful contracts	COMP2-successful and COMP1-unsuccessful contracts
	number	value (HUF m)	number	value (HUF m)	number	value (HUF m)
1	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zrt.	341	201 563,0	58	26 728,0
2	MVM Next Energiakereskedelmi Zrt.	ELMÜ-ÉMÁSZ Energiakereskedő Kft.	210	40 031,7	64	46 492,9
3	MORTAK FRUIT Kereskedelmi és Szolgáltató Kft.	M és Társa Kereskedelmi és Szolgáltató Kft.	187	3 959,7	63	2 032,5
4	HARTMANN-RICO Hungaria Kft.	Wolf Orvosi Műszereket Forgalmazó Szolgáltató Kereskedelmi Kft	154	526,3	79	300,1
5	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	126	23 667,5	46	5 771,1
6	HARTMANN-RICO Hungaria Kft.	TZMO Hungary Kft.	119	293,9	39	583,1
7	ETIAM Kft.	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Kft.	118	521,4	29	106,4
8	Premier G. Med Cardio Kft.	“MEDTECH” Kereskedelmi és Szolgáltató Kft.	114	1 206,0	25	148,2
9	HARTMANN-RICO Hungaria Kft.	Eastimpex DL Kereskedelmi és Szaktanácsadó Kft.	114	226,6	39	24,0
10	STAPLECARE Kereskedelmi és Szolgáltató Kft.	Johnson & Johnson Egészségügyi és Babaápolási Termékeket Gyártó és Forgalmazó Kft.	108	304,5	29	113,6
11	MVM Next Energiakereskedelmi Zrt.	ALTEO Energiakereskedő Zrt.	105	12 304,9	37	6 988,3
12	MVM Next Energiakereskedelmi Zrt.	JAS Budapest Kereskedelmi és Szolgáltató Zrt.	99	26 313,9	10	1 969,3
13	ETIAM Kft.	Alienline Kft.	97	427,3	21	38,4
14	Medimetál Gyógyászati Termékeket Gyártó és Forgalmazó Kft.	Sanatmetal Ortopédiai és Traumatológiai Eszközök Gyártó Kft.	97	255,7	36	118,6
15	MVM Next Energiakereskedelmi Zrt.	Wattler Kft.	88	8 593,8	12	334,4
16	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	84	4 279,3	33	2 875,7
17	Novomed Kereskedelmi Kft.	“MEDTECH” Kereskedelmi és Szolgáltató Kft.	83	1 070,7	23	62,1
18	SUTURA Képvisleti és Kereskedelmi Kft.	“MEDTECH” Kereskedelmi és Szolgáltató Kft.	81	614,6	9	42,7
19	ETIAM Kft.	Infopolis Kft.	78	698,5	37	366,8
20	Audax Renewables Kft.	MVM Next Energiakereskedelmi Zrt.	77	21 942,6	72	29 786,3
21	HARTMANN-RICO Hungaria Kft.	Lohmann & Rauscher Hungary Kft.	74	185,9	17	124,0
22	STRABAG Általános Építő Kft.	Colas Út Építőipari Zrt.	72	3 842,1	50	18 828,8
23	Colas Út Építőipari Zrt.	STRABAG Aszfalt Kft.	71	8 919,5	41	6 428,4
24	HARTMANN-RICO Hungaria Kft.	Mölnhycke Health Care Kft.	71	248,6	52	173,7
25	Audax Renewables Kft.	ELMÜ-ÉMASZ Energiakereskedő Kft.	70	13 162,3	16	3 262,1
Ranking by number of awarded contracts for COMP1	EU-funded public procurement market					
	COMP1		COMP2		COMP1-successful and COMP2-unsuccessful contracts	COMP2-successful and COMP1-unsuccessful contracts
	number	value (HUF m)	number	value (HUF m)	number	value (HUF m)
1	Colas Út Építőipari Zrt.	SWIETELSKY Magyarország Kft.	52	5 533,8	10	562,5
2	Almus Pater Taneszköz- és Intézményellátó Zrt.	Balázs-Diák Kft.	45	148,8	25	154,8
3	ETIAM Kft.	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Kft.	43	184,7	8	18,7
4	“HOR” Kereskedelmi és Szolgáltató Zrt.	Balázs-Diák Kft.	42	356,6	25	222,9
5	VWR International Kft.	RK Tech Kereskedelmi és Szolgáltató Kft.	35	511,8	18	260,3
6	Balázs-Diák Kft.	QUANTUM Kft.	34	179,2	24	67,8
7	STRABAG Általános Építő Kft.	SWIETELSKY Magyarország Kft.	31	2 208,8	14	780,7
8	ETIAM Kft.	Infopolis Kft.	30	104,2	14	101,1
9	STRABAG Építő Kft.	Colas Út Építőipari Zrt.	27	4 220,5	19	3 385,2
10	Colas Út Építőipari Zrt.	STRABAG Általános Építő Kft.	26	3 594,0	24	1 617,8
11	Balázs-Diák Kft.	CPM Mobilier Kft.	26	151,1	7	69,8
12	VWR International Kft.	BioTech Hungary Kereskedelmi, Szolgáltató és Tanácsadó Kft.	23	403,9	10	69,8
13	Kiss-Iskolabútor Kft.	Almus Pater Taneszköz- és Intézményellátó Zrt.	22	194,0	8	223,4
14	Kiss-Iskolabútor Kft.	Alex Férbútor és Iskolabútor Gyártó és Forgalmazó Kft	22	136,7	12	125,7
15	TÖMB 2002 Szolgáltató Kft.	KE-Víz 21 Építőipari Zrt.	21	8 734,7	9	7 781,9
16	Syntax Consult Szolgáltató Kft	Brand 2001 Kft	20	729,3	7	446,0
17	AQUA-TERRA LAB Kémiai Kereskedelmi Gyártó és Szolgáltató Kft.	RK Tech Kereskedelmi és Szolgáltató Kft.	20	49,5	8	13,7
18	RailCert Hungary Kft.	KTI Magyar Közlekedéstudományi és Logisztikai Intézet Nonprofit Kft.	19	4 450,3	7	145,3
19	RK Tech Kereskedelmi és Szolgáltató Kft.	BioTech Hungary Kereskedelmi, Szolgáltató és Tanácsadó Kft.	18	243,8	11	67,5
20	AQUA-TERRA LAB Kémiai Kereskedelmi Gyártó és Szolgáltató Kft.	VWR International Kft.	17	47,6	13	79,1
21	SPIE Hungaria Kft.	Forest-Vill Villamosipari és Energetikai Létesítményeket Tervező és Kivitelező Kft.	16	7 421,4	11	3 834,7
22	STRABAG Generálépítő Kft.	Colas Út Építőipari Zrt.	16	3 215,6	9	411,5
23	FUTIZO Kft.	TÖMB 2002 Szolgáltató Kft.	15	2 099,7	10	1 165,7
24	UTIBER Közúti Beruházó Kft	Mecsek Mérnökiroda Kft.	15	1 360,5	10	45,3
25	Focus Audit and Advisory Konyvvizsgáló és Tanácsadó Kft.	H K ADOCONTROLL Konyvelő és Konyvvizsgáló Kft.	15	44,1	12	16,5

**Contracting authority-successful organisation pairs in public procurement procedures, ranked by the number of contracts
in 2023 and 2024**

5.4 Detailed Concentration Data Related to Contracting Authorities and Winners

The following tables present outliers from 2023 and 2024 for contracting authority-successful organisation pairs, once again distinguishing between the overall public procurement market and its EU-funded segment.

The table shows that in the overall public procurement market in 2023 and 2024, the top two positions were occupied by the same two companies and the central purchasing organisation listed as the contracting authority in the database. In 2023, the highest contract number tied to contracting authority-successful organisation pairs was 123, with a total contract value of HUF 39.1 billion, while the year 2024 saw this number reach 141, with a total contract value of HUF 79.7 billion. Within the EU-funded public procurement submarket, the year 2023 witnessed its highest contract count peak at 99, with a combined contract value of HUF 12.3 billion, while 2024 recorded its highest contract number at 49, totalling HUF 61.3 billion.

