INTEGRITY AUTHORITY

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ANNUAL ANALYTICAL INTEGRITY REPORT

2025

Budapest, 30 June 2026



Ferenc Pál Biró
President

Dear Readers,

This report was drafted during a period characterised by particularly rapid and extensive changes. The operating environment of the Integrity Authority is expected to undergo significant changes in the weeks surrounding the publication of the report: the expansion of the Authority's enforcement toolkit and investigative powers, together with the development of cooperation frameworks, will create new opportunities while also bringing new responsibilities in overseeing the use of public funds. In the midst of these changes, it is particularly important that the Authority assess the functioning of the public procurement system consistently, based on professional expertise and supported by data.

The professional dialogue surrounding last year's report also showed that no agreement was reached with government stakeholders on several findings and proposals. This circumstance was also taken into account during the drafting of the report; therefore, several recommendations we consider professionally well-founded are put forward in this year's report as well. The Authority remains committed to basing its recommendations exclusively on facts, analyses, and international experience.

This publication reflects renewal in several respects. On the one hand, it provides a detailed discussion of integrity risks in public procurement based on a problem map; on the other hand, it also contains sector-level analyses that allow us to identify more precisely the specific risks present in certain areas of the public procurement market. Furthermore, we paid particular attention to reviewing changes in the audit trails established in recent years and the impact of the recommendations set out in previous integrity reports. Our analysis shows how institutional transformations, changes in data provision obligations, and the development of control mechanisms have shaped the transparency and auditability of the system.

The report continues to focus on the structural challenges that have a lasting impact on the functioning of the public procurement market. Particular attention is paid to the changes in competition intensity, market concentration, and the accessibility and quality of data. Changes in

these factors influence not only efficiency and cost-effectiveness but also public trust in the use of public funds.

The objective of the recommendations set out in the report remains unchanged: to strengthen transparency, competitiveness and integrity in the public procurement system. We place particular importance to further developing data-driven auditing, clarifying audit trails, and ensuring more transparent cooperation between market participants and institutions.

The Integrity Authority remains committed to facilitating the integrity and efficiency of the use of public funds through its professional work. We trust that this report, as in previous years, will make a meaningful contribution to professional discourse and serve as a useful basis for decision-makers, market participants and society as a whole.

Budapest, June 2026

Ferenc Pál Biró
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1. Introduction

1.1 Background

The Authority is an autonomous state administrative body that operates based on Act XXVII of 2022 on the control of the use of European Union budget funds ('Integrity Authority Act'). The Authority's task is to strengthen the prevention, detection and correction of fraud, conflicts of interest, corruption, and other related infringements and irregularities in connection with the use of European Union funding.

The Authority takes action in all cases where it considers that an organisation involved in the use or control of European Union funds and having the relevant powers has failed to take the necessary measures to ensure the efficient and effective use of the European Union budget and to safeguard the European Union's financial interests, or where the risk of such failure arises.

In the performance of its functions, the Authority pays particular attention to the assessment of integrity risks. In its integrity reports prepared pursuant to Section 11 of the Integrity Authority Act, the Authority takes into account its previous reports, as well as the implementation of the recommendations provided therein. The Authority shall prepare and publish on its website the annual analytical integrity report for the calendar year 2025 by 30 June 2026 and submit it to the National Assembly for information, in accordance with Section 12(1). Following its publication, the Government will provide a response within three months, outlining how it intends to address the findings and recommendations presented in the report.

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

a.) an analysis of the concentration of the public procurement market linked to the use of European Union funds, as well as the difference, including the possible causes thereof, between the estimated value and the contract amount in public procurement procedures;

b.) an examination of the effectiveness of laws within the Authority's remit and of the problems that arise during their implementation, an analysis of the enforcement and administrative practice, and the definition of risk indicators;

c.) an analysis of the application of framework agreements and the practice of contracts concluded on the basis of framework agreements, including their allocation among each economic operator.

d.) an evaluation of the control system responsible for controlling the use of European Union funds in identifying and effectively preventing risks of corruption, fraud and conflicts of interest, as well as uncovering and remedying such cases;

e.) recommendations pertaining to subjects under points (a) to (d), as well as f) an evaluation of how bodies with functions and powers in relation to the control of the use of European Union funds have taken earlier reports and recommendations into account.

