

The Government's position on the findings presented in the Integrity Authority's 2024 Annual Analytical Integrity Report

No.	Proposals and recommendations by the Integrity Authority	The Government's position	Elaboration of the Government's position
1.	<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 to enable adequate analysis of processes:</p> <ul style="list-style-type: none"> - data available on tenderers and other participants (capacity-building organisations, subcontractors) in procedures (or procedure lots), with 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. 	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>In line with Recital (50) of Council Implementing Decision (EU) 2022/2506 of 15 December 2022, Hungary assumed an obligation to create and publish on the Electronic Public Procurement System website a database containing information on all contract award notices of public procurement procedures in a structured form. Based on the Commission's assessment of the functionalities of the new database, on 15 December 2022, the Council noted that Hungary had taken the relevant Key Implementation Step for this measure and fulfilled it.</p> <p>The Database of Contract Award Notices ensures structured searchability and bulk export of contract award notice data in a machine-readable format. The data content of contract award notices is defined by Commission Implementing Regulation (EU) 2019/1780 of 23 September 2019 and Decree No 44/2015 of 2 November 2015 of the Minister of the Prime Minister's Office.</p> <p>The introduction of eForms data content into the notices applied in the national procedures may take place as of 1 September 2026, after the completion of the ongoing development of the EPPS, taking into account the entry into force date defined by the National Assembly in Section 260(2) of Act LXVII of 2025 on the amendment of certain laws aimed at improving Hungary's competitiveness.</p> <p>The format review of tax numbers is already being performed by the EPPS at the time of an organisation's registration. The gradual reform of legal persons' registration system is underway. Call for application DIMOP_PLUSZ-1.3.6-23, titled "Single register of legal persons", also assists in the creation of a unified register and the development of a common IT platform. The implementation of this contract was awarded to the Ministry of Justice's consortium project. Synchronisation between the Company Register and the EPPS is therefore not currently a pending undertaking. The potential creation of a link with the EPPS may take place following the creation of the new registration system of legal persons.</p> <p>As previously explained in the Government's position on the findings presented in the Integrity Authority's 2023 Annual Analytical Integrity Report, the obligation to record data under Section 8(d) in Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement applies to contracting authorities. Failure to comply with such obligation, or the recording of false information, constitutes a public procurement violation, which may be subject to review procedures. The legal obligation is upheld; in cases of infringement, the Public Procurement Authority's Public Procurement Arbitration Board holds responsibility for determining the infringement and applying the legal consequences.</p> <p>In view of the above, further measures are not necessary.</p>

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2.	<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 amendment and to apply appropriate instruments of instruction and oversight. • 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. 	<p>The Government does not agree with the proposal.</p>	<p>As explained in the Government's position on the findings of the Integrity Authority's 2023 Annual Analytical Integrity Report, the functions necessary for the proper registration of framework agreement-based procurements and the publication of contract award notices in compliance with legal provisions are still available in the EPPS. Additionally, data from contract award notices related to FA2 procedures, conducted or registered in the EPPS, are published in the Contract Award Notices database. Data concerning preceding framework agreements may be given in accordance with the data fields under Commission Implementing Regulation (EU) 2019/1780 of 23 September 2019 - and not in any other field.</p> <p>The obligation to record 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, applies to contracting authorities. Failure to record such data or recording false information constitutes a public procurement violation, which may be subject to review procedures. In accordance with Section 187(2)(f) of the PPA, the oversight of notices completed by contracting authorities falls within the competence of the Public Procurement Authority.</p> <p>Including quantity and unit price data of FA2 procedures into the data fields of contract award notices is clearly impossible, considering that these data are often presented in tables of several hundred rows, prepared from structures that vary between contracting authorities.</p> <p>In accordance with Section 43(1)(c)(cd) of the PPA, the contracting authority is required to publish the contract completion date, as recognised by the contracting authority, through the EPPS, both within the public electronic contract repository ("CoRe"), operated by the Public Procurement Authority, and in the EPPS system. The introduction of a separate data field to record the extension of framework agreements is therefore not necessary.</p>
3.	<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 disclosure 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 	<p>The Government does not agree with the proposal.</p>	<p>Sections 37 and 37/C of Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information already require the disclosure of data for contracts reaching or exceeding HUF 5 million. Therefore, further disclosure obligations are not required.</p> <p>Under Act CXXVIII of 2020, the National Assembly repealed Sections 4(3) and 198(1)(20) of the PPA, effective as of 1 January 2021. With this repeal, the legislature made it clear that no separate rules are established for the implementation and oversight of procurement procedures whose values fall below the public procurement thresholds. This legislative amendment also underlined, among other things, the Government's efforts to reduce bureaucracy and to simplify and accelerate procedures. This amendment was made in accordance with the decision under which Government Decree No 471/2020 of 29 October 2020 repealed Government Decree 459/2016 of 23 December 2016 on the rules related to the implementation and oversight of procurement procedures below the public procurement thresholds. Since procurement procedures below public procurement thresholds and their oversight constitute a domain that is already regulated in multiple aspects - see, inter alia:</p>

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	<p>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.</p>		<ul style="list-style-type: none"> - Section 37 of Act CXCV of 2011 on public finances concerning commitments and financial countersignature, Section 61 thereof on public finance controls; - Section 7/J of Act CXXII of 2009 on the more economical operation of publicly owned companies, concerning the internal control system of publicly owned companies; - Sections 214 and 215 of Government Decree No 56/2021 of 18 May 2021 on the rules governing the use of grants from certain European Union funds in the 2021–2027 Programming Period, concerning the eligibility of costs and market price determination; and - Section 6:74-76 of Act V of 2013 on the Civil Code, concerning competitive procedures; the introduction of new and detailed regulation is not warranted.
4.	<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) of the PPA, Section 111(g) of the PPA 	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>As already set out in the Government's position on the findings presented in the Integrity Authority's 2023 Annual Analytical Integrity Report, the minister with responsibility for public procurement contacted the competent authorities, namely the State Audit Office and the Government Control Office, requesting that they review the unlawful omission of key public procurement procedures. The Integrity Authority's current proposal once again concerns contracts concluded without conducting a public procurement procedure. It addresses, in particular, the oversight of contracts concluded on the basis of exemptions from public procurement, highlighting two specific exemptions. The contracts covered by the current proposal already fall within the scope of the Government's measure outlined above. Therefore, no further measure is needed.</p> <p>Sections 37 and 37/C of Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information already require the disclosure of data for contracts reaching or exceeding HUF 5 million. This also applies to contracts as defined by the proposal. Therefore, further disclosure obligations are not required.</p>
5.	<p>The Authority believes that opening up or – if this proves unfeasible – discontinuing the procedure under 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. 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>	<p>The Government does not agree with the proposal.</p>	<p>As previously stated in the Government's position on the findings presented in the Integrity Authority's annual analytical integrity reports for 2023 and 2022, the Government did not agree with the review of the regulation in Point 34 of the Government's position set out in Government Decision No 1423/2023 of 4 October 2023.</p> <p>The Government has submitted to the Anti-Corruption Task Force the report on the application of Section 115 procedures of the PPA, involving the direct invitation of five tenderers. Drawing on the analysis of multi-year data, the report concluded that this procedure type has identifiable weaknesses; however, the numerical data do not point to the widespread occurrence of improper application of the law in relation to the application of this type of procedure. The results of the performance measurement framework assessing the effectiveness and cost-efficiency of public procurement have shown that in terms of procedural efficiency, Section 115 procedures under the PPA can be conducted in significantly less time than national open procedures, and their procedural costs are also lower. Taking these into consideration – and because the analysis did not provide any justification – the report did not formulate any recommendation for the modification of the regulatory environment or the review of the guide.</p> <p>In Point 6 of Government Decision No 1086/2025 of 31 March 2025 on the revision of the action plan in 2025 for measures aiming to increase the level of competition in public procurement (2023–2026), the Government requested the president of the State Audit Office and calls on the president of the Government Control Office to take into account, when compiling their annual control plans, the content of the</p>