The table indicates that, in numerous instances, both the overall public procurement market and its EU-funded subset show remarkably elevated exposure, reaching 100% in several cases. In these cases, not only are the number of contracts extreme, but they are essentially linked to a single contracting authority – often a central purchasing body in this context. Therefore, the vast majority of the listed company's successful tenders were initiated by the same contracting authority.

The exceptionally high values of contracting authority-successful organisation pairs are also presented in aggregate for the past five years, ranked in descending order by the number of contracts.

Ranking	Overall public procurement market						EU-funded public procurement market					
	2023			2024			2023			2024		
	Contracting authority	Successful organisation	Contracts number	Contracts value (HUF m)	Successful company number of contracts	Contracting authority	Successful organisation	Contracts number	Contracts value (HUF m)	Successful company number of contracts		
1	Nemzeti Kommunikációs Hivatal	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	123	39 135,4	124	Nemzeti Kommunikációs Hivatal	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	141	79 739,9	144		
2	Nemzeti Kommunikációs Hivatal	LOUNGE DESIGN Szolgáltató Kft.	116	32 351,4	117	Nemzeti Kommunikációs Hivatal	LOUNGE DESIGN Szolgáltató Kft.	135	67 219,9	136		
3	Digitális Kormányzati Ügynökség Zrt.	Telekom Rendszerintegráció Zrt.	110	13 018,7	146	Mágyar Nemzeti Múzeum	Salisbury Régészeti Kft.	104	1 759,6	105		
4	Digitális Kormányzati Ügynökség Zrt.	Delta Systems Kft.	96	5 807,3	120	MVM Paksi Atomerőmű Zrt.	Messer Hungarogáz Ipari Gázgyártó és Forralmazó Kft.	104	176,7	114		
5	Mágyar Földgáztároló Zrt.	VABEKO Műszaki Kereskedelmi és Szolgáltató Kft.	89	6 782,1	90	Nemzeti Kommunikációs Hivatal	Lounge Event Kft.	97	75 419,5	97		
6	Digitális Kormányzati Ügynökség Zrt.	IMO Solution Zrt.	80	11 081,8	96	Mágyar Földgáztároló Zrt.	VABEKO Műszaki Kereskedelmi és Szolgáltató Kft.	96	8 083,6	128		
7	Digitális Kormányzati Ügynökség Zrt.	TIGRA Computer – és Irodatechnikai Kft.	78	7 778,1	90	Nemzeti Kommunikációs Hivatal	p2m Consulting Szolgáltató és Tanácsadó Kft.	77	4 766,4	77		
8	Digitális Kormányzati Ügynökség Zrt.	4iG Nyrt.	74	6 285,9	100	Nemzeti Kommunikációs Hivatal	p2m Informatika Szolgáltató Kft.	77	4 766,4	77		
9	Nemzeti Kommunikációs Hivatal	Lounge Event Kft.	73	16 036,5	73	Budapesti Közlekedési Zrt.	BUDAKER Kereskedelmi Gyártó és Szolgáltató Kft.	66	1 368,0	66		
10	Nemzeti Kommunikációs Hivatal	Visual Europe Zrt.	73	16 036,5	73	Digitális Kormányzati Ügynökség Zrt.	Telekom Rendszerintegráció Zrt.	57	64 369,1	77		
11	NH KV Nemzeti Hulladékgyártási Koordinációi és Váyonkezelő Zrt.	Holcim Magyarország Kft.	73	349,1	73	Mágyar Közút Nonprofit Zrt.	KISS KERT 2006 Kertészeti, Kereskedelmi és Szolgáltató Kft.	51	422,5	51		
12	Digitális Kormányzati Ügynökség Zrt.	NÁDOR Rendszerház Irodaautomatizálási Kft.	67	4 790,0	93	Károlyi Gáspár Református Egyetem	L'Harmattan Könyvkiadó és Terjesztő Kft.	50	19,7	51		
13	Nemzeti Kommunikációs Hivatal	p2m Consulting Szolgáltató és Tanácsadó Kft.	67	1 815,9	67	Digitális Kormányzati Ügynökség Zrt.	IMO Solution Zrt.	46	34 674,2	52		
14	Nemzeti Kommunikációs Hivatal	p2m Informatika Szolgáltató Kft.	67	1 815,9	67	Nemzeti Kommunikációs Hivatal	Visual Europe Zrt.	46	16 147,9	46		
15	Digitális Kormányzati Ügynökség Zrt.	ATOS Magyarország Kft.	66	6 732,8	69	Budapesti Közlekedési Zrt.	Gilux Hungary Kft.	46	192,5	69		
16	Digitális Kormányzati Ügynökség Zrt.	Invitech ICT Services Kft.	65	4 188,6	91	Digitális Kormányzati Ügynökség Zrt.	Delta Systems Kft.	42	34 962,7	58		
17	Digitális Kormányzati Ügynökség Zrt.	TRACO Kereskedelmi és Szolgáltató Zrt.	63	5 256,4	71	Digitális Kormányzati Ügynökség Zrt.	4iG Nyrt.	39	73 282,9	55		
18	MVM Paksi Atomerőmű Zrt.	Messer Hungarogáz Ipari Gázgyártó és Forralmazó Kft.	62	93,3	68	Mágyar Földgáztároló Zrt.	Mélyfűrás Információ Szolgáltató Kft.	36	500,1	36		
19	Digitális Kormányzati Ügynökség Zrt.	WSH Számítástechnikai, Oktató és Szolgáltató Kft.	60	5 855,0	73	Berettyóújfalu Tankerületi Központ	BEST CLEAN BEST Kft.	36	39,9	36		
20	NH KV Nemzeti Hulladékgyártási Koordinációi és Váyonkezelő Zrt.	Duna-Dráva Cement Kft.	59	607,7	59	Berettyóújfalu Tankerületi Központ	TÖMB 2002 Szolgáltató Kft.	34	869,1	96		

As shown in the table presenting rankings by number of contracts, the top two companies in the overall public procurement market are, understandably, also the top two in both 2023 and 2024. The highest number of contracts stands at 873, with a total contract value of HUF 337.4 billion. In the case of public procurement procedures funded either partially or wholly by the European Union, the highest number of contracts stands at 226, with a total contract value of HUF 84.2 billion. As clearly shown in the table, exposure data over a five-year period are also exceptionally high. Therefore, in these cases, the tendering procedures won by the listed organisations over a five-year period are predominantly tied to those issued by a single contracting authority.

**Contracting authority-successful organisation pairs in public procurement procedures, ranked by the number of contracts
(collectively between 2020 and 2024)**