For the purposes of preparing this report, the Authority compiled, reviewed and analysed, up to and including 20 May 2026, the relevant data and information available to it, as well as publicly available data and information. In conducting the analysis, the Authority took into account its previous reports and the Government's responses thereto, experiences gathered throughout the year, earlier reports by the Anti-Corruption Task Force, the 2025 results of the Performance Measurement Framework assessing the efficiency and cost-effectiveness of public procurement, as well as comparative analyses prepared by the OECD at the request of the Authority (no decision has yet been made regarding their publication). Furthermore, the Authority relied on additional data received from the relevant organisations and persons responsible.

The Introduction provides a brief overview of the chapters of the annual analytical integrity report (Chapter 1.2), presents societal perceptions and experiences related to the use of European Union funds in connection with point d) (Chapter 1.3), and includes the list of abbreviations used in the Report (Chapter 1.4).

1.2 Report structure, a brief summary of the chapters

The Integrity Authority's fourth annual analytical integrity report largely maintains the structure of previous years while incorporating new elements in the presentation of corruption risks. In addition to presenting the objectives and content, **Chapter 1** also describes the context of the report and introduces research studies on the social perception of integrity and corruption. The Authority's *KORR-KÉP* and *On the Right Path* (original title in Hungarian: *Tiszta úton*) studies serve not only social science purposes

but also provide a useful and scientifically grounded professional background for fulfilling the Authority's statutory obligations. The research findings allow for the targeted mapping of risk areas, the monitoring of changes in public and youth attitudes, as well as the assessment of the impact of integrity and anti-corruption measures (Chapter 1.3).

Chapter 2 assesses the functioning and efficiency of the public procurement system and outlines 56 recommendations. As part of the analysis, the Authority examines, on the one hand, the main phenomena and indicators of public procurement procedures financed from EU and domestic funds based on procurement data and, on the other hand, addresses problematic areas and bottlenecks within the regulatory environment. The data analysis specifically explores the concentration of public procurement procedures, the companies and corporate groups with the largest contract portfolios, and the identifiable contract portfolios of private equity funds.

In the analysis of public procurement rules, we conducted it based on an overview public procurement problem map. One of the chapter's key conclusions is that the current public procurement audit system is characterised by ex post audits with an administrative focus, and that most existing measures remain confined to the regulatory level, amounting to nominal rather than substantive compliance in practice. The renewal of the public procurement system requires a paradigm shift: in addition to legal compliance, it is essential to ensure the integrated application of economic rationality, market competition, and data-driven risk management capable of detecting lawful or seemingly lawful yet risky practices at the level of individual procedures, as well as patterns spanning across procedures.

The primary cause of dysfunctions in public procurement is the absence of an ownership mindset, reflected in weaknesses in procedure preparation, a lack of market analysis, and structural risks of overpricing. Practices that distort competition arise not only during the preparation phase but also in the evaluation stage, significantly influencing procurement outcomes despite the formal application of equal treatment.

The chapter highlights the risks of conflicts of interest, noting that no substantive progress has been made in this area over the past year. Despite efforts to reduce the number of single-bid procedures, the downward trend has stalled, and a slight increase is now observable (19.6% in 2025). The number of bids per procedure lot remains unchanged, with an average of 3.6 bids received in successful procedure lots in 2025.

A separate subchapter examines central purchasing bodies that managed over HUF 2,930 billion between 2020 and 2025, as well as centralised public procurement procedures and framework agreements, where market concentration – already high in many product and service categories – has further increased, while the risk of overpricing remains high. A deliberate reduction in concentration is therefore warranted, and the introduction of appropriate incentives is recommended – for example, exemption from mandatory centralisation below a certain threshold and the option for individual procurements where more favourable prices are available.

Chapter 3 assesses the audit system for the use of European Union funds and sets out 12 recommendations. First, it presents the main processes and actors, and then follows up on the proposals of the 2022, 2023 and 2024 annual integrity reports concerning the oversight system and their utilisation. Although the system shows openness to addressing the identified problems in control mechanisms and the regulatory environment, the related developments are inconsistent. The measures often fail to bring about deeper structural changes, and therefore shortcomings that pose long-term risks have persisted in control mechanisms and the regulatory environment.