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			<p>communication concerning the list of contracting authorities that applied the procedure under Section 115 of the PPA on more than ten occasions within a 12-month period.</p> <p>In view of the above, further measures are not necessary.</p>
6.	<p>The Authority recommends that the Government, based on data available in the EPPS, assess during 2025 (by 31 December 2025) how tenderers' dominant position, 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.</p>	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>Considering that the legal basis for the application of the procedure type referred to in the proposal is provided by the relevant European Union directive provisions, and that the use of the negotiated procedure without prior publication of a contract notice based on exclusive rights qualifies as lawful where it is approved by the Public Procurement Authority and conducted in compliance with the rules set out in the Public Procurement Act, the examination of any potential price effects resulting from a dominant position in such procedures does not, in itself, necessarily lead to public procurement policy conclusions.</p> <p>The proportionality of a given contractual price cannot be assessed in abstract terms; rather, it may only be examined on an individual basis, in relation to the specific subject matter of the contract, taking into account all relevant circumstances and conditions, as an economic transaction within the operation of a particular economic operator. It also follows that, in light of the complexity of the examination and the length of the proposed reference period (2021-2024), the target date of 31 December 2025 envisaged in the proposal does not provide a realistic timeframe for conducting a well-founded investigation on such or a similar subject. (For example, it may be necessary to contact both contracting authorities and the economic operators that have concluded contracts as tenderers.) This assessment must also take into account the procedural rules governing the authority competent to conduct the examination, as well as the rules defining the procedural rights and obligations of the entities subject to the investigation.</p> <p>The scrutiny of the management of public funds is also regulated in multiple aspects – see, inter alia:</p> <ul style="list-style-type: none"> - Section 37 of Act CXCIV of 2011 on public finances, concerning commitments and financial countersignature, Section 61 thereof on public finance controls; - Section 7/J of Act CXXII of 2009 on the more economical operation of publicly owned companies, concerning the internal control system of publicly owned companies; - Sections 214 and 215 of Government Decree No 56/2021 of 18 May 2021 on the rules governing the use of grants from certain European Union funds in the 2021-2027 Programming Period, concerning the eligibility of costs and market price determination; - Section 3 of Act XXVII of 2022 on the control of the use of European Union budget funds, concerning the Integrity Authority's responsibility relating to the sound financial management of the EU budget or the protection of the European Union's financial interests. <p>The prohibitions relating to the abuse of a dominant economic position are set out in Sections 21 and 22 of Act LVII of 1996 on the prohibition of unfair and restrictive market practices.</p> <p>In view of the continued fulfilment of public finance controls and other oversight functions, no further measure is required.</p>
7.	<p>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 converting this type of procedure into an open</p>	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>Pursuant to Section 28(2) of the PPA, contracting authorities are already required to conduct a separate study to determine the estimated value and document the results of the study. This also applies to public procurement procedures conducted with the aim of concluding a framework agreement with a single tenderer. Further details applying to the determination of estimated values cannot be provided for through legislative means. This is an issue relating to practical</p>

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	<p>procedure or – if this proves unfeasible – discontinuing it (potentially in parallel with raising the relevant national procurement threshold) would be the most appropriate solution.</p> <p>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.</p> <p>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:</p> <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 agreements by contracting authorities subject to a mandatory justification. <p>Furthermore, the Authority proposes that the guide 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</p>		<p>application of the law in terms of different procedure types or specific procurement methods. No legislative amendment is warranted in this regard.</p> <p>Pursuant to Paragraphs (1) and (3) of Article 33 of 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 (“Directive 2014/24/EU”), contracting authorities may enter into framework agreements, as long as they comply with the procedures set out in the Directive. According to the Directive, framework agreement means an agreement concluded by one or several contracting authorities and one or several economic operators. If the framework agreement is concluded with a single economic operator, the contracts based on that agreement must be awarded within the context of the conditions set out in the framework agreement. Based on the above, the EU’s public procurement directive expressly permits contracting authorities to apply framework agreements concluded with a single economic operator. Therefore, a framework agreement concluded with a single economic operator is in accordance with the public procurement principles set out in the directive. The EU directive does not make this practice conditional upon any obligation to state reasons or proof of compliance with further requirements. The imposition of application conditions and the related obligation to provide justification is therefore not possible, as national legislature must ensure that contracting authorities are able to exercise the options provided under EU law. Where European Union funds are used, the built-in control carried out by the National Development Centre examines in detail, based on information provided by the contracting authority, whether the application of a framework agreement to be concluded with the tenderer would, in the specific case, result in the infringement of public procurement principles.</p> <p>The Government maintains that the guide on framework agreements published by the Council operating within the Public Procurement Authority – whose members also include, pursuant to Section 182(2) of the PPA, an individual appointed by the President of the Integrity Authority – can be supplemented with further guidelines if necessary.</p> <p>In light of the above, no further measure is needed from the Government.</p>
8.	<ul style="list-style-type: none"> • 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 	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>In accordance with Section 182(2)-(3) of the PPA, the members of the Council operating within the Public Procurement Authority include –</p> <ul style="list-style-type: none"> - the individual appointed by the minister with responsibility for public procurement, - the individual appointed by the President of the Integrity Authority, - the President of the Public Procurement Authority. <p>In light of this, there is no need to set up a separate working group, as the Integrity Authority’s proposal can be adequately addressed within the framework of the existing working group of the Council operating within the Public Procurement Authority.</p> <p>Where European Union funds are used, the built-in control conducted by the National Development Centre examines in detail – based on information provided by the contracting authority – how the contracting authority determined the estimated value in the specific case, and which eligibility, evaluation, contract award, and contract performance conditions it intends to apply. If necessary, the reasons for the contracting authority’s chosen course of action are also reviewed. This type of supervisory competence of the Government covers individual cases. A comprehensive review of the practices of contracting authorities would, however, extend beyond the control required under</p>

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	<p>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 fulfil their related documentation obligations.</p> <ul style="list-style-type: none"> - 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 updating the currently applicable legal interpretation aids (guides) as follows: <ul style="list-style-type: none"> - the guide 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 guide on the preparation of procurement procedures by including procurement techniques for drafting technical specifications. This guide 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 guide could be based on international professional procurement standards concerning technical specifications. <p>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.</p> <ul style="list-style-type: none"> • 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 		<p>development policy legislation – which is audited regularly by the Directorate General for Audit of European Funds and the European Commission. Accordingly, the Government cannot undertake such course of action. Instead, we shall draw the Integrity Authority's attention to the fact that in line with Recital (51) of Council Implementing Decision (EU) 2022/2506 of 15 December 2022, Hungary has committed to develop a performance measurement framework to assess the efficiency and cost effectiveness of public procurements. Based on the Commission's assessment of the framework laid down in Government Decision 1425/2022, the Council considers that Hungary has taken the relevant Key Implementation Step and fulfilled its commitments for this measure.</p> <p>Section 28(1) of the PPA stipulates that the contracting authority is required to prepare the public procurement procedure with due diligence, taking into account the subject matter and estimated value of the procurement. In accordance with Section 46(1) of the PPA, the contracting authority is required to document this in writing. Section 3(22) of the PPA contains an illustrative list of activities forming part of the preparation of public procurement procedures. It is the responsibility of the contracting authority to determine what type of activities are necessary for the proper preparation of a public procurement procedure, and at what stage they should be carried out. Further details applying to preparation cannot be provided for through legislative means. This is an issue relating to practical application of the law. No legislative amendment is warranted in this regard.</p> <p>Besides the fact that Section 2(2) of the PPA establishes, in general terms, the applicability of the principle of equal treatment to all procedural actions, several of the PPA's provisions, including those listed by the Integrity Authority or Section 117(7) of the PPA, also set out this principle in relation to specific procedural actions. Considering that the provisions transposing European Union law into national legislation must, to the extent possible, be interpreted by national authorities in Member States in accordance with EU law (the principle known as "direct effect of EU law"), the principle of equal treatment must also be applied in its entirety in line with the content established by EU law. The principle of equal treatment, according to EU legal practice, also includes the prohibition of discrimination on grounds of nationality, and requires, in general terms, that "comparable situations must not be treated differently and that different situations must not be treated in the same way unless such treatment is objectively justified" (Joined Cases C-21/03 and C-34/03). Based on the regulations of the PPA, the principle of equal treatment is currently a comprehensive, all-encompassing requirement with content consistent with EU law. Therefore, no legislative amendment is needed in this case.</p> <p>The Government maintains that the relevant guides issued by the Council operating within the Public Procurement Authority – whose members also include, pursuant to Section 182(2) of the PPA, an individual appointed by the President of the Integrity Authority – can be supplemented with further guidelines if necessary.</p> <p>In light of the above, no further measure is needed from the Government.</p>

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	<p>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 to be primarily necessary</p> <p>in the context of central purchasing bodies' public procurement procedures.</p>		
9.	<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>	<p>The Government partially agrees with the proposal.</p>	<p>In accordance with Section 182(2)-(3) of the PPA, the members of the Council operating within the Public Procurement Authority include –</p> <ul style="list-style-type: none"> - the President of the Hungarian Competition Authority - the individual appointed by the minister with responsibility for public procurement, - the individual appointed by the President of the Integrity Authority, - the President of the Public Procurement Authority. <p>In light of this, there is no need to set up a separate working group, as the Integrity Authority's proposal can be adequately addressed within the framework of the existing working group of the Council operating within the Public Procurement Authority.</p> <p>The information presented in the second element of the recommendation is already available on the Hungarian Competition Authority's website, as set out below: The difference between complaints and reports: https://gvh.hu/fogyasztoknak/hogyan_fordulhat_a_gvh_hoz/panasz_es_b_ejelentes/panasz_es_bejelentes</p> <p>What sort of information is required for complaints and reports: https://gvh.hu/fogyasztoknak/hogyan_fordulhat_a_gvh_hoz/kozbeszerze_si-eljarasok-ajanlatkeroi-szamara/kozbeszerzesi-eljarasok-ajanlatkeroi-szamara</p> <p>In which cases does the Hungarian Competition Authority (HCA) reclassify reports as complaints: This information is currently publicly accessible in Section 60(2) of Directive 7/2021 of 31 May 2021 of the Hungarian Competition Authority (HCA) on internal administrative procedures: https://njt.hu/jogszabaly/2021-7-B0-77</p> <p>The Hungarian Competition Authority already investigates every indication concerning public procurement cartels – also by means of its own data requests from other sources, that is, not relying solely on the statements of complainants or whistleblowers. Therefore, the success of complaints and reports does not depend on the existence or absence of procedural or methodological knowledge. The Hungarian Competition Authority maintains that presenting the “expected” level of (legal) proof would amount to issuing authority guidance of such a nature – revealing case-specific legal interpretation and not capable of abstraction – that it would risk the HCA's discretionary powers under both EU law (the ECN+ Directive) and national law. At the same time, it would jeopardise the HCA's future initiation of proceedings, as the disclosure of the “expected” documents or information could produce the opposite effect in respect of certain undertakings: those companies might adjust their potentially competition-restricting business practices with regard to the focal points, thereby creating the appearance of a healthy competitive situation.</p> <p>Measure: The minister with responsibility for public procurement will forward the Integrity Authority's proposal to the Hungarian Competition Authority.</p> <p>In accordance with Section 62(1)(o), a contracting authority must exclude an economic operator if it can prove that, in</p>