Ranking	Overall public procurement market			
	2020–2024			Successful companies number of contracts
	Contracting authority	Successful organisation	Contracts number	
1	Nemzeti Kommunikációs Hivatal	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	873	337 465,1
2	Nemzeti Kommunikációs Hivatal	LOUNGE DESIGN Szolgáltató Kft.	826	256 328,9
3	Győr Megyei Jogú Város Útkezelő Szervezete	STRABAG Általános Építő Kft.	491	3 685,0
4	Győr Megyei Jogú Város Útkezelő Szervezete	KIFÜ-KAR Zrt.	488	1 706,1
5	Magyar Földgáztároló Zrt.	VABEKO Műszaki Kereskedelmi és Szolgáltató Kft.	404	28 878,9
6	Nemzeti Kommunikációs Hivatal	p2m Consulting Szolgáltató és Tanácsadó Kft.	403	11 786,8
7	Nemzeti Kommunikációs Hivatal	p2m Informatika Szolgáltató Kft.	403	11 786,8
8	Magyar Közút Nonprofit Zrt.	RODEN Mérnöki Iroda Kft.	253	3 069,8
9	Digitális Kormányzati Ügynökség Zrt.	Telekom Rendszerintegráció Zrt.	246	87 983,0
10	Győr Megyei Jogú Város Útkezelő Szervezete	VILL-KORR HUNGÁRIA Villamosipari Kft.	232	919,5
11	Magyar Közút Nonprofit Zrt.	Colas Út Építőipari Zrt.	229	55 507,2
12	Digitális Kormányzati Ügynökség Zrt.	Delta Systems Kft.	227	80 194,1
13	Nemzeti Kommunikációs Hivatal	Lounge Event Kft.	221	121 732,7
14	Magyar Közút Nonprofit Zrt.	STRABAG Általános Építő Kft.	212	48 117,5
15	Nemzeti Kommunikációs Hivatal	Vízual Europe Zrt.	211	85 788,1
16	Magyar Közút Nonprofit Zrt.	"SOLTÚT" Útépítő, Fenntartó és Kereskedelmi Kft.	206	79 859,5
17	Magyar Közút Nonprofit Zrt.	BOKÚT-TERV Mérnöki és Vállalkozó Kft.	203	2 806,3
18	Nemzeti Kommunikációs Hivatal	4iG Távközlési Holding Zrt.	182	112 488,9
19	ALFÖLDVÍZ Zrt.	Allied Water Solutions CEE Kereskedelmi, Szolgáltató és Tanácsadó Kft.	175	168,7
20	Magyar Nemzeti Múzeum	Salisbury Régészeti Kft.	170	3 092,3
EU-funded public procurement market				
Ranking	2020–2024			Successful companies number of contracts
	Contracting authority	Successful organisation	Contracts number	
			value (HUF m)	
1	Digitális Kormányzati Ügynökség Zrt.	Telekom Rendszerintegráció Zrt.	226	84 228,7
2	Digitális Kormányzati Ügynökség Zrt.	Delta Systems Kft.	204	76 397,5
3	Digitális Kormányzati Ügynökség Zrt.	4iG Nyrt.	156	79 616,8
4	Digitális Kormányzati Ügynökség Zrt.	TIGRA Computer – és Irodatechnikai Kft.	146	17 995,8
5	Digitális Kormányzati Ügynökség Zrt.	WSH Számítástechnikai, Oktató és Szolgáltató Kft.	145	21 006,0
6	Digitális Kormányzati Ügynökség Zrt.	NÁDOR Rendszerház Irodaautomatizálási Kft.	145	10 167,3
7	Digitális Kormányzati Ügynökség Zrt.	Invitech ICT Services Kft.	130	10 948,1
8	Digitális Kormányzati Ügynökség Zrt.	Sysman Informatikai Zrt.	124	22 296,4
9	Digitális Kormányzati Ügynökség Zrt.	IMG Solution Zrt.	122	72 349,4
10	Magyar Közút Nonprofit Zrt.	BOKÚT-TERV Mérnöki és Vállalkozó Kft.	121	1 745,8
11	Magyar Közút Nonprofit Zrt.	RODEN Mérnöki Iroda Kft.	121	1 745,8
12	Digitális Kormányzati Ügynökség Zrt.	EURO ONE Számítástechnikai Zrt.	118	27 386,2
13	Digitális Kormányzati Ügynökség Zrt.	NETvisor Informatikai és Kommunikációs Zrt.	118	8 370,6
14	Digitális Kormányzati Ügynökség Zrt.	Szinva Net Informatikai Zrt.	110	14 326,8
15	Digitális Kormányzati Ügynökség Zrt.	TRACO Kereskedelmi és Szolgáltató Zrt.	110	11 422,3
16	Digitális Kormányzati Ügynökség Zrt.	99999 Informatika Kereskedelmi és Szolgáltató Kft.	108	7 625,1
17	Digitális Kormányzati Ügynökség Zrt.	ATOS Magyarország Kft.	107	65 115,2
18	Digitális Kormányzati Ügynökség Zrt.	Areus Infokommunikációs Zrt.	100	9 268,4
19	Digitális Kormányzati Ügynökség Zrt.	Rufusz Computer Informatika Informatikai Szolgáltató Zrt.	100	5 766,8
20	Digitális Kormányzati Ügynökség Zrt.	M & S Informatikai Zrt.	98	4 494,2

5.5 Recommendations from The Annual Analytical Integrity Report

Chapter	Subtitle	Recommendation
Recommendations put forth in Chapter titled 'Concentration Analysis of Public Procurement Data'		
1	2.4.3 Suggestions for Improving the Accuracy of Analysis	<p>Expanding the content of the Database of Contract Award Notices</p> <p>eForms content extension</p> <p>Technical verification of tax numbers</p> <p>Distribution of contract value among consortium members</p> <p>The Authority recommends to the Government that, effective 1 January 2026, the freely downloadable Database of Contract Award Notices include the following information available in the EPPS:</p> <ul style="list-style-type: none"> - data available on tenderers and other participants (capacity-building organisations, subcontractors) in procedures (or procedure lots), with a particular emphasis on names, addresses, consortium participation, and bid amounts; - displayed in separate columns, data on the estimated value of procedures, available in the preparatory documentation <ul style="list-style-type: none"> • The Authority recommends to the Government that, effective 2026, eForms data content should extend to all procedures, in accordance with governmental development plans. This way, contracting authorities will be able to provide more accurate and reliable data for future procedures in a standardised format. • The Authority recommends that the Government initiate the verification of the technical conformity of tax numbers, effective October 2025. Adequate synchronisation can ensure that the names of economic operators (those showing in the Company Register) are entered into the EPPS correctly. • The Authority recommends that the Government review the mechanisms for ensuring consistent enforcement of the legal provision (Section 8(d) of Government Decree No 424/2017 of 19 December 2017) concerning the distribution of the contract amount among consortium members.
2	<p>Prior framework agreement</p> <p>Stipulation of FA2 procedures by contracting authorities</p> <p>Unit price and quantity information relating to FA2 procedures</p> <p>Extending framework agreement contracts</p>	<ul style="list-style-type: none"> • The Authority recommends to the Government that, effective 1 January 2026, it be made mandatory to indicate the EPPS identifier of framework agreements, serving as the basis for FA2 procedures, in the 'Subject of Procedure' column within contract award notices. • To curb gaps in the recording of FA2 procedures and to ensure full transparency in such procedures, the Authority proposes that the Government ensure consistent compliance by contracting authorities with their obligation to record framework agreement data, as set out in Section 2(1) of Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement. For this reason, it is warranted to initiate a legislative <ul style="list-style-type: none"> • To ensure the analysability of cost-effectiveness in the relevant procedures, the Authority proposes to the Government that FA2 procedure data on quantity and unit prices should be displayed in separate columns within the EPPS Database of Contract Award Notices. Because of the heightened importance of examining price efficiency, the Authority proposes ensuring that the measure also encompass past FA2 procedures, and that the comprehensive information is displayed in the Database of Contract Award Notices, starting 1 January 2026. • The Authority recommends that the Government ensure the recording of framework agreement extensions in the EPPS. The Authority proposes ensuring that the relevant information is recorded in, and made accessible through, the EPPS Database of Contract Award Notices – retroactively for earlier procedures through to the end of 2025, and on a continuous basis for procedures launched thereafter.