The chapter illustrates, through several examples, one of the most significant limitations of the Authority's operations, namely the challenges in obtaining information. The Authority does not have direct access to key databases, such as IACS (Integrated Management Control System) and VIR (Management Information System), and data provision is often incomplete or delayed, while the Authority lacks adequate tools to enforce compliance. This leads to delays in procedures, late identification of risks, and in certain cases, action being rendered impossible.

Despite these difficulties, the chapter identifies several issues: regulation is unclear in several cases, and the implementation of existing rules is inconsistent, causing problems in handling requests for additional funding, assessing the market price, verifying guarantees, and applying sanctions for irregularities. It poses a systemic risk that irregularity proceedings are heterogeneous in nature, meaning that in cases of identical or similar infringements, managing authorities make different decisions, thereby reducing legal certainty and increasing the risk of corruption arising from discretionary decision-making, even if concrete cases of abuse cannot always be substantiated.

The lack of transparency is particularly problematic in the use of rural development funds, as the decision criteria for the allocation of national supplementary TOP-UP funds are unclear, which not only hampers auditability but also complicates the clear delineation of the Authority's competence.

The chapter concludes that although the audit system is fundamentally operational, substantial and urgent improvements are required in several key areas, such as data access (IACS, VIR), transparency, the consistent application of the law, and the consistent enforcement of conflict of interest rules. In this context, the Authority considers it particularly important that its recommendations and proposals from the previous year also be substantively reconsidered, as the implementation of the proposed measures can significantly strengthen the integrity of the use of EU funds, enhance the effectiveness of the prevention of abuse, and improve the standards of the responsible management of public funds.

Chapter 4 presents a sectoral analysis which was not included in previous reports. The systemic analysis included in previous reports (Chapter 2 in this case) identifies dysfunctions characteristic of the overall public procurement system. The sectoral approach in Chapter 4 is based on the premise that the public procurement market is not uniform: market structure, intensity of competition, and levels of corruption risk vary significantly across different sectors; therefore, the arising risks and the intervention instruments cannot be managed in the same way. In the Authority's view, this differentiated approach can not only enhance the effectiveness of legality- and integrity-focused audits but also provide tangible support to contracting authorities, as it allows them to more consciously assert their own organisational needs and interests when preparing procurement procedures.

The objective of sectoral profiles is to assign the risks of abuse and legal infringements identified in the course of the Authority's investigative and audit activities to specific sectors, thereby allowing for more targeted analyses. The Authority does not make specific recommendations in this regard. For each sector, we present multiple concentration and distribution indicators, including the combined market shares of the three and ten largest participants by contract value (CI3 and CI10), as well as the Herfindahl–Hirschman Index (HHI) and GINI indicator, in addition to a textual description.

Sectoral-level analyses confirm that the public procurement market is not homogeneous, as market structure, intensity of competition, and corruption risks vary significantly

across different sectors. Therefore, in addition to CPV-based segmentation, the report identifies sectoral risks based on functional and market structure criteria.

The 2025 Integrity Report contains two annexes. **Chapter 5** (Annex 1) briefly presents the descriptive statistics from the data analysis of the public procurement market, together with supplementary figures and tables related to Chapters 2 and 4. Therefore, it provides additional information on areas such as framework agreements, consortium contracts, and the distribution of the number of bids. It also supplements the previous chapters with more detailed data on private equity fund interests and presents, based on contract value, the organisations that submitted only successful bids, as well as the most important contracting authority–successful organisation pairs.

In its previous integrity reports, the Authority consistently indicated significant integrity risks associated with the activities of central purchasing bodies. The Authority conducted an analysis of the activities of these organisations, which is presented in the significantly more extensive **Chapter 6** (Annex 2). When preparing the analysis, the Integrity Authority proposed consultations with the organisations under review; however, none of these consultations took place. Based on feedback on the first drafts sent as working documents on 8 January 2025, (National Communications Office (NCO, or NKOH in Hungarian) and Digital Government Agency (DKÜ) on 17 January; Directorate General for Public Procurement and Supply (DGPPS, or KEF in Hungarian) on 3 March)), the Authority submitted a methodologically expanded version to the relevant organisations. Although the Authority took into account several pieces of feedback from the organisations when preparing the second version of the analysis, it intended to discuss a number of uncertain details during in-person consultations with the relevant organisations; however, the organisations once again failed to attend.