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			<p>the relevant public procurement procedure, the economic operator concluded an agreement with another economic operator in order to distort competition. The Government's position is that it is unnecessary to supplement this with a reference to infringements resulting in the distortion of competition under Section 25 of the PPA, as this is already covered by Section 62(1)(m) of the PPA. (Under this provision, the economic operator in whose case "a distortion of competition resulting from conflict of interest as per Section 25 or from the prior involvement of the economic operator in the preparation of the procurement procedure cannot be remedied by a measure other than the exclusion of the economic operator" must be excluded from the procedure.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>
10.	<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>	<p>The Government agrees with the proposal.</p>	<p>The Hungarian Competition Authority prepared and published the guide on its website in compliance with Point 16 of Government Decision No 1118/2023 of 31 March 2023 on the action plan for measures aimed at increasing the level of competition in public procurement (2023-2026). The guide is available at the following link: https://gvh.hu/pfile/file?path=/szakmai_felhasznaloknak/Kartell_szakmai_iranymutatas_KH_GVH_vegleges.pdf&inline=true</p> <p>Given its autonomous legal status as established in the Competition Act, only the Hungarian Competition Authority is authorised to review its own professional guidelines.</p> <p>Measure: The minister with responsibility for public procurement will forward the Integrity Authority's proposal to the Hungarian Competition Authority.</p>
11.	<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. 	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>Section 28(1) of the PPA stipulates that the contracting authority is required to prepare the public procurement procedure with due diligence, taking into account the subject matter and estimated value of the procurement. In accordance with Section 46(1) of the PPA, the contracting authority is required to document this in writing. Section 28(2) of the PPA expressly requires contracting authorities, for the purposes of determining the estimated value, to conduct a separate examination and to document the outcome thereof. Section 28(2) of the PPA also contains an illustrative list of objective methods relating to the determination of estimated values. It is the responsibility of the contracting authority to determine what type of activities are necessary for the proper preparation of a public procurement procedure, and at what stage they should be carried out. The documentation obligation also applies to all preparatory actions. Further details applying to preparation cannot be provided for through legislative means. This is an issue relating to practical application of the law. No legislative amendment is warranted in this regard.</p> <p>The Government maintains that the guide on the preparation of public procurement procedures, published by the Council operating within the Public Procurement Authority – whose members also include, pursuant to Section 182(2) of the PPA, an individual appointed by the President of the Integrity Authority – can be supplemented with further guidelines if necessary.</p> <p>In light of the above, no further measure is needed from the Government.</p>
12.	<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 	<p>The Government agrees with the proposal.</p>	<p>In Point 2(d) of Government Decree No 1086/2025 of 31 March 2025 on the revision of the action plan in 2025 for measures aimed at increasing the level of competition in public procurement (2023–2026), the Government called on the Minister for Public Administration and Regional Development to work out the strategy for the</p>

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	<p>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, we propose that a guidance document supporting 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.</p> <ul style="list-style-type: none"> 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). 		<p>professionalisation of the public procurement profession. Deadline: 30 November 2025</p> <p>Measure: The Minister for Public Administration and Regional Development will consider the Integrity Authority's proposals during the preparation of the strategy.</p>
13.	<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; 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 	<p>The Government partially agrees with the proposal.</p>	<p>A review of the operation of the PMC function of the EPPS, as well as preparations for the modification of its operation, are currently underway at the National Development Centre. The changes currently under preparation include modifying the operation of the PMC function in such a way that the identities of the participating economic operators cannot become known to one another.</p> <p>Instead of the proposed development concerning the automatic notification of participants in the PMC about the initiation of a public procurement procedure, the Government considers it appropriate to rely on the search and automatic notification functions of the EPPS, taking into consideration that public procurement procedures are announced through contract notices. Moreover, the compatibility of the proposed direct notification with the fundamental principles set out in Section 2(1)–(2) of the PPA is also questionable.</p> <p>Measure: Taking into account the above-mentioned position of the Government, the National Development Centre will consider the future feasibility of the Integrity Authority's proposals as part of further preparations for the development of the PMC function of the EPPS.</p> <p>In accordance with Section 9(6) of Decree No 44/2015 of 2 November 2015 of the Minister of the Prime Minister's Office, the Public Procurement Authority verifies whether the preliminary market consultation is conducted in compliance with the rules set out in the Government Decree on measures aimed at reducing the number of public procurement procedures with one submitted tender, in respect of those procedures where conducting a preliminary market consultation is mandatory under the Government Decree. The substantive comparison between the PMC and the public procurement procedure can only be carried out on a case-by-case basis. Further details cannot in this regard be provided</p>

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	<p>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.</p> <ul style="list-style-type: none"> • 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 observations received and 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 the observations received, 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 at which contracting authority procedures with one submitted tender are to be taken into account in the context of joint procurement procedures. 		<p>for through legislative means. This is an issue relating to practical application of the law. No legislative amendment is warranted in this regard.</p> <p>Section 1(5)(c) of Government Decree No 63/2022 of 28 February 2022 already requires that during a preliminary market consultation, the contracting authority prepare a summary of the opinions received, its position regarding those opinions – including a professional justification in case any opinion is disregarded by the contracting authority – and any substantial modification made to the documents based on those opinions. Failure to comply constitutes a public procurement violation, which may be subject to review procedures. In this regard, no further measure is needed.</p> <p>Measure: The minister with responsibility for public procurement ensures that the Integrity Authority's proposal concerning the framework will be considered by the task force that includes independent experts operating the performance measurement framework, as well as representatives from independent organisations.</p> <p>The Government disagrees with the proposal to amend Section 4(4) of Government Decree No 63/2022 of 28 February 2022, as individual contracting authorities may not count procurement lots with one submitted tender more than once when determining their own single-tender ratio. Therefore, a public procurement procedure lot with one submitted tender cannot be assigned simultaneously to multiple contracting authorities, even if it was part of a joint procurement.</p> <p>Beyond the measures described above, no further measure is needed from the Government.</p>
14.	<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 submission deadline). 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.</p>	<p>The Government does not agree with the proposal.</p>	<p>The EPPS ensures that economic operators can download the public procurement documents of a given procedure without their identity being revealed to the contracting authority. Economic operators may freely exercise this option – modifying the operation of the EPPS is unnecessary.</p> <p>Requests for supplementary information and the submission of tenders are governed by Section 41(1) of the PPA, pursuant to which all statements or other communications between the contracting authority and the economic operators in connection with the public procurement procedure, as regulated by this Act or its implementing decree, is – unless otherwise provided for in this Act – made in writing, by electronic means. In accordance with Section 6:7(2) of Act V of 2013 on the Civil Code, unless otherwise provided for by the Civil Code, a legal declaration is considered to be in writing if it is signed by the party making the declaration.</p> <p>Furthermore, according to Section 6:7(3) of the Civil Code, a legal declaration is to be regarded as in writing if it is communicated in a manner that allows the content of the declaration to be reproduced unchanged, and enables the identification of both the declarant and the time at which the declaration was made. Accordingly, if an economic operator wishes to make a legal declaration in a public procurement procedure, it is not permissible to disregard that at least the identity of the person making the declaration must be ascertainable in accordance with general civil law rules.</p>