Recommendations from Chapter 'Evaluation of the Effectiveness of Public Procurement Rules'			
3	3.3.1 Risks Relating to the Selection of the Type of Public Procurement Procedure and the Applicable Procedural Regime	Unlawful Circumvention of the PPA by Violating the Prohibition on Artificial Subdivision Into Lots	<ul style="list-style-type: none"> The Authority recommends that in 2025, the Government introduce a publication or data reporting obligation concerning sub-threshold procurement procedures, effective 1 January 2026, in order to support the activities of competent control bodies. In this context, it would be advisable to consider harmonising the publication obligation with the provisions of Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information, according to which basic data on contracts with values exceeding HUF 5 million must in any case be published. The Authority further recommends that, based on the data available following the above proposal, the Government conduct an analysis to determine whether the absence of regulation on sub-threshold procurement procedures complies with the principle of responsible management of public funds, and – in view of the increase in national public procurement thresholds effective 1 January 2025 – whether it is justified to reintroduce detailed legal regulation in this area.
4		Exemptions	<p>The Authority recommends that the Government</p> <ul style="list-style-type: none"> intensify audit activities concerning contracts falling under the exemption categories, involving the State Audit Office and/or the Government Control Office, with special attention to the exemptions under Section 9(8)(a) and Section 111(g) of the PPA. initiate, by 31 December 2025, the inclusion of a publication obligation in the EPPS into statutory regulation for contracts concluded under at least the exception categories specified in the following legal provisions: Section 9(8)(a) and Section 111(g) of the PPA
5		Procedure Type Under Section 115 of the PPA	<p>The Authority believes that opening up or – if this proves unfeasible – discontinuing the procedure as defined in Section 115 of the PPA (potentially in parallel with raising the relevant national procurement threshold) would be the most appropriate solution.</p> <p>Opening up these procedures could be achieved by allowing preliminary registration, which would not affect the flexibility of the procedures either.</p> <p>As for the control foreseen in the Review prepared in relation to Section 115 of the PPA, the Authority believes it is warranted to tighten the control criteria and to make controls – in the case of stipulated conditions – mandatory. The Authority considers it warranted to enshrine the signalling conditions and the control obligation in legislation.</p>
6		Negotiated Procedures Without Prior Publication of a Contract Notice	The Authority recommends that the Government, based on data available in the EPPS, assess during 2025 (by 31 December 2025) how the dominant position of tenderers – detailed above – has influenced the contract prices in negotiated procedures without prior publication of a contract notice based on exclusive rights during the period 2021–2024, and, in light of this, determine whether further measures are needed to uphold the principle of responsible management of public funds.

7	Application of Single-Operator Framework Agreements (FA1) The Authority recommends that the Government examine, by 31 December 2025, the possibility of amending the regulatory framework concerning single-operator framework agreements (FA1s) in the following directions. The Authority continues to consider that opening up or – if this proves unfeasible – discontinuing the procedure (potentially in parallel with raising the relevant national procurement threshold) would be the most appropriate solution. In order to make the procedure open, the Authority proposes enabling preliminary registration and extending participation to economic operators who have registered and been deemed eligible. In this way, the flexibility of this procedure type could be preserved, while competition would be increased, and presumably the number of fictitious tenders would decrease. To apply a stricter specification of the control conditions proposed in the Review concerning the application of this procedure type (e.g. if the same tenderer wins in at least three procedures with the same contracting authority, or in at least three procedures conducted with the involvement of the same procurement support expert (FAKSZ/ÁKSZ)), and to make controls mandatory under the specified conditions. Furthermore, the Authority considers it warranted to enshrine the signalling conditions and the control obligation in legislation, within the boundaries allowed by the directive: <ul style="list-style-type: none">• introduce stricter requirements for the determination of the estimated value, including an obligation to assess and document the market prices of individual procurement items;• make the use of single-operator FA1 framework agreements by contracting authorities subject to a mandatory justification. Furthermore, the Authority proposes that the guidance issued by the Council operating within the Public Procurement Authority, relating to various issues concerning framework agreements, be supplemented by 30 June 2026 with tools addressing the risks identified above
8	3.3.2 Risks in Defining Public Procurement Procedural Conditions Suitability Criteria Award Criteria Conditions for Contract Conclusion and Contractual Terms Condition Framework Related to the Subject-Matter of the Contract (Technical Description) Artificial Aggregation of The Procurement Subjects and Ensuring Partial Tendering • The Authority recommends the establishment of a joint working group by 31 December 2025, involving at least the Public Procurement Authority, the National Development Centre, and the Integrity Authority. The working group's task would be to identify contracting authority practices that result in vertical restriction of competition, as described in Points 1.2.1 to 1.2.5, as well as the measures and tools for their prevention, and to formulate sector-specific recommendations based on these. These sector-specific analyses and recommendations could provide substantial support to contracting authorities in the lawful preparation of procurement procedures. • the Government should carry out a review and prepare a report on the following: <ul style="list-style-type: none">- whether the practices of contracting authorities reflect the implementation of the market research tasks set out in points 2.2 and 7.a) of the guidance on the preparation of procurement procedures issued by the Council operating within the Public Procurement Authority and the NDC's market knowledge guide; and where such tasks have been carried out, whether the contracting authorities have fulfilled their related documentation obligations- whether, in practice, control bodies require contracting authorities to carry out market research tasks and to document the criteria related to suitability, evaluation, contract award, and performance conditions within public procurement procedures.- in light of the results of the above analyses, the Government should examine the possibilities and necessity of making the situation assessment and market survey tasks – currently designated as optional preparatory tasks under Section 3(22) of the PPA – mandatory, while also determining the necessary level of documentation- the Government should also examine whether it is justified to incorporate elements of the definition of artificial restriction of competition found in Article 18(1) of Directive 2014/24/EU into Sections 50(4), 58(3), 65(3), and 76(6) of the PPA, considering that the currently applicable text of the PPA does not include these elements.

		<ul style="list-style-type: none"> • To support contracting authorities, the Authority recommends that the currently applicable legal interpretation aids (guidelines) be updated as follows: <ul style="list-style-type: none"> – the guidance of the Council operating within the Public Procurement Authority on the application of the system of award criteria used for the selection of the successful tenderer (29 May 2025) should be supplemented with an objective methodology for determining weighting factors. – the Government should expand its guideline on the preparation of procurement procedures by including procurement techniques for drafting technical specifications. This guideline could serve as a practical tool for contracting authorities, offering practically applicable guidance on how to specify their procurement needs in a way that ensures a higher level of competition while still fulfilling contracting authority requirements. The development of this guideline could be based on international professional procurement standards concerning technical specifications. – Furthermore, the Authority recommends the development of a practical aid presenting specific case examples concerning artificial aggregation, modelled after the case collection prepared in connection with the authority's guidance on the prohibition of unjustified subdivision. • With regard to findings concerning the artificial aggregation of procurement subjects (see Point 1.2.5), the Authority recommends that the Public Procurement Authority review its statement and related practices on contract notice monitoring, issued on 22 February 2024. This review should be extended to incorporate the provisions of the NDC's statement of 16 December 2024, with particular attention to the criteria for quantity-based partial tendering and market concentration analysis. The Authority considers the examination of market concentration primarily necessary in the context of central purchasing bodies' procurement procedures.
9	3.4. Horizontal Restriction of Competition	<p>General Competition Law Infringements</p> <p>To adequately address competition law-related issues, the Integrity Authority recommends the following:</p> <ul style="list-style-type: none"> • a working group should be established with the participation of the Hungarian Competition Authority, the Public Procurement Authority, the National Development Centre, and audit and control bodies (including the DGAEF and the Integrity Authority). This group should issue methodological guidance to support participants in procurement procedures. Such a document, similarly to the guidance on corruption risks and cartel agreements affecting procurement competition published by the HCA and the Public Procurement Authority in 2023, could provide practical support for public procurement participants; • the Hungarian Competition Authority should publish methodological guidance aimed at increasing the quality and effectiveness of complaints and notifications regarding suspected legal infringements detected during public procurement procedures, ensuring the adequate enforcement of consequences of infringements. This guidance should: clarify the distinction between complaints and notifications; highlight common errors and pitfalls in such submissions; explain the level of substantiation or evidentiary support required; outline the types of evidence considered sufficient to initiate proceedings; indicate which documents and information should be submitted; and specify the circumstances under which a notification is treated as a formal complaint. • The Hungarian Competition Authority should, similarly to the complaint form published on its website for contracting authorities, make available a separate form for instances where a contracting authority wishes to submit its report as a notification rather than as a complaint. <p>Finally, the Authority recommends that Section 62(1)(o) of the PPA be supplemented with reference to infringements under Section 25 of the PPA that result in the impairment of the fairness of competition. In the Authority's view, the threat of exclusion could serve as an effective deterrent in such cases.</p>