One of the primary objectives of Act CXLIII of 2015 on public procurement is to ensure "the transparency and public control of the efficient use of public funds, as well as to establish the conditions for fair competition in public procurement". In light of this, it is striking that none of the bodies presented the methods by which they measure efficiency in their responses to the analysis, and that the references to the steps they have taken to establish the conditions for fair competition were vague. Where such references are made, the relevant bodies make remarks without providing specific details, while

numerous arguments emerge in the responses that call into question the feasibility of achieving the objectives of the Act.

In the annex provided in Chapter 6, the analysis has been supplemented with data from 2024. The material closed on 8 December 2025 is published unchanged, only the recommendations made in the first three annual analytical integrity reports and the Government's responses thereto, which appeared on the final pages, have been removed, as these are also available on the Authority's website.

1.3 Societal perceptions and experiences of corruption, integrity and European Union funding

1.3.1 The role of the research functions of the Integrity Academy and Communications Office

Between 2025 and 2026, the Integrity Academy and Communications Office, an organisational unit of the Integrity Authority, established a comprehensive, methodologically unified research infrastructure that directly supports the performance of the Authority's statutory functions. The objective of the research activity is to provide a reliable and empirical basis for identifying corruption and integrity risks, as well as for evidence-based decision-making and the development of policy proposals. The two prominent initial pillars of the research infrastructure are the *KORR-KÉP*[1] youth research programme and the *On the Right Path*[2] complex research programme, the population survey component of which was completed in the last quarter of 2025.

The objective of these two programmes is to establish a time-series research system that

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[1] *Vajda, K., Vida, E., & Fodor, P. (2025). KORR-KÉP: Corruption, integrity and the use of European Union funds, according to young Hungarians: Comprehensive results of a questionnaire-based, large-sample data collection. Integrity Authority, Integrity Academy https://doi.org/10.65107/IAK0001*

[2] *On the Right Path Research Programme: Population survey findings summary (in progress) https://doi.org/10.65107/IAK0005*

enables long-term comparisons, provides an evidence base for the Authority's annual integrity reports, and provides comprehensive and continuous data concerning society as a whole and its specific target groups. Complementing one another, the research programmes enable an in-depth examination of the attitudes, experiences and exposure of Hungarian society and its various target groups in relation to integrity, perceptions of corruption, specific experiences of corruption, and the use of European Union funds.

Over the course of the preparatory phase, the *KORR-KÉP* and *On the Right Path* research programmes have developed comprehensive and holistic[3] definitions of corruption and integrity for use in the research. Naturally, these definitions drew on previous definitions of corruption but were further developed and refined to reflect the Hungarian context. Accordingly, the research programmes define corruption as "the abuse of entrusted power for private gain – whether by an **individual, group, or institution** – typically **at the expense of the public interest, and involving violations of laws, regulations and/or integrity standards. Corruption also occurs when someone offers or provides a private gain to an individual, group, or institution entrusted with power for the purpose of gaining an advantage. All such cases are considered corruption, even if they are carried out under the pretext of some perceived or actual public interest".**

As part of the data collection and analysis conducted within the research programmes, integrity was defined as follows: **"Individual integrity is the unity of thought, word and action, i.e. acting in line with professed and declared values (Integrity Authority, 2024). Individual integrity in practice means the consistent adherence to ethical principles, honesty, and accountability in actions and decisions, even in challenging situations, thus fostering trust and accountability in the personal, professional, and public spheres. At the organisational level, this means that the organisation does what it was established to do, and does so within the statutory framework; in other words, it fulfils its stated objectives and responsibilities in the expected and ethical manner, treats those who turn to it equally, and ensures that accountability is reflected in the way the organisation operates."**

The *KORR-KÉP* and *On the Right Path* studies provide an essential, scientifically grounded professional basis for the fulfilment of the Authority's statutory obligations. The research findings allow for the targeted mapping of risk areas, the monitoring of changes in public and youth attitudes, as well as the assessment of the impact of integrity and anti-corruption measures.