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			<p>For the reasons described above, the Integrity Authority's proposal is unfeasible and contrary to the most fundamental legal requirements.</p> <p>In view of the above, further measures are not necessary.</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>The Government does not agree with the proposal.</p>	<p>As previously explained in the Government's response to the 2022 Annual Analytical Integrity Report, the objective of the legal provision concerning the waiting period is to ensure, in the event of a malfunction of the EPPS, that it is technologically possible to report cases of malfunction (prior to the automatic opening of tenders), as well as to suspend the opening procedure and extend tender submission deadlines. Upon submission in the EPPS, tenders or requests to participate become subject to a system-enforced time lock, meaning that they cannot be accessed or modified by any party; therefore, integrity concerns cannot rise in connection with the waiting period. During the preparation of the amendment to Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement, the Government conducted the proposed review concerning the possibility of reducing the waiting period, and taking into account the objective described above, decided that in procedures initiated on or after 1 March 2025, the waiting period prior to the opening of tenders would be reduced (from 120 minutes) to 60 minutes. A further reduction of the waiting period is not possible, as this would jeopardise the above-mentioned technical intervention function, namely the possibility – in the event of a system malfunction – of suspending the automatic opening of tenders, in order to allow for the necessary extension of tender submission deadlines.</p> <p>In view of the above, further measures are not necessary.</p>
	<p>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.</p>	<p>The Government does not agree with the proposal.</p>	<p>In accordance with Section 3(5a) of the PPA, the EPPS is a central public procurement register operated by the minister with responsibility for public procurement and serves as the IT system supporting the electronic conduct of public procurement procedures. The EPPS was developed in line with this definition, meaning that it is not the system's task to assume the internal administrative processes of contracting authorities. Accordingly, developing general reminder functions for possible responsibilities of contracting authorities is not listed among the development plans of the EPPS. It should also be noted that Article 34(8) of Directive 2014/24/EU provides for the publication of a contract award notice concerning the termination of the system only in cases where the contracting authority modifies the duration of the dynamic purchasing system as indicated in the contract notice.</p> <p>In view of the above, further measures are not necessary.</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>	<p>The Government does not agree with the proposal.</p>	<p>As previously stated in the Government's position on the findings presented in the Integrity Authority's annual analytical integrity reports for 2023 and 2022, the Government disagreed with the provision of electronic access to documents, as the opportunity to view other tenderers' offers is only permitted to the extent strictly necessary for exercising the right to legal remedy, proportionate to the purpose of document inspection. Therefore, remote electronic access without the direct supervision of the contracting authority is not permissible.</p> <p>In view of the above, further measures are not necessary.</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>The Government does not agree with the proposal.</p>	<p>In accordance with Section 97/F of the PPA, the revised content of Section 5(1)(e) will be applicable after 30 December 2025, taking into account the preparation time needed for the application of the provision.</p>

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15.	<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. 	The Government agrees with the objective of the proposal. No further measure is needed.	<p>The minister with responsibility for public procurement, through the National Development Centre, has already indicated in non-binding opinions, in response to inquiries on this matter, how, in their legal interpretation, Section 5(3) of the PPA may be applied. In line with the Government's public procurement policy, "funds originating directly from the European Union" as defined in Section 5(3) of the PPA may be interpreted in accordance with the definition of grants awarded under "direct management" as set out in Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012. On 30 July 2025, the National Development Centre published the Methodological guide on the public procurement aspects of corporate tax allowances, available here:</p> <p>https://ekr.gov.hu/cms/hirek/modszertani-utmutato-a-tarsasagi-adokedvezmenyek-kozbeszerzesi-osszefugeseirol</p> <p>No further measure is needed.</p>
16.	<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 complete 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. 	The Government partially agrees with the proposal.	<p>The Government does not support bringing forward the entry into force date of the amendment to the PPA in order to allow sufficient time for preparation.</p> <p>Measure: The minister with responsibility for public procurement will ensure the performance of tasks necessary for the legislative amendments and/or the development of the EPPS required for the application of Section 62(1)(k)(kb) of the PPA from 1 January 2026.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>
17.	<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. 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 to avoid potential infringements, identify conflict of interest situations, and prevent and manage potential risks. The Authority proposes considering the creation of a system for the centralised collection and review of declarations of interest. 	The Government does not agree with the proposal.	<p>As previously stated in the Government's position on the findings presented in the Integrity Authority's annual analytical integrity reports for 2023 and 2022, the Government does not agree with the proposed supplementation of the regulation under the PPA. The Council, which operates within the Public Procurement Authority and includes representatives from the Integrity Authority, issued and then supplemented a guide regarding conflicts of interest on 25 May 2023 and 9 May 2024, respectively, detailing the obligations based on the provisions of the PPA.</p> <p>In order to counter and prevent corruption in public procurement, on 10 February 2022, the Council operating within the Public Procurement Authority adopted the Public Procurement Code of Ethics, effective 11 February 2022. The purpose of the Public Procurement Code of Ethics is to provide guidance to participants in public procurement procedures – both contracting authorities and economic operators – on how to conduct themselves ethically during the procurement process, thereby contributing to the efficient use of public funds, the protection of public assets, and the integrity of public procurement procedures. The Public Procurement Code of Ethics serves as a recommendation; stakeholders can voluntarily subscribe to it or develop their own public procurement code of ethics. The Public Procurement Code of Ethics regulates situations that go beyond the legislation governing public procurement and the</p>

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			<p>provisions of the legislation in line with the objectives and principles of the law. Further measures or making disclosure mandatory is not justified.</p> <p>Considering that the use of 'declarations of interest' is not mandatory but – according to the relevant Council guidelines – an optional measure for contracting authorities, the establishment of a central collection and monitoring system is also not warranted. Furthermore, the Government draws attention to the fact that Section 3(1)(b) and Section 3(3)(e) (ea) of Act CLII of 2007 on certain obligations related to asset declaration already impose a broad obligation to submit asset declarations explicitly in connection with public procurement procedures.</p> <p>In view of the above, further measures are not necessary.</p>
18.	<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 guide issued by the Council operating within the Public Procurement Authority, would be warranted in this respect to support correct legal application. 	The Government does not agree with the proposal.	<p>In Point 27 of the Government's position set out in Government Decision No 1423/2023 of 4 October 2023, the Government agreed with the recommendation, set out in the Integrity Authority's 2022 Annual Analytical Integrity Report, regarding the issuance of the new guide in question. In Point 7(a) of Government Decision No 1082/2024 of 28 March 2024, the Government called on the President of the Public Procurement Authority to ensure, through the Council operating within the Public Procurement Authority, the preparation and publication of a guide contributing to the intended application of the review of disproportionately low prices. On 12 September 2024, the guide was adopted by the Council operating within the Public Procurement Authority. With regard to the further specification or modification of price justifications and supplementary price justifications, the guide provides, among other things, the following: 'There is also no legal obstacle preventing the contracting authority from requesting supplementary justification multiple times consecutively – taking into account the principle of proportionality – if this is necessary to properly verify the validity of the tender price. (...) Whether the supplementary justification is provided in the form of a fully comprehensive written explanation, additional details, or only partial supplements and clarifications can be determined on a case-by-case basis, carefully weighing the circumstances and interpreting the request for justification. However, regardless of the method used, the justification cannot alter the submitted tender.' Further details mentioned in the recommendation cannot be provided for through legislative means. This is an issue relating to practical application of the law. No legislative amendment is warranted in this regard.</p> <p>A review of the guide is currently underway. The competent working group of the Council operating within the Authority discussed amending the guide on 19 June 2025. A potential supplementation of the guidelines regarding the obligation to determine the threshold value had previously been raised during the working committee's meeting, but the committee members present voted down the proposal submitted by the Integrity Authority, taking into account that, according to the rulings in cases C-285/99 and C-286/99 (Impresa Mantovani), the legislature is not required to set a threshold value; it is merely an option under the Court of Justice of the European Union. The provision of the former Act CVIII of 2011 on public procurement, which set certain thresholds for the mandatory examination of low bids, caused numerous practical difficulties in application, with the experiences gained in this regard clearly demonstrating the impracticality of this statutory regulation. Taking this into consideration, there is no justification for amending the PPA.</p> <p>In view of the above, further measures are not necessary.</p>
19.	The Authority draws attention, in connection with the related regulatory framework, to the importance of maintaining consistency with public procurement requirements, as well as	The recommendation formulates no specific, identifiable proposal.	-

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	<p>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.	<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. 	<p>The Government does not agree with the proposal.</p>	<p>The Government maintains that the alleged distinction perceived by the Integrity Authority is not applied in practice in relation to the revenues reviewed pursuant to Section 114(11) of the PPA for the purposes of assessing financial and economic suitability. This is because,</p> <ul style="list-style-type: none"> - contrary to the understanding of the Integrity Authority, the relevant reference point for suitability is not the preceding business year already closed with a financial statement, but the "financial year ending on the balance sheet date" (Section 19(1)(c) of Government Decree No 321/2015 of 30 October 2015), which typically coincides with the preceding calendar year; - and if the economic operator's financial statement has not been published yet, contracting authorities will not be able to satisfy themselves of the accuracy of the stated revenues, regardless of whether they assess the data from the angle of compliance with eligibility requirements or in the context of reserved procurement. <p>Also, even if the economic operator's preceding financial year ending on the balance sheet date does not coincide with the preceding calendar year (whether because its balance sheet date does not coincide with the last day of the calendar year or because its business year is shorter than a full calendar year), the Integrity Authority's report still fails to explain clearly why a regulation that applies the calendar year to one legal instrument (reservation) while applying the concept of the business year to the other (suitability) should not be maintained.</p> <p>The concerns raised in the proposal of the Integrity Authority are, in fact, practical questions of legal interpretation, the assessment of which fall within the purview of the Public Procurement Arbitration Board of the Public Procurement Authority in cases of legal disputes. For this reason, no need for legislative intervention by the Government can be identified.</p> <p>In view of the above, further measures are not necessary.</p>
21.	<p>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.)</p> <ul style="list-style-type: none"> • 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. • Furthermore, the Authority recommends that the performance measurement framework should evaluate the magnitude of the costs incurred unnecessarily by tenderers in relation to the participation in the conditional 	<p>The Government partially agrees with the proposal.</p>	<p>As already stated in the government's position on the observations presented in the Integrity Authority's annual analytical integrity reports for 2023 and 2022, the Government does not agree with the proposed amendment to the regulation. Instead, Act LXXIV of 2024 on the Foundation of Hungary's Central Budget for 2025 provided, as from 1 January 2025, that a public procurement procedure subject to the relevant regulatory arrangements may only be conducted within the framework of a conditional public procurement procedure, in view of the fact that such procedures require an opinion from the minister responsible for public investments, including a cost audit.</p> <p>The Electronic Public Procurement System does not contain any data suitable for structured analysis on the number of contracts that did not enter into force pursuant to Section 135(12) of the PPA, so such data are not available for examination amongst the results of the performance measurement framework.</p> <p>The results of the performance measurement framework, which evaluates the efficiency and cost-effectiveness of public procurement procedures already include the costs of a public procurement procedure incurred by both the tenderer and the contracting authority, which apply regardless of whether a</p>