10		Pro-forma Tenders to Maintain the Appearance of Competition	<p>In addition to the recommendations made in relation to general competition law infringements, the Authority proposes that the Government examine the possibility of supplementing the HCA's professional guidance on corruption risks and cartel arrangements affecting the integrity of public procurement competition, by explicitly addressing fictitious tenders. The supplementary guidance should include a framework of indicators that could assist in identifying when an economic operator participates in a procurement procedure without a genuine intent to submit a competitive tender. Where such indicators are present, the contracting authority would be required to notify the HCA and/or apply the exclusion ground set out in Section 62(1)(o) of the PPA.</p>
11	3.4.2 The Principle of Responsible Management of Public Funds and Its Relationship with Restriction of Competition		<ul style="list-style-type: none"> the Authority recommends that the Government examine, by 31 December 2025, the need to revise the methods, as defined in Section 28(2) of the PPA, for determining estimated value, in order to ensure that the estimated values in procurement procedures more effectively reflect market prices. the Authority further recommends that the Government assess the necessity of making it mandatory to document the above-listed preparatory materials related to situation assessment to ensure enforcement of the principle of responsible management of public funds. In this context, we recommend the development of a template document or practical checklist, modelled after Annex 1 of the NDC's market knowledge guide.
12	3.4.3 The Impact of Inadequate Expertise in The Preparation of Public Procurement Procedures at The Level of Competition		<p>In line with the above, the Authority makes the following recommendations:</p> <ul style="list-style-type: none"> the Authority recommends that the Government, by 31 December 2025, review the adequacy of the types of expertise listed under Section 27(3) of the PPA with regard to the professionals involved by contracting authorities in the preparation and conduct of public procurement procedures. The review should determine whether the competencies required for situation assessment and market survey, as set out in the European Commission's ProcurCompEU framework, are adequately covered by the current legal provision. Should the Government find that the current legislation does not require amendment, the Authority proposes that a guidance document to support legal application should clearly specify which of the experts involved in the preparation of procedures is responsible for carrying out situation assessment and market survey tasks, taking into account the findings of this Report. the Authority also recommends that the Government consider organising training programmes on situation assessment and market survey methods for individuals involved in the preparation of public procurement procedures on behalf of contracting authorities, given that these competencies are almost entirely lacking according to the above-mentioned performance measurement framework results. The training programmes could also include instruction on how to use the EPPS databases from a market analysis perspective (e.g. effective search methods in the database of contract notices or in the contract register).
3.7 Additional Integrity Issues Related to Public Procurement			
13	3.7.1 Experiences Related to the Application of Preliminary Market Consultations		<p>The Authority recommends that the Government support solutions that can increase the number of economic operators participating in preliminary market consultations:</p> <ul style="list-style-type: none"> it is advisable to once again make announced preliminary market consultations accessible from the main page of the EPPS via a dedicated submenu (while maintaining availability via the Procedures Repository) using the 'preliminary market consultations' term instead of 'future business opportunities' in the EPPS is recommended;

			<ul style="list-style-type: none"> • to improve the effectiveness of preliminary market consultations, the Authority considers it important to simplify the procedural rules governing preliminary market consultations conducted in the EPPS; • prompt action is needed to ensure that the identities of interested economic operators are not disclosed to each other during or after the process in the EPPS; • the EPPS should automatically notify economic operators that expressed interest in preliminary market consultations of the launch of the relevant procurement procedure; • ensuring in the EPPS that, upon announcing the PMC, the contracting authority can directly notify the market operators it is aware of. • the Authority finds it important to establish in law regarding PMCs that the use of a PMC can only exempt the contracting authority from the obligation to apply the ground for declaring the procedure unsuccessful under Section 75(2)(e) of the PPA if, following the consultation, the content that must be submitted for consultation under Government Decree No 63/2022 of 28 February 2022 does not change significantly, or only changes specifically as a result of the comments received during the consultation. The clarification could also support the clear definition of the expectations enforceable by the Public Procurement Authority during its review of PMC-related matters. • in the Authority's view, it is also questionable whether the legal intent behind mandating PMCs can be considered fulfilled if the contracting authority rejects all incoming comments, does not modify the originally published content (and only one tender is submitted in the subsequent procurement procedure); • the Authority believes that contracting authorities should be required to respond substantively to all received comments, providing detailed professional justification for their responses; • The Performance Measurement Framework also examines – at least in cases where the preliminary market consultation involves only one economic operator – how common it is for the same sole economic operator to participate in both the PMC and the subsequent public procurement procedure. • in relation to Government Decree No 63/2022 of 28 February 2022, the Authority considers it justified to revise the procedural rules governing the attribution of procedures with one submitted tender to individual contracting authorities in the context of joint procurement.
14	3.7.2 Proposals Relating to The EPPS to Strengthen The Level of Competition	Ensuring The Anonymity of Economic Operators in The EPPS Prior to The Deadline for Submitting Tenders	<p>Although the implemented development signifies progress, it does not ensure anonymity for requests for additional information, and it also fails to align with the Authority's previous recommendation regarding the identity of tenderers: the identity of the economic operator submitting a tender becomes visible to the contracting authority immediately upon submission, rather than at the time of opening (or at least after the deadline for submission).</p> <p>Contrary to the intended objective of the original proposal, the EPPS makes the guarantee of anonymity conditional upon a declaration by the economic operator indicating interest in the procedure, rather than ensuring it automatically.</p> <p>In light of the above, the Authority considers it justified to adjust the operation of the EPPS accordingly.</p>

		<p>Elimination of the Waiting Period Between The Tender Submission Deadline and The Opening of Tenders in The EPPS</p> <p>Accessibility of Open Dynamic Purchasing Systems and The Management of Closed Ones</p> <p>Ensuring the Possibility of Electronic Access to Documents</p>	<p>It is warranted to examine and make public the reasons why the waiting period between the tender submission deadline and the time of opening cannot be fully eliminated or reduced to a truly minimal duration (e.g. five minutes, as is the case in the DKÜ Portal System). In the absence of identifiable obstacles, the Authority considers it necessary to eliminate the waiting period.</p> <p>It is warranted to examine and make public the reasons why the waiting period between the tender submission deadline and the time of opening cannot be fully eliminated or reduced to a truly minimal duration (e.g. five minutes, as is the case in the DKÜ Portal System). In the absence of identifiable obstacles, the Authority considers it necessary to eliminate the waiting period.</p> <p>In its previous integrity reports, the Authority had already proposed enabling electronic access to documents after the dispatch of the contract award summary report.</p> <p>The Authority maintains its proposal, taking into account the reasons detailed in the report.</p>
15	<p>3.7.3 Comments on The Regulation Relating to The Personal Scope of The PPA</p>	<p>Amending The Definition of 'Public Law Bodies'</p>	<p>Considering that the Hungarian regulation is currently not aligned with EU law requirements in terms of the definition for 'public law organisations', the Authority proposes the expedited entry into force of the amendment adopted in late 2024.</p>
		<p>Issues Concerning The Application of The Regulations Applicable to Grant Beneficiaries</p>	<ul style="list-style-type: none"> With regard to Section 5(3) of the PPA, effective February 2024, the Authority proposes clarifying what the legislature means by 'funded directly from sources originating from the European Union'. Taking into account that, to the Authority's knowledge, interpretative anomalies concerning the concept of 'grant' have emerged during audits, the Authority recommends the issuance of methodological guidance on the definition of 'grant' as applied in Sections 5(2) and 5(3) of the PPA. Such guidance should, among other things, elaborate on relevant considerations and delimitation issues in examining procurement obligations related to corporate tax (TAO) subsidies in order to establish consistent and appropriate legal application practices.
16	<p>3.7.4 Entry into Force and Monitoring of The Amendment to Offshore Exclusion Grounds</p>		<ul style="list-style-type: none"> The Authority welcomes the adoption of the legislative amendment concerning the disclosure of beneficial owners in public procurement procedures. However, it considers it problematic that the amendment will only enter into force on 1 January 2026, following a waiting period of more than one year; therefore, it recommends the immediate implementation of the amendment. The Authority proposes implementing legislative amendments and other measures that ensure that contracting authorities can verify the content of relevant declarations made by economic operators against the register of beneficial owners. To ensure alignment with the provisions of the PPA, the Authority considers it warranted to clarify the declaration template provided in the EPPS for the statement required under Section 62(1)(k) (kb) of the PPA.
17	<p>3.7.5 Managing Conflicts of Interest in Public Procurement Procedures</p>		<ul style="list-style-type: none"> The necessity to establish internal regulations by contracting authorities for checking declarations of conflict of interest and declarations of interest needs to be codified in the PPA. It is also justified to make it a mandatory content element of public procurement regulations to include requirements for reporting potential conflicts of interest and managing such situations, in order to ensure that the consequences of identified or revealed conflicts of interest are also enforced.