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[3] Dobson, R., David-Barrett, E., Barrington, R. (2025). Defining corruption in context. University of Sussex. Journal contribution. [Online] https://hdl.handle.net/10779/uos.28410266.v1 Last access: 20 May 2026

1.3.2 The objective and most important findings of the *On the Right Path* research programme's population survey

Research objective

In 2025, as part of the *On the Right Path* comprehensive research programme, the Integrity Authority conducted a comprehensive, representative survey of 1,254 members of the Hungarian population on attitudes toward and experiences of corruption, as well as perceptions of the use of European Union funds.

The research programme also aims to map the social environment in which the Authority performs its audit and analytical functions and to identify critical areas that may hinder the recognition, prevention, or management of corruption risks.

Perceptions of the use of European Union funds at the local and national levels

One of the key areas examined in the study was social perceptions of the use of European Union funds in Hungary. This is crucial to the Integrity Authority, as its mission is to ensure the lawful and efficient use of European Union funds. The survey examined how people in Hungary assess the effectiveness of the use of European Union funds in light of developments since 2020, with a particular focus on perceptions of projects at the local level (in their local communities) and at the national level.

The results indicate a clear gap in trust between the local and national levels. Sixty-four percent of respondents believed that EU funds are used effectively at the local level, whereas only 44% considered the use of these funds to be effective at the national level.

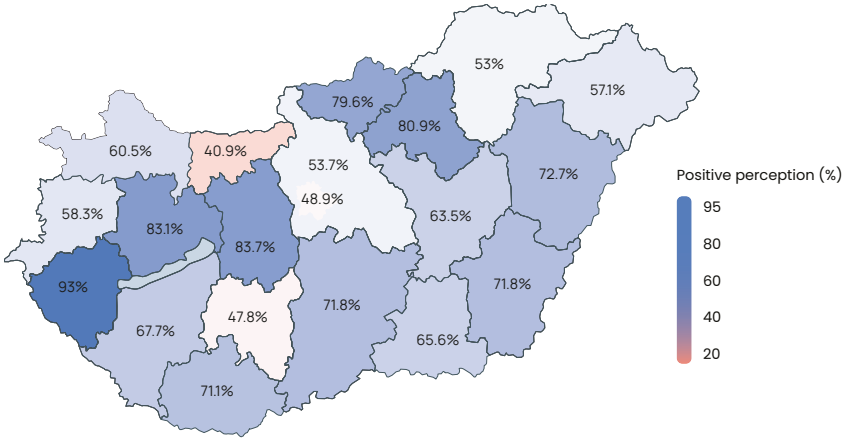


Figure 1 Perceptions of the use of European Union funds at the local level by county (n=727)

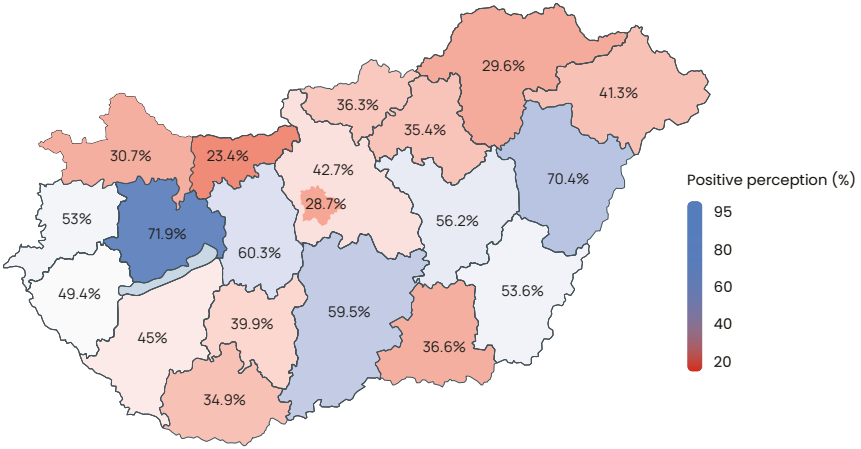


Figure 2 Perceptions of the use of European Union funds at the national level by county (n=753)

The difference in perceptions of the use of EU funds at the local and national levels is attributable to multiple factors. On the one hand, local developments are more tangible and can be directly experienced. By contrast, national-level investments are less transparent, with the public often obtaining information about them only indirectly, for example through media reports. As the perception of corruption is widespread in

Hungarian society (with 73.7% considering it to be extremely or significantly widespread), and a similarly negative perception prevails when the focus shifts to corruption in the use of EU funds in Hungary (with 65.4% considering it to be extremely or significantly widespread), this can easily lead to negative assessments of the effectiveness of EU funding in situations where information is lacking. On the other hand, the analysis of the issue of EU fund utilisation also showed that citizens who are more actively engaged in democratic participation and interested in public affairs tend to adopt a more critical stance toward the use of EU funds at the national level. This greater civic awareness reflects higher expectations regarding the transparent and efficient use of public funds.