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	<p>public procurement procedure, and by contracting authorities in relation to the publication of a call for tender, in case the procedure is declared unsuccessful or the entry into force of the contract fails.</p>		<p>particular public procurement procedure is successful or not (Indicators 52 and 53).</p> <p>Measure: The minister with responsibility for public procurement ensures that the Integrity Authority's proposal concerning the number and value of conditional public procurement procedures is considered by the task force that includes independent experts operating the performance measurement framework, as well as representatives of independent organisations.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>
22.	<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 the tenders received in a procedure equally – that is, to declare any tender for which a ground for invalidity under the PPA exists invalid. This necessarily includes guaranteeing the right to legal remedy. • In the Authority's view, the lack of an applicant's client 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, as an opposing party, regarding such intention or capability during remedy proceedings). • It is of paramount importance that the Arbitration Board does not apply a restrictive approach in redress proceedings related to serious breaches, such as 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 remedy proceedings on those grounds that the applicant can no longer be placed in a more favourable position as a result of the establishment of the infringement (considering the fact that the contract was allegedly concluded through said circumvention). 	<p>The Government agrees with the proposal.</p>	<p>Under Section 2(2) of the PPA, contracting authorities shall guarantee equal opportunities and equal treatment for economic operators. The Government agrees with the Integrity Authority in that this principle – along with all other legal principles – must be enforced in practice. Subsections (1)-(4) and (6) of Section 73 of the PPA list the grounds for invalidity and impose obligation on the contracting authority to apply them. Section 79(1) of the PPA provides that contracting authorities shall inform tenderers and candidates in writing of a decision declaring a tender or request to participate submitted by a tenderer or candidate as invalid, including detailed justification thereof. Section 148(2) of the PPA guarantees the right to a legal remedy for any stakeholder whose right or legitimate interest is infringed or jeopardised by an act or omission in violation of this Act.</p> <p>On the basis of the general rule specified above, the assessment of any infringement of right or interest requires careful consideration by the authorities responsible for the application of the law. Such consideration has to take into account all the circumstances of the particular case and involve the application of all principles of legal interpretation established by the Court of Justice of the European Union. The Government does not consider a case-by-case statutory regulation of particular client eligibility situations to be possible. At the same time, it agrees that authorities responsible for the application of the law must interpret the issues set out in the recommendation in accordance with the EU's legal interpretation in the cases brought before them. In view of the above, the amendment of the PPA is not justified. According to the Public Procurement Authority, the lack of financial coverage alone cannot give rise to the determination of lack of client eligibility. Such decision, just like that of the fulfilment of all procedural conditions, must be based on the consideration of all the circumstances of the case. Such circumstances include, for instance, a statement by the contracting authority, as proposed in the recommendation, which states that if an applicant whose price exceeds the available coverage were selected, the contracting authority could not increase the coverage to match that price and, therefore, could not conclude a contract with that applicant. In proceedings conducted pursuant to Section 145(1) of the PPA, the Arbitration Board applies the rules of Act CL of 2016 on the Code of General Administrative Procedure ("General Administrative Procedure Act"). In performing its duty under Section 62 of the General Administrative Procedure Act to clarify the facts and assess the evidence, the Arbitration Board has to take into account the statement of the contracting authority, as client, referred to above (Section 63 of the General Administrative Procedure Act). In view of the above, the amendment of the PPA is not justified.</p> <p>According to information received from the Public Procurement Authority, the Arbitration Board does not apply the restrictive approach mentioned in the Integrity Authority's proposal. It would be unlawful to base the decision on the lack of client eligibility on the circumstance that a contract was concluded in disregard of the PPA, since in this case, the basic condition for client eligibility is the applicant's exercise, as an economic operator, of the activity corresponding to the subject of the contract concluded in</p>

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			<p>disregard of the Act. In other words, rather than resulting in the applicant's exclusion, a contract concluded in disregard of the PPA directly establishes the applicant's client eligibility. In view of the above, the amendment of the PPA is not justified.</p> <p>Measure: Through the National Development Centre, the minister with responsibility for public procurement will compile a summary of its assessment of the subjects discussed in the proposal for the Court of Justice of the European Union.</p>
23.	<p>In the Authority's view, taking into account the scales of penalty typically imposed in remedy proceedings and the principle of proportionality, it is warranted 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 of the 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 legal remedy 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 items of the 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 paid by the contracting authority. • To support legal practitioners, the Authority recommends that the professional guide titled '<i>A Közbeszerzési Döntőbizottság tájékoztatója a bírságolással kapcsolatos joggyakorlatáról</i> [<i>Information by The Public Procurement Arbitration Board on The Legal Practice Relating to Fines</i>]' be supplemented with statistical data on the fines imposed for various types of infringements. 	<p>The Government partially agrees with the proposal.</p>	<p>Section 150(4) of the PPA clearly stipulates that if the applicant appeals against several points of a particular itemised public procurement procedure in their application for legal remedy, they will have to pay the administrative service fee for each of the disputed items. Accordingly, the setting of the administrative service fee for the items concerned shall be a one-time fee, not a recurring one, and shall be considered to be the only legal charge. Since the purpose of the public procurement procedure is the conclusion of the public procurement contract, the applicant has to pay the administrative service fee for each legitimate expectation to conclude a contract, with the fee tailored to the respective value of each specific lot. Therefore, the fee is payable for each item, in view of the fact that each partial tender involves an individual chance for a contract.</p> <p>Under Section 151(10) of the PPA, if the applicant's application for legal remedy includes multiple items, but the Public Procurement Arbitration Board upholds only some of those items in its decision on the merits, the Public Procurement Authority shall repay to the applicant the amount of the administrative service fee reduced by its own revenue, taking into account the ratio of well-founded and unfounded applications. Under Section 126(2)(3) of the General Administrative Procedure Act applied on the basis of Section 145(1) of the PPA:</p> <p>"(2) In a dispute procedure, the authority shall oblige</p> <ol style="list-style-type: none"> a) the applicant party to bear the costs of the procedure if the application is rejected, b) the opposing party to bear the costs of the procedure if the application is granted. <p>(3) Where the conclusive decision grants the application in part only, the authority shall oblige the applicant party and the opposing party to bear the procedural costs proportionally."</p> <p>The procedure proposed by the Integrity Authority where the full amount of the administrative service fee is repaid to the applicant even after partially winning a legal dispute would violate both the legal provisions referred to above and the principle of legality vis-à-vis the opposing party, as set out in Section 2 of the General Administrative Procedure Act. This would involve reinstating the bad practice - redressed by the current regulatory framework - where the applicant is not interested in proposing well-founded items of applications in an amount that is necessary for effective law enforcement. Although the applicant would pay an administrative service fee that increases proportionally with the number of the items of application, if even one item out of ten is deemed to be well-founded, the fee paid for the remaining nine items would have to be repaid to them.</p> <p>Regarding the above, no further measure is necessary.</p> <p>The Public Procurement Authority supports the publication of the statistical data relating to fines imposed in respect of various infringements. However, the Public Procurement Authority has indicated that the extraction of statistical data relating to such fines requires the implementation of targeted IT development.</p> <p>Measure: Through the National Development Centre, the minister with responsibility for public procurement will contact the Public Procurement Authority to negotiate which data from the performance measurement framework, used to</p>