			<ul style="list-style-type: none"> Based on international best practices, the Authority proposes that the issuance of codes of ethics be made mandatory. These would provide guidance for participants engaged by contracting authorities in public procurement procedures on avoiding potential infringements, identifying conflict of interest situations, and preventing and managing potential risks. The Authority proposes considering the creation of a system for the centralised collection and review of declarations of interest.
18	3.7.6 Dilemmas in Managing Disproportionately Low Prices		<ul style="list-style-type: none"> Despite recognising the results related to the legal institution, close monitoring of further developments in legal practice remains necessary to determine whether the adopted legislative amendments and the non-binding guidance are sufficient to align practice with the intended purpose of this evaluation measure and to establish a consistent approach to its application. The Authority maintains its earlier position that price justifications and supplementary justifications – which do not form part of the binding content of the tender – should not be subject to a stricter interpretation than the binding elements of the tender itself. Therefore, the Authority recommends that the limitations on the submission of missing information, as set out in Section 71(8) of the PPA, be made applicable to the further clarification or modification of price justifications and supplementary price justifications. The Authority also draws attention to the finding in Point 34 of the Court of Justice ruling C 669/20 Veridos, which states: 'Thus, the Court has held, on several occasions, that it is for the Member States and, in particular, the contracting authorities to determine the method of calculating an anomaly threshold constituting an abnormally 'low' tender ... or to set its value, provided that an objective and non discriminatory method is used.' The Authority maintains that a revision of the PPA, as well as of the guidance issued by the Council operating within the Public Procurement Authority, would be warranted in this respect to support correct legal application.
19	3.7.7 Consistency and Application Issues of Public Procurement Regulation in Light of Legal Provisions Governing State Investments		<p>The Authority draws attention, in connection with the related regulatory framework, to the importance of maintaining consistency with public procurement requirements, as well as ensuring the adequate preparation of the contracting authorities and economic operators concerned. It also highlights the need to preserve the results of those changes introduced in previous years with a view to enhancing competition in public procurement procedures.</p>
20	3.7.8 Issues Related to Public Procurement Procedures Conducted in The Reserved Manner under Section 114(11) and (12) of The PPA		<ul style="list-style-type: none"> There is no justification for applying a different approach to the assessment of revenue data in the context of verifying and maintaining financial suitability, either in terms of the reference period or the methods of proof; the Authority recommends amending the relevant regulations. In light of the purpose of the maintenance rule, it is warranted to examine the thresholds set out in Section 114(11) of the PPA based on revenue data from the last closed financial year for subcontractors declared after the signing of the contract and for replaced capacity-providing entities. To this end, the Authority also recommends correcting the provision set out in Section 114(11) of the PPA.
21	3.7.9 Conditional Public Procurement Procedures		<ul style="list-style-type: none"> The Authority continues to consider it necessary to tighten the rules governing the launching of conditional public procurement procedures. (In response to the Government's reply, the Authority emphasises that its 2023 Integrity Report did not propose abolishing this option.) The Authority recommends that the Performance Measurement Framework for 2025 should include data

			<ul style="list-style-type: none"> - on the number and total value of conditional public procurement procedures, with a separate breakdown for EU-funded procedures; - on the number of contracts that ultimately failed to enter into force pursuant to Section 135(12) of the PPA, also specifying how many of these involved the use of EU funding. • The Authority further recommends that the Performance Measurement Framework examine the magnitude of unnecessary costs incurred by both tenderers and contracting authorities in relation to participation in, and the announcement of, conditional public procurement procedures – taking into account procedures declared unsuccessful or contracts failing to enter into force.
22	3.7.10 Effective Enforcement of The Right to Legal Remedy	Issues Relating to Applicant Eligibility	<p>In order to ensure the effective exercise of the right to legal remedy and to uphold the principle of equal treatment and equal opportunities for tenderers, the Authority proposes implementing the following changes during 2025, if necessary, by amending the relevant provisions of the PPA:</p> <ul style="list-style-type: none"> • In the Authority's view, having regard to the principles of equal opportunities and equal treatment, each tenderer must be entitled to expect the contracting authority to treat all tenders equally – that is, to declare invalid any tender for which a ground for invalidity under the PPA exists. This necessarily includes guaranteeing the right to legal remedy. • In the Authority's view, the lack of applicant eligibility cannot be established solely on the basis that the tenderer's price exceeds the contracting authority's available financial resources, as this does not automatically render the tender invalid. Furthermore, according to legal practice, the contracting authority has the discretion to increase the financial coverage (irrespective of any statements it – as a party with opposing interests – may make regarding such intention or capability during review procedures). • It is of paramount importance that the Arbitration Board does not apply a restrictive approach in cases of serious breaches, such as remedies initiated due to the unlawful disregard of the PPA. In particular, where a contract is concluded in breach of the PPA, the Board should not dismiss the application for review procedure on the grounds that the applicant cannot be placed in a more favourable position as a result of the finding of the infringement (considering the fact that the contract was allegedly concluded through said circumvention).
	23	Rationalisation of The Administrative Service Fee	<p>In the Authority's view, taking into account the penalty amounts typically imposed in review procedures and the principle of proportionality, it is warranted as a first step to implement at least the following changes:</p> <ul style="list-style-type: none"> • Where the contracting authority has allowed tenders to be submitted for lots, and the allegedly unlawful identical provisions in the contract notice initiating the procurement procedure and the related procurement documents are prescribed in exactly the same manner for all or several lots, the Authority is of the view that it is unjustified to require the payment of the legal fee multiple times for each challenged lot in applications for review procedure contesting such provisions (noting that, in practice, the Public Procurement Arbitration Board typically issues a single decision in respect of these). • If a breach is established with respect to at least one of the submitted elements of application, the applicant should be entitled to a full refund of the paid administrative service fee, except for the portion of the minimum administrative service fee (HUF 300,000) that is not reimbursed by the contracting authority. • To support legal practitioners, the Authority recommends that the professional guidance titled 'A Közbeszerzési Döntőbizottság tájékoztatója a bírságolással kapcsolatos joggyakorlatáról [Information by The Public Procurement Arbitration Board on The Legal Practice Relating to Fines]' be supplemented with statistical data on the fines imposed for various types of infringements.

24	3.7.11 Risk Associated with The Transformation of The Public Procurement Profession and The Responsibility of Public Procurement Consultants		<p>The Authority recommends</p> <ul style="list-style-type: none"> transforming the institution of accredited public procurement consultants instead of discontinuing it; supporting the professionalisation of the public procurement profession; expanding the scope of professionals authorised to carry out expert activities and of the recognised professional practices, <p>Furthermore, the Authority asserts that the establishment of the related framework – taking into account the termination date of the institution of accredited public procurement consultants on 30 June 2026 – must take place by the end of 2025 at the latest, with the active involvement of professional public procurement organisations.</p> <p>Furthermore, the Authority proposes amending Section 420 of the Criminal Code to ensure the enforceability of the liability of public procurement experts.</p>
25	3.8.2. Assessment of The Effectiveness of Centralised Public Procurement Systems		<p>The Integrity Authority is committed to assessing cost-effectiveness in centralised public procurement systems and has consistently advocated in recent years for launching an analysis of their efficiency – a practice that is well established in many OECD countries.</p> <p>We propose that an objective and data-driven assessment of the efficiency of centralised public procurement systems be conducted based on the results of the 'client satisfaction system', introduced in 2025 following the recommendation of the Authority to measure feedback from institutions involved in centralised public procurement.</p>
26	3.8.3. Improving Data Provision by Central Purchasing Bodies, Enhancing Transparency		<p>Efforts are still needed in centralised public procurement to ensure the provision of consistent data that is accessible for a broad range of stakeholders. The Integrity Authority's proposals in this regard continue to focus on achieving better and more detailed access to data on centralised public procurement.</p> <ul style="list-style-type: none"> We recommend further developing the standard template and its detailed data content, as set out in Government Decision No 1082/2024 of 28 March 2024, concerning the data provision obligations of central purchasing bodies. With regard to future data provisions, we propose breaking down data by consortia, indicating therein the distribution of the contract value among consortium members. We also recommend making available data on the proportion of subcontractor performance in the case of Single Operator Framework Agreements. We propose a gradual approach to conducting a thematic analysis of centralised public procurement procedures, grouped by central purchasing bodies and product categories, publishing detailed data from these procedures, and making them available in downloadable format – either in the EPPS or the websites of central purchasing bodies. We propose that data provision should extend to the value and method (whether by reopening of competition or by direct orders) by which contracting authorities conduct public procurement procedures in the second phase of FAs.
27	3.8.4. Proposals on Centralised Public Procurement Practices	Proposals on the use of DPSs	<ul style="list-style-type: none"> We propose disseminating experiences with the use of DPSs and sharing 'best practices' from contracting authorities. We propose incorporating experiences from contracting authorities that have conducted a higher number of DPS procedures, including an assessment of the product categories in which DPSs are typically applied.

			<ul style="list-style-type: none"> • We propose a more in-depth analysis of the phenomenon whereby certain contracting authorities – typically central purchasing bodies, and more specifically the DGPPS – conclude framework agreements as part or as a result of DPSs. • We maintain our recommendation to improve the searchability of open DPSs and to develop the EPPS accordingly. We also consider it important to raise awareness of this legal instrument.
28	3.8.4 Proposals on Centralised Public Procurement Practices	Reviewing quotas	<p>Prior to making a decision on the determination of the quotas, a market survey or impact study should be conducted. And as a mandatory requirement, it should include the rationale behind the contracting authority's decision to apply a framework agreement concluded with a single tenderer, while also taking into account the number of competing products and economic operators available in the relevant market. Modelled after the obligation to justify the exclusion of partial tendering, this information could be incorporated into procurement notices.</p>
29		Procedural techniques applied on the basis of framework agreements	<p>The Framework also contains data on the procedural techniques applied in FAs, such as direct orders and reopening of competition. The data do not reflect the actual proportion of cases in which direct orders are used, but rather indicate the proportion of framework agreements that allow for such orders.</p> <ul style="list-style-type: none"> • We propose that the Framework also gather data on the proportion of cases, within mixed framework agreements, in which competition is reopened and those in which direct orders are placed.
Recommendations set out in the chapter on experiences with the use of European Union funds			
30	4.1 Reviewing the Regulatory Environment	4.1.1 Requests for Additional Funding in Projects – Involving Independent Expert Witnesses	<ul style="list-style-type: none"> • The Authority recommends clarifying and ensuring the coherence of the regulations governing the involvement of expert witnesses – for example, by amending Government Decrees No 272/2014 of 5 November 2014 and No 256/2021 of 18 May 2021 to stipulate that, following the submission of a request for cost increase support, the managing authority is not merely authorised but required to initiate the appointment of an expert witness. • The Authority proposes that the Government, also taking into account the risks outlined in connection with eligibility, refrain from making decisions on future requests relating to cost increases without expert witness assessments. • The Authority recommends that during the assessment of requests, the Coordination Committee for Development Policy – serving as the Government's preparatory body for development policy – should not allow any proposal to be submitted to the Government for which, despite the provisions of the decree, an expert witness opinion is not available. • To curb requests for additional funding, the Authority recommends issuing calls for applications that ensure – through selection or evaluation criteria – that grant applications are submitted only after adequate professional and technical preparation, accompanied by budgets suitable for project implementation.
31		4.1.2 Commitment in Public Works Projects in Light of Government Decree No 256/2021 of 18 May 2021	<p>The Authority recommends that the Government review Section 123(1) of Government Decree No 256/2021 of 18 May 2021 and consider lowering the gross total cost threshold of HUF 5 billion in order to ensure that grant applications for public works are submitted with a level of preparation that enables timely and proper implementation.</p>

32		4.1.3 Defining Beneficiaries – Acquisition of Ownership by Civil Society Organisations (CSOs)	<p>In the case of ownership acquisition by CSOs, the following guarantees must be provided and should be explicitly set out in the respective call for applications where real estate is purchased using EU funds under the projects:</p> <ul style="list-style-type: none"> • Setting a longer maintenance period: To ensure that the project objective remains effective for as long as possible, it may be warranted to require the beneficiary to maintain the results for a longer period (10 to 15 years) following the physical completion of the project, as stipulated in the call for applications. • Activities carried out by CSOs as award criteria: If a CSO has already been performing, in practice, the activity indicated in the project for an extended period of time (i.e. 10 to 20 years), additional points could be awarded during the evaluation of the Grant application. • Formation of a consortium involving the local government or an association of local governments: The Authority recommends that ownership of the real estate purchased under the project should lie with the local government or an association of local governments. Acting in their capacity as owners, they would conclude an agreement with the CSO – under a lease or other legal title – granting the right of possession and use. The purpose of the consortium would be to ensure that, through municipal ownership, the results achieved during project implementation can continue to be maintained even after the expiry of the maintenance period. This would contribute to the long-term impact of EU funds by prioritising community interests.
33		4.1.4 Registration and Settlement of Accounts of Events, Training Courses, and Conferences Organised within Projects	<ul style="list-style-type: none"> • The Authority recommends establishing a unified platform accessible to all relevant parties (for example, a dedicated subpage within the Electronic Applicant Information and Communication System to cover all Operational Programmes), where beneficiaries can upload the location, date, and related invitation of upcoming events organised as part of a project. • The Authority recommends that in cases where training courses, conferences, workshops, and other events form the core of a project, the definition of eligible costs should be more precisely specified in the Call for Applications, the General Guidelines, and the Financial Accounting Guidelines. Furthermore, stricter conditions should be established to substantiate eligibility which, in the Authority's view, would also enhance effectiveness in expenditure verifications.
34	4.2 Reviewing Control Mechanisms	4.2.1 Market Price Review by Managing Authorities	<p>The Authority recommends that managing authorities incorporate a set of assessment criteria (e.g. a checklist) into the control process. This tool should be applicable to projects that are implemented under an operational programme and subject to public procurement, in order to determine whether a review of the established market price by the managing authority is necessary.</p>
35		4.2.2 Irregularities Area – Application of Exclusion	<ul style="list-style-type: none"> • The Authority maintains that, based on IMS classifications, the commission of an irregularity is to be considered intentional in all cases if it is classified as IRQ5 (meaning 'established fraud') within the IMS. <p>The Authority recommends that a proposal for exclusion should be made in all cases classified as IRQ5, and – where the severity of the irregularity so warrants – exclusion should be applied. In cases where irregularity proceedings conclude with an IRQ3 classification (meaning 'suspected fraud') and there is a suspicion of a criminal offence, managing authorities are required to monitor the progress of the investigative actions.</p> <p>If a criminal offence is established by a final decision, the managing authority is required to promptly update the classification to IRQ5. Furthermore, it is recommended that the authority initiate a review of the decision and propose the application of exclusion effective from the date of the final decision.</p>