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			<p>assess public procurement efficiency and cost-effectiveness, and from the Electronic Public Procurement System are available for extraction in compliance with the Integrity Authority's proposal.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>
24.	<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 deems 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. The Authority also proposes amending Section 420 of the Criminal Code to ensure the enforceability of the liability of public procurement experts.</p>	<p>The Government partially agrees with the proposal.</p>	<p>In Point 2(d) of Government Decree No 1086/2025 of 31 March 2025 on the revision of the action plan in 2025 for measures aimed at increasing the level of competition in public procurement (2023–2026), the Government called on the Minister for Public Administration and Regional Development to work out the strategy for the professionalisation of the public procurement profession. Deadline: 30 November 2025</p> <p>Measure: The minister will consider the Integrity Authority's proposals during the preparation of the strategy.</p> <p>The Criminal Code uses the relative pronoun 'who' as a generic subject in the statutory elements under Section 420, which means that the criminal offence can be committed by anyone. A special subject is one that has a peculiar feature compared to the generic subject. It is exclusively through this special feature that such a person can commit the criminal offence as a perpetrator, and the statutory elements expressly name this special feature. The statutory elements do not clearly classify the offence as a '<i>special offender offence</i>', where the perpetrator can only be a person with special characteristics, such as an official, an attorney or an employee of a financial institution. At the same time, the perpetrator of this criminal offence may be a person acting on behalf of an enterprise or entity that is a market operator and is capable of concluding agreements or conducting coordinated practices that are aimed at restricting competition. In case of the contracting authority of a public procurement procedure, the conduct satisfying the statutory elements of the offence cannot be interpreted strictly according to the concepts of competition law: although engaging in collusion with an economic operator entering the procedure as a "pre-selected" tenderer, at the expense of the rest of the economic operators – for instance through tailoring the tender specifications to a specific tenderer –, does not constitute coordinated conduct, but in terms of its result, it may still be considered a kind of anti-competitive arrangement.</p> <p>Whether a public procurement consultant participates in the public procurement procedure on the contracting authority's or the economic operator's side, and contributes to the conclusion of an anti-competitive agreement or the shaping of coordinated conduct, e.g. through providing counsel, formulating the call for tenders favouring the collusion, this constitutes contributory conduct, because, through their expertise, they deliberately assist in committing the criminal offence. Their assistance is deliberate, as they are aware of the illicit nature of trying to influence the public procurement procedure such that it results in restricting competition. Thus, under Section 14(2) of the Criminal Code, they are criminally liable as an accomplice. If, by providing counsel, they cause the criminal intent to be formed in the economic operator themselves, they shall be criminally liable as an instigator under Section 14(1) of the Criminal Code. Pursuant to Section 14(3) of the Criminal Code, the accomplice and the perpetrator shall be punishable by the same criminal penalties. Amending the statutory elements of concluding "an agreement restricting competition in a public procurement or concession procedure" is not necessary: the public procurement consultant's contribution to the conclusion of an anti-competitive agreement or to coordinated conduct is adequately sanctioned by criminal law as complicity.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>

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25.	<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>	<p>The Government partially agrees with the proposal. No further measure is needed.</p>	<p>In its 2023 Annual Analytical Integrity Report, the Integrity Authority noted that the measurement of "client satisfaction" is part of the system developed by several central purchasing bodies in EU member states, and proposed adopting such practices in Hungary. The Government requested the ministers heading central purchasing bodies to form an expert task force, involving the central purchasing bodies overseen by them (DGPPS, DGA, NCO) to develop a standard methodology and introduce such a satisfaction measurement system that is capable of tracking satisfaction with the central public procurement services provided by them and substantiating the measures intended to improve such services (Point 4 of Government Decision 1086/2025 and Point 29 of Annex 1 to Government Decision 1086/2025 of 31 March 2025. The starting date for the application of the satisfaction measurement system is 1 January 2026. The annex to the Government Decision also sets out that central purchasing bodies can continuously improve the quality and efficiency of their services based on feedback; it also stipulates that central purchasing bodies regularly assess feedback and, if necessary, take steps to improve their services.</p> <p>Based on the above, no further measure is warranted.</p>
26.	<p>Efforts are still needed in centralised public procurement to ensure the provision of consistent data that is accessible to 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 submission obligations of central purchasing bodies. • With regard to future data submission, we propose breaking down data by consortia, indicating therein the distribution of the contract value among consortium members. • We also recommend making the data of the proportion of subcontractor performance in Single Operator Framework Agreements accessible. • 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 the data submission obligation should be extended to cover the value and method (whether by reopening of competition or by direct orders) by which each contracting authority conducts public procurement procedures in the second phase of FAs. 	<p>The Government partially agrees with the proposal.</p>	<p>In Point 4(b) of Government Decision 1082/2024 of 28 March 2024, the Government called upon central purchasing bodies to publish the data of the distribution of individual contracts among economic operators, ensuring that published data are shown for each consortium member individually.</p> <p>Under Subpoint (eb) of Point (e) of Section 43(2) of the PPA, all contracting authorities are already required to disclose the actual percentage of subcontractor performance in the Electronic Public Procurement System. This obligation also applies to framework agreements and – more specifically – single-operator framework agreements.</p> <p>The Database of Contract Award Notices already serves to publish the detailed data of centralised public procurement procedures and makes them available in downloadable format.</p> <p>Measure: Through the National Development Centre, the minister with responsibility for public procurement will initiate discussions with central purchasing bodies to find out about what feasible ways they see to further improve the standard template.</p> <p>Beyond the measure described above, no further measure is needed from the Government.</p>
27.	<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 	<p>The Government agrees with the objective of the proposal. No further measure is needed.</p>	<p>The Government maintains that the guidance on DPSs published by the Council operating within the Public Procurement Authority – whose members include an individual appointed by the President of the Integrity Authority, pursuant to Section 182(2) of the PPA – can be supplemented with further guidelines if necessary.</p> <p>No further measure on the part of the Government is needed.</p>

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	<p>the product categories in which DPSs are typically applied.</p> <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.	<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>	<p>The Government does not agree with the proposal.</p>	<p>Pursuant to Section 28(2) of the PPA, contracting authorities are already required to conduct a separate study to determine the estimated value, and document the results of the study. This also applies to public procurement procedures conducted with the aim of concluding a framework agreement with a single tenderer. Point 3.4 of the National Development Centre's notice titled Útmutató a közbeszerzéshez kapcsolódó piacismeret megszerzése és a piaccal való kapcsolattartás eszközeiről [Guide on the tools for acquiring market knowledge and maintaining contact with the market in connection with public procurement] (29 November 2024) sets out the purpose and phases of the market analysis. The methodology and depth of the market analysis depend on numerous factors, such as the subject matter, value, and complexity of the contract, or the time available.</p> <p>Further details applying to the determination of quotas cannot be governed through legislative means. This is an issue relating to practical application of the law in terms of different procedure types or specific procurement methods.</p> <p>Under Paragraphs (1) and (3) of Article 33 of Directive 2014/24/EU, contracting authorities may enter into framework agreements, as long as they comply with the procedures set out in the Directive. According to the Directive, a framework agreement means an agreement concluded by one or several contracting authorities and one or several economic operators.</p> <p>If the framework agreement is concluded with a single economic operator, the contracts based on that agreement must be awarded within the context of the conditions set out in the framework agreement. Based on the above, the EU's public procurement directive expressly permits contracting authorities to apply framework agreements concluded with a single economic operator. Therefore, a framework agreement concluded with a single economic operator is in accordance with the public procurement principles set out in the same directive. The EU directive does not make this practice conditional upon any obligation to state reasons or present proof of meeting any further conditions.</p> <p>The stipulation of applicability conditions or the related obligation to state reasons in the legislation therefore is impossible, since national legislature has to ensure that the choices provided by EU law are available to contracting authorities.</p> <p>In view of these, no amendment is justified.</p> <p>Where European Union funds are used, the built-in control carried out by the National Development Centre examines in detail, based on information provided by the contracting authority, whether the application of a framework agreement to be concluded with the tenderer would, in the specific case, result in the infringement of public procurement principles.</p>

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29.	<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. 	<p>The Government agrees with the objective of the proposal. No further measure is needed.</p>	<p>The results of the Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurement – 2024 (28 February 2025) even capture the number of “mixed” FAs that central purchasing bodies had in 2024, as well as the proportions in which the purchases had been made through direct orders or as a result of reopening competition in the period under review. The indicator is a first-order indicator, and as such, it is reviewed each year. See results of indicator No 120 on pages 258 and 259 of the published analysis, as well as the methodological description (Annex 2 of published analysis) on page 44.</p> <p>No further measure is needed.</p>
30.	<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 considering 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. 	<p>The Government does not agree with the proposal.</p>	<ul style="list-style-type: none"> • Government Decree 256/2021 of 18 May 2021 provides clear guidelines for hiring an expert witness. If the cost increase after the conclusion of the grant agreement <ul style="list-style-type: none"> - remains below 30% of the awarded funding set out in the grant decision, the managing authority has to prove that the cost increase is consistent with the market price, - reaches 30% of the awarded funding set out in the grant decision, the consistency of the cost increase with market prices must be certified by an expert witness appointed by the minister with responsibility for public finance. <p>The passage referenced by the Integrity Authority [“Following the submission of a request (...), the managing authority is authorised to initiate”] is intended for the managing authority to initiate the secondment of the expert with the minister with responsibility for public finance only after the receipt of the request and its preliminary examination, thereby avoiding unnecessary administrative burdens.</p> <ul style="list-style-type: none"> • The Government decides on cost increase support requests only after the managing authority or the expert witness has – in accordance with the procedure described above – performed the preliminary checks and confirmed that the requests are legitimate in respect of the market price. • It is important to point out that the Coordination Committee for Development Policy – in its capacity as the Government's development policy decision-support body – only makes recommendations and form an opinion about proposals. The decision is made by the Government. The established practice enables the acceleration of the processing of proposals, while not impairing the Government's decision-making power. • Several rules included in Government Decree No 256/2021 of 18 May 2021 are intended to facilitate the most effective preparation of projects. The Government continuously monitors the enforcement of these rules, and, where necessary, facilitates the achievement of this goal through adjusting the rules or introducing new regulatory solutions. <p>An example of this is Section 123(1), which requires public works with a total eligible cost of HUF five billion gross to have a (supplier) contract serving the implementation in terms of the main subject of the project. This implicitly requires all previous steps (e.g. permitting, conduct of public procurement) to be taken, serving the purpose of proper project preparation. Section 123(6) regulates the situation where a project, as a result of project development, reaches such a degree of maturity that it can advance to the implementation phase, and the fulfilment of the requirement under Subsection (1) is a prerequisite for the grant agreement amendment, which opens the implementation phase and closes the project development.</p> <p>The institution of project development a priori serves the purpose of proper preparation of priority projects. In these cases, the grant agreement is primarily intended to prepare the project, that is to serve the purpose of project development. Subsequently, it is the amendment of the grant agreement that opens the implementation phase of the project after adequate preparation of the project documentation. Even if the project needs to be phased between programming periods, Section 137 provides such a rule that serves to ensure adequate project preparation. The obligation to settle</p>