		<p>Basing exclusion on final decisions is in accordance with Section 62(1) of the PPA (grounds for exclusion). The PPA bases most exclusion grounds on final court rulings. By analogy, the Authority maintains that it is worth considering in this regard that the NDC should also base the application of exclusion on final court rulings.</p> <ul style="list-style-type: none"> • In cases where suspicions of irregularities are reported because of the initiation of investigations, the Authority recommends that the managing authorities concerned, concurrently with launching irregularity proceedings, examine whether the irregularity proceedings prompted by the investigations may also have an impact on other projects of the Beneficiary within the same operational programme. If such a risk arises, it may be warranted to extend the irregularity proceedings to the other projects, while also taking measures to suspend financial payments and classify the projects as high risk. • The Authority recommends establishing a system – either within the EUPR or as a separate registry – through which the Managing Authorities and the NDC can, in the course of irregularity proceedings, verify whether the beneficiary has already committed the same irregularity in a project funded under another operational programme. • The Authority recommends that the Managing Authorities and the NDC consider the proposals in accordance with Section 20(28) of Government Decree No 272/2014 of 5 November 2014, as well as Section 7(2) of Government Decree No 256/2021 of 18 May 2021. Furthermore, the Authority recommends that the Government assess the possibility of amending the relevant government decrees in line with these proposals.
36	4.2.3 Expanding ARACHNE	<p>The Authority recommends that the Government consider expanding the ARACHNE system and developing an automatic flag system mechanism to flag economic operators appearing in projects affected by irregularities who have previously been subject to irregularity proceedings for suspected collusion.</p>
37	4.2.4 Guarantee Declarations – Bank Guarantee	<p>The Authority maintains that it would be necessary to review the guarantor's annual financial report, focusing particularly on the annex, as the additional information provided therein may also be useful in assessing financial capacity (e.g. contract portfolio, overall amount of guarantees provided to clients).</p> <p>The findings of the Authority confirmed that certain guarantors provided guarantees to beneficiaries in amounts far exceeding their own equity and asset base, thereby making the enforceability of such guarantees highly questionable, as these entities may not be in a position to fulfil their obligations under the guarantees if called upon. These facts pose extremely serious risks to the efficient and effective use of European Union funds.</p> <p>The Authority asserts that these risk factors must be taken into account by managing authorities or intermediate bodies during substantive reviews of guarantee declarations, so that the securities for projects are not assessed solely on formal grounds.</p>
38	4.2.5 LEADER Funding	<ul style="list-style-type: none"> • The Authority recommended that the managing authority and the Intermediate Body review and verify, in relation to the supported projects under the VP-19 scheme implemented by the LAGs, whether there is any conflict of interest as defined in Section 39(1) of Government Decree No 272/2014 of 5 November 2014 between the LAG and the Beneficiaries. Furthermore, with regard to the current 2023–2027 period, the Authority deems it particularly important that the managing authority check, in respect of the LEADER intervention, the declarations of conflict of interest and declarations of interest submitted by LAG members in accordance with

			<p>Section 5(3a) of Government Decree No 601/2022 of 28 December 2022 on the organisation and institutions of the implementation of the Common Agricultural Policy and agricultural subsidies provided from the national budget, with the aim of filtering out the problematic projects described earlier.</p> <ul style="list-style-type: none"> • The Authority recommends that the managing authority should also assess the content of the grant applications submitted by LAGs with a positive recommendation, and, if necessary, request applicants to remedy any shortcomings. • The Authority maintains that, to ensure the transparent use of European Union funds, it is essential for LAGs to publish on their websites the projects supported under their calls for applications, providing comprehensive and substantial information, and for the managing authority to monitor compliance with such obligation. • Furthermore, the Authority deems it necessary to make the projects supported under the LEADER measure searchable on both the palyazat.gov.hu and kap.gov.hu websites, accompanied by substantive reports on the results achieved under the projects, comparable in content to those of other operational programme projects.
39	4.3 Reviewing Project Implementation	4.3.1 Expanding the Review of Places of Implementation	<ul style="list-style-type: none"> • The Authority recommends that the managing authority monitor, with high priority and due diligence, the frequency of occurrence of a specific place of implementation – using EUPR queries – and that, during project evaluation, it also conduct screening for grant applications or projects submitted with identical professional content and linked to the same place of implementation. In this context, particular attention should also be given to assessing the suitability of the place(s) of implementation. • The Authority proposes that, when assessing contract amendment requests concerning changes to the place(s) of implementation, the date of submission of the amendment request and the project start date – i.e. the date of the first service contract concluded – must always be carefully compared to the date on which the new place of implementation was registered in the Beneficiary's certificate of incorporation. <p>In order to ensure the full enforcement of the requirements set out in the GTC and the specific call for applications regarding the suitability of place(s) of implementation, the Authority recommends a review – and, where relevant, the clarification or supplementation – of the checklist used for verifying places of implementation. This review should result in the incorporation of the date comparisons outlined above into the checklist.</p> <ul style="list-style-type: none"> • In light of places of implementation that are not recorded on the project data sheet or disclosed to the managing authority – and are therefore absent from the Beneficiary's certificate of incorporation – yet play a significant role in project implementation (such as delivery, storage, and utilisation), the Authority recommends tightening the requirements and expectations regarding places of implementation in the calls for applications.
40		4.3.2 Risks Associated with The Outsourcing of Implementation: Outsourcing to Suppliers and Implementation by Subcontractors	<ul style="list-style-type: none"> • The Authority asserts its view that the managing authority or authorities should, as a preventive measure, introduce various restrictions and stricter rules for grant applicants in the calls to ensure that beneficiaries effectively and successfully implement feasible R&D projects. This could help to ensure that, instead of rapid allocations of funds, European Union resources are used in an effective, efficient, and responsible manner. <p>The Authority recommends that the relevant managing authority include in the respective calls for applications that, as a general rule, material costs related to professional implementation should be accounted for as a cost element of the applicant, rather than that of the R&D service provider. If the R&D service provider incurs material costs, these must be included in the service provider's quotation.</p> <p>Furthermore, the Authority recommends amending the calls for applications to include applicants who do not meet the risk criteria among those ineligible for funding.</p>

		<ul style="list-style-type: none"> Regarding the timing of identifying and checking subcontractors engaged in a specific construction project, the Authority recommends considering possible amendments to Government Decree No 272/2014 of 5 November 2014 and the Accounting Guide of the 2021–2027 programming period, taking into account the new preventive provisions introduced by the Investment Act. Furthermore, the Authority believes it is warranted to potentially supplement the relevant calls with minimum requirements that focus on verifying the independence and suitability of subcontractors.
41	4.3.3 Contradictory Decisions by Managing Authorities in Relation to Contract Amendment Requests with Identical Subject Matters;	<p>The Authority recommends that managing authorities provide detailed justifications when issuing subsequent decisions that approve beneficiaries' amendment requests related to the same part of a project following an earlier rejection. This justification should explicitly substantiate the conflicting (i.e. supportive) decision by clearly identifying the facts and circumstances that warranted a change in the decision.</p>
42	4.3.4 Voluntary Project Transfer – Change of Beneficiaries	<ul style="list-style-type: none"> The Authority believes it is a more effective solution for managing authorities to apply a decision-making mechanism whereby the funds awarded under a specific project are reallocated, rather than transferred to another market participant. The essence of this approach is that the grant agreement or granting decision with the original beneficiary would be terminated, and the freed-up funds would then be reallocated to a project applicant who was deemed eligible for support during the decision-preparation phase but was not funded because of the exhaustion of the available overall amount. This reallocation would be based on rankings determined by scores and the chronological order established during the decision-preparation phase. In relation to cases of voluntary project transfer, the Authority considers it warranted to review and supplement the existing internal procedures governing both approved and ongoing voluntary transfers, with particular attention to the precise definition of control levels. This entails a thorough definition of who is responsible for checking what, when, and exactly how this process is to be carried out. The Authority maintains that to ensure more effective monitoring and greater transparency, it is warranted to develop and introduce subcategories for contract amendments within the EUPR platform. The Authority believes that these subcategories should be designed within the EUPR in a way that ensures they are filterable and displayed in a transparent manner.