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			<p>the accounts of the grant advance and the requirement of a supplier contract concluded for the use of the grant advance motivate project owners to make certain that projects are adequately prepared.</p> <p>The secondment of an expert witness is not a means of project preparation or preventing a cost increase but merely provides supplementary information to governmental decision-makers about the extent to which an independent, objective expert with no vested interest in the case finds the cost increase legitimate.</p> <p>Beyond the rules cited above, the institutional system also uses several measures in numerous other areas to incentivize the selection of the best-prepared projects as eligible for funding. On the other hand, it is necessary to understand that organisations in the public sector typically possess little, if any, freely available financial resources for preparing projects. The conclusion from the experience regarding grants provided exclusively for preparation was that these projects often did not advance to an implementation phase, or if they did, the implementation proved protracted and difficult. This is the reason why the current regulation applies the solution described.</p> <p>In view of the above, further measures are not necessary.</p>
31.	<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>	<p>The Government does not agree with the proposal.</p>	<p>Several rules included in Government Decree No 256/2021 of 18 May 2021 are intended to facilitate the most effective preparation of projects. The Government continuously monitors the enforcement of these rules, and, where necessary, facilitates the achievement of this goal through adjusting the rules or introducing new regulatory solutions. An example of this is Section 123(1), which requires public works with a total eligible cost of HUF 5 billion (gross) to have a (supplier) contract serving the implementation in terms of the main subject of the project. This implicitly requires all previous steps (e.g. permitting, conduct of public procurement) to be taken, serving the purpose of proper project preparation. Section 123(6) regulates the situation where a project, as a result of project development, reaches such a degree of maturity that it can advance to the implementation phase, and the fulfilment of the requirement under Subsection (1) is a prerequisite for the grant agreement amendment, which opens the implementation phase and closes the project development.</p> <p>During the execution of specific programmes and projects, the need for the revision of the amount laid down in the referenced provision did not arise, meaning that the Government had effectively assessed the limit to be set out in the decree on the basis of the available professional experience.</p> <p>In view of the above, further measures are not necessary.</p>
32.	<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 	<p>The Government does not agree with the proposal to prolong the maintenance period. The Government agrees with the proposal for the Government to consider the activities carried out by CSOs as an award criterion and for the formation of a consortium.</p>	<ul style="list-style-type: none"> • The need for the prolongation of the maintenance period has already arisen where the financial return on and the significance or lasting nature of the asset resulting from the project materially extends beyond the normative five-year period. It should be noted, however, that according to the resolution of the European Court of Justice, the conditions of the durability (that is the maintenance) of operations are primarily governed by EU law instead of national laws, thereby excluding this issue from the scope of national laws (paragraph 79 of the reasoning of the judgment on the C-580/17 "Järvelaev" case; paragraph 74 of the reasoning of the judgment on the C-313/22 "Achilleion" case). <p>Therefore, the European Court of Justice consistently labels all such national regulations that set out stricter conditions than the EU law as in breach thereof. Thus, although the reasons for the initiative are understandable, there is no way to support it.</p>

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	<p>during the evaluation of the Grant application.</p> <ul style="list-style-type: none"> Formation of a consortium involving the local government or an association of local governments: The 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. 		<p>Measure: The Minister of Public Administration and Regional Development, in collaboration with the National Development Centre, will assess the proposals regarding the activity performed by the civil society organisation as an award criterion, as well as the formation of the consortium and, if necessary, propose amendments.</p>
33.	<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. 	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>On-site audits of projects aimed at holding an event ("Event") or training, under Section 446 of Government Decree No 256/2021 of 18 May 2021, have to be performed when the event is actually taking place. The beneficiary is required to notify the managing authority of the time and place of the event 8 days in advance.</p> <p>The development in accordance with the Integrity Authority's proposal is already in progress. Beyond meeting regulatory requirements, the development contributes to the planning and performance of a more efficient on-site audit of events and training courses.</p> <p>In view of the above, further measures are not necessary.</p>
34.	<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 review of the established market price by the managing authority is necessary.</p>	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>Under Government Decree No 256/2021 of 18 May 2021, the unit prices of individual cost items may not exceed the arm's length price. The accounting guide sets out the criteria whose fulfilment is a prerequisite for establishing the consistency with the arm's length price. The cited decree lists examples of methods that may be used to establish arm's length price. One of the available options is using as a basis the price set out in the supplier contract concluded as a result of the public procurement procedure. At the same time, the provision does not stop the managing authority from resorting to another method, in case of doubt, to determine if the price set out in the supplier contract concluded on the basis of the public procurement procedure is appropriate.</p>
35.	<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</p>	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<ul style="list-style-type: none"> Under the applicable EU and national legal provisions, the managing authority is responsible for a compliant, efficient and successful implementation of specific programmes. Based on the current legislative environment, the managing authority determines legal consequences that are proportionate to the irregularity. If the financial correction is not quantifiable, it would be disproportionate to withdraw the entire expense affected by the irregularity, or such action would result in a misleading outcome, a flat-rate adjustment has to be applied. The rate of the flat-rate adjustment has to be set on the basis of the gravity and financial consequence of the irregularity. <p>Exclusion, as the most severe sanction, may be applied where the beneficiary commits irregularities intentionally or repeatedly. A beneficiary is deemed to have repeatedly committed an act warranting grounds for exclusion if</p>

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	<p>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.</p> <p>Basing the 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. 		<p>the same type of irregularity is committed on at least two occasions within a five-year period.</p> <p>The legislative environment enables the managing authority to always make its decision after considering all aspects of the case during its irregularity proceedings. If the application of exclusion were mandatory, the managing authority's responsibility for the implementation of the specific programme would be compromised, and the authority would lose its discretion.</p> <p>In the established practice, managing authorities only propose exclusion when a final court ruling is available to them regarding the specific case.</p> <ul style="list-style-type: none"> Irregularity proceedings are always launched on the basis of a suspicion of irregularity. <p>However, the fact of an inquiry related to a project alone does not warrant the launch of an irregularity investigation in cases where the inquiry is not launched on the basis of a report lodged by the institutional system. One of the reasons for this is that the institutional system does not automatically have information about the launch of the investigation. The institutional system becomes aware of the inquiry only through the investigatory authority's official request for data. However, in this case the managing authority is still unaware of the alleged unlawful act forming the basis of the investigation. Some of the investigations may be closed due to the absence of criminal offence or evidence.</p> <p>If the investigatory authority/public prosecutor's office states – without prejudice to law enforcement interests – the established facts of a criminal offence, the managing authority still has the option to treat the notification as one pertaining to a suspicion, and conduct the irregularity investigation along the lines of the established facts of the case.</p> <p>Specific regulations on development policy do not preclude the option for the managing authority to extend the scope of the investigation to include other project(s) of the beneficiary as well. However, when doing so, the managing authority is required to take into consideration the aspects of reasonableness and the already established facts.</p> <ul style="list-style-type: none"> The function of Fraud Prevention has already been set up in the System of European Union Programmes of the Development Policy and Information Database. This contains information about previous irregularity proceedings (the exported table includes, among other data, the description of the suspicion and the classification of the irregularity). Based on the above, the amendment of Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021 is not necessary.
36.	<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>	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>The ARACHNE risk scoring tool was developed by the European Commission, therefore its enhancement and development at a member state level is impossible. Member states already upload data regarding the supplier contracts that reach community value thresholds to the ARACHNE risk scoring tool, based on which, the ARACHNE risk scoring tool indicates if a particular supplier or beneficiary has interest in several projects. Particular attention can be paid to such stakeholders during various procedural steps.</p> <p>In addition, it should be pointed out that the subsystem operating within the ARACHNE risk scoring tool enables the check of company data that help identify collusive practices (e.g. headquarters, place of business, information on partners/affiliated undertakings).</p> <p>In view of the above, further measures are not necessary.</p>

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37.	<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 have 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>	<p>The Government does not agree with the proposal.</p>	<p>Under Act CXCIV of 2011 on Public Finances, in the case of repayable budgetary support, the grant agreement shall provide for adequate security – except in the cases specified in the relevant Government Decree – to ensure repayment and recovery where the budgetary support is cancelled or the grant agreement is terminated or rescinded.</p> <p>The institutional system for development policy is constantly seeking to facilitate a compliant and efficient implementation of programmes and projects while also reducing unnecessary costs and administrative burdens. This effort also manifests itself in the area of security provision, in the way the institutional system for development policy asserts its claims through alternative means (e.g. voluntary repayment by beneficiary, set-offs, collection in the form of taxes).</p> <p>The regulatory framework on securities has been continually relaxed year by year, as follows:</p> <ul style="list-style-type: none"> - the range of eligible securities has been extended, - the range of beneficiaries free of security provision obligation has been extended, - the option of a gradual provision of security has been introduced (this means that it is acceptable if the portion of the security corresponding to the sum of the already disbursed contribution is available, and there is no need to provide for the security corresponding to the total amount of the contribution), - substitution of security has been made possible, - security may already be provided with a term that is shorter than the period subject to the obligation, with the proviso that the beneficiary must demonstrate proof of the prolongation or substitution of the security at least forty-five days prior to its expiry, - compared to the implementation period, a reduced security is already accepted as sufficient for the maintenance period. <p>Although the aspects specified in the recommendation may indeed affect the implementation of programmes and projects, in our view, it is not the duty and responsibility of the institutional system for development policy to assess what kind of tasks a financial institution may perform, what possibilities are available to it and what kind of risk appetite it may have.</p> <p>In view of the above, further measures are not necessary.</p>
38.	<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 under 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. • 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, 	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>The Rural Development Programme Managing Authority (RDPMA) runs information campaigns and training courses to raise awareness of laws and regulations governing conflict of interest, with special attention to the chapters and rules concerning the Local Action Group's (LAG) decisions, and has prepared and sent all LAGs the "Conflict-of-Interest Declaration" to be completed and signed before the LAG's decision-making. Administrators and those involved in the decision-making are required to make conflict-of-interest declarations.</p> <p>It is crucial for the RDPMA to ensure that all LAGs operate in the 2023-2027 programming period in compliance with the relevant legal requirements, with special emphasis on meeting their obligations to make the conflict of interest declarations and the declarations of interest under Section 5(3a) of Government Decree No 601/2022 of 28 December 2022. Guidance to the presentation of adequate proof thereof is provided in Annex 4 of the notice No KAP-RD57-24, titled Support for LEADER Local Action Groups, published on 27 May 2025 for the term of the CAP Strategic Plan (CAP SP), which helps fulfil conflict-of-interest and declaration-of-interest obligations. The administration and registration of the declarations received in accordance with the new guide are carried out jointly and in parallel by the National Managing Authority and the National Paying Agency.</p> <p>Article 34(3) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council governs the duties of local action groups. According to this article, the LAG is</p>

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	<p>request applicants to remedy any shortcomings.</p> <ul style="list-style-type: none"> 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. 		<p>in charge of the elaboration and publication of local calls, the acceptance and assessment of funding applications received in response to those calls, the selection of operations and the determination of the value of the funding. In other words, the LAG performs this as one of its own tasks, rather than as a task delegated to it by the RDPMA. The RDPMA only performs a final eligibility check. The managing authority, the Hungarian State Treasury, acting in its capacity as an intermediate body, and government offices are authorised to review grant applications upon the LAG's request.</p> <p>In order to prevent mistakes, shortcomings and inappropriate procedures, the RDPMA – in cooperation with the Paying Agency – has prepared a guide for the assessment of grant applications, and made it available to LAGs' disposal. They have held several training courses for LAGs' representatives on the assessment of grant applications.</p> <p>The projects supported within the framework of the RDP can be found at www.palyazat.gov.hu, while information on LEADER operations supported in the CAP SP is available in the supported project search function at the www.kap.gov.hu website.</p> <p>The website is currently under construction, but the supported project search function is available at the link below: MePAR Portál</p> <p>The Managing Authority presented the results of the projects implemented in the RDP in the Thematic Evaluation of the LEADER Measure, which was published on the palyazat.gov.hu website. The CAP Managing Authority will give an account of the results of the operations implemented within the framework of the CAP SP in its evaluation prepared under the Evaluation Plan. The Evaluation Plan is available at the www.kap.gov.hu website</p> <p>In view of the above, further measures are not necessary.</p>
39.	<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, the managing authority 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>	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>The recommendation regarding places of implementation concerns enterprises' economic development projects. The competent Managing Authority has a methodological guide and procedure for the assessment of the suitability of places of implementation. As part of the procedure, the Managing Authority always examines in the eligibility check of grant applications what other projects have been or are being implemented at the proposed place of implementation by either the grant applicant or other local businesses, and whether the implementation of further projects is being envisaged under the submitted grant application. The Managing Authority conducts a check not only as part of the decision-making process, but also during any contract amendment processes that concern the place of implementation.</p> <p>To monitor previous occurrences of places of implementation the Managing Authority maintains a database updated on a weekly basis. The database records all the places of implementation proposed in current grant applications, as well as the actual places of implementation in previously funded projects. Where a place of implementation is used in multiple projects, and where other companies are also active at the proposed place, the Managing Authority assesses whether the site is suitable for the concurrent implementation of several projects and whether procurement procedures and use are clearly delineated in relation to other locally active companies and projects, including compliance with maintenance obligations. If there is a suspicion that the site is not suitable for the concurrent implementation of several projects, the Managing Authority orders further investigation. For the suitability check of places of implementation, the Managing Authority uses the Arachne risk scoring tool.</p> <p>The requirement of the registration of the place of implementation in the certificate of incorporation is regulated in the Calls, and the checklists include the relevant criterion.</p>

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	<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. 		<p>In the assessment of any requests for contract amendment due to a change of the place of implementation, the Managing Authority also always checks the date of the registration of the new place in the Beneficiary's certificate of incorporation. Furthermore, a reporting obligation is imposed on beneficiaries, which means they are always required to report any changes concerning the place of implementation as well. They cannot implement or maintain the development at a place of implementation that is not in the certificate of incorporation. Thus, no such place of implementation is accepted for amendments, either.</p> <p>In view of the above, further measures are not necessary.</p>
40.	<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. 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. <p>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.</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. 	<p>The Government agrees with the objective of the proposal. However, no further measure is needed.</p>	<p>The competent managing authority has already introduced a standard 15% cost cap on eligible material costs, which mitigates the risk arising out of the settlement of the significant proportions of material costs that were previously experienced. Furthermore, in the case of the scheme concerned, the managing authority conducted a separate, itemised material cost review and risk analysis in the funding phase, whose findings were then incorporated in the audit procedure of the general market price. Overall, therefore, the managing authority imposes a cap on material costs, as a preventive measure, already at the level of the call, and regularly checks the cost of proposed and purchased materials from both a technical and a market price perspective. The managing authority shares the same interpretation of material costs related to professional implementation: market surveys regarding the service are required to explain pricing factors in great detail, including material costs related to the provision of the service.</p> <p>Supplier independence and suitability, a priority aspect of supplier assessment, are also included in the market price and supplier suitability check methodology prepared and adopted by the managing authority in July 2025.</p> <p>In view of the above, further measures are not necessary.</p>
41.	<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>	<p>The Government does not agree with the proposal.</p>	<p>Under government decrees on development policy, the amendment of grant agreements is mostly a bilateral document signed by both parties, which modifies the content of the funding relationship with the mutual agreement of the parties. If the request for amendment is submitted by the beneficiary, the managing authority decides on whether the amendment is permissible, after conducting a comprehensive review of the application. If, as a result of a change occurring in circumstances, the beneficiary re-submits an amendment request that was previously rejected, the managing authority is required to assess the request again. If the repeated assessment finds that the amendment request meets the conditions set out in the legislation, the amendment of the contract may take place without any further tightening of requirements.</p> <p>In view of the fact that the Integrity Authority is initiating systemic intervention in relation to a – presumably unique</p>

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			<p>– case presented in the Authority's report, we do not deem the amendment of development policy-related government decrees necessary.</p> <p>In view of the above, further measures are not necessary.</p>
42.	<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. <p>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.</p> <p>This reallocation would be based on rankings determined by scores and the chronological order established during the decision-preparation phase.</p> <ul style="list-style-type: none"> • 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. 	<p>The Government does not agree with the proposal.</p>	<p>The solution proposed by the Integrity Authority may be workable where the managing authority has compiled a reserve list for projects rejected in the specific funding phase due to a lack of available funds. In such cases, the managing authority shall be free – already under the legislation in force – to assess on a case-by-case basis whether it is the approval of a project transfer or the denial thereof, while selecting a new project from the reserve list, which better serves the purpose of absorption and the principle of sound financial management of EU funds. It is important to note, however, that months or years after a grant decision, the beneficiaries of projects previously rejected for the lack of available funds may no longer be capable of implementing their earlier proposed projects under the same conditions and at the same prices.</p> <p>Where a reserve list is not available, the repeated assignment of funds would require the submission and assessment of new grant applications after a project transfer was rejected and committed funding were released (claims management). This may require an amendment to the call in several cases, which is time-consuming and imposes an administrative burden. For all such projects, the managing authority has to balance, on a case-by-case basis, which solution represents greater added value, on the whole, contributing to the compliant, efficient and successful use of EU funding.</p> <p>In view of the above, further measures are not necessary.</p>