It is important to emphasise that one of the Integrity Authority's objectives is to boost trust. By effectively communicating the transparency of EU-funded projects and the activities of the Integrity Authority, the public may, in the long term, come to perceive the use of EU funds as more transparent at the national level as well.

Willingness to report corruption and its limitations

The survey's analysis of the willingness to report cases of corruption revealed that the majority of Hungarian society remain fairly passive when confronted with corruption. Only 27% stated that they would be active and take action in a suspected case of corruption, whereas three-quarters (73.2%) were either uncertain or would rather not intervene. This means that in Hungary, the pool of potential whistleblowers is small, with barely three in ten people willing to take the risk of reporting misconduct.

The causes of the phenomenon are complex; however, five significant factors can be highlighted:

- **Perceptions of ineffectiveness:** Many do not believe that their reports would result in any real change. According to previous surveys[4], a significant proportion of Hungarians believe that corruption often goes unpunished and therefore consider speaking up against it to be a needless risk. This was also confirmed by the Integrity Authority's

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[4] Transparency International. (2020). Global Corruption Barometer – Europe and Central Asia. [Online] Global Corruption Barometer - Transparency.org Last access: 20 May 2026
Transparency International. (2021). Global Corruption Barometer. [Online] Global Corruption Barometer - Transparency.org Last access: 20 May 2026

study. Most people feel that the authorities are either unable or unwilling to address corruption effectively and that reporting it would therefore be "pointless." From a broader institutional perspective, these findings may also be linked to the issue of trust in the institutional system, which was likewise examined in the population survey conducted as part of the *On the Right Path* research. The level of trust in the surveyed public institutions, administrative bodies, and private institutions was relatively balanced; however, significantly lower levels of trust were observed toward the national government, a pattern that was also evident in relation to public healthcare institutions.

- **Difficulties in proving corruption:** Similar to the perception of ineffectiveness, doubts about the ability to provide sufficient evidence emerged as a significant obstacle. Among respondents who would not report corruption or who described themselves as passive, many noted that corruption cases are particularly difficult to prove in practice, even when they are reported.

- **Procedural uncertainty and lack of information:** Sixty-nine percent of the population were unable to name a single institution to which they could report cases of suspected corruption. A lack of information also emerged as a recurring reason among respondents who were unwilling to report and those who described themselves as passive. This indicates that both the infrastructural conditions for reporting corruption and awareness of the reporting mechanisms are insufficient. Those who are aware of a specific reporting channel or institution are four times more likely to state that they would report, which clearly demonstrates the decisive role of being informed. The UN[5] also highlights that the visibility of reporting mechanisms and the protection of whistleblowers are crucial to detecting corruption.

- **Fear of retaliation:** The fear of retaliation associated with reporting also constitutes a significant deterrent. In the current situation, most people tend to either wait and see or turn a blind eye when they witness corruption. Because so few cases are reported, many remain hidden, reinforcing the impunity of corruption and further diminishing citizens' belief that it is worth taking action[6].

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[5] *United Nations Office on Drugs and Crime. (2018). Resource guide on good practices in the protection of reporting persons [Online].* Resource Guide on Good Practices in the Protection of Reporting Persons *Last access: 20 May 2026*

[6] *Transparency International. (2021). Global Corruption Barometer. [Online]* Global Corruption Barometer - Transparency.org *Last access: 20 May 2026*

- **Indifference and distancing:** Eleven percent of the respondents unwilling to report corruption or describing themselves as passive said that they were unconcerned about corruption and its occurrence, so the idea of reporting it would not even arise. An important task for the Authority and all anti-corruption efforts is to raise public awareness of how corruption harms every member of society, making it clear that no one remains unaffected.

Figure 3 shows the distribution of the reasons why people fail to report corruption, as identified through an open-ended question[7] among respondents unwilling to report and those describing themselves as passive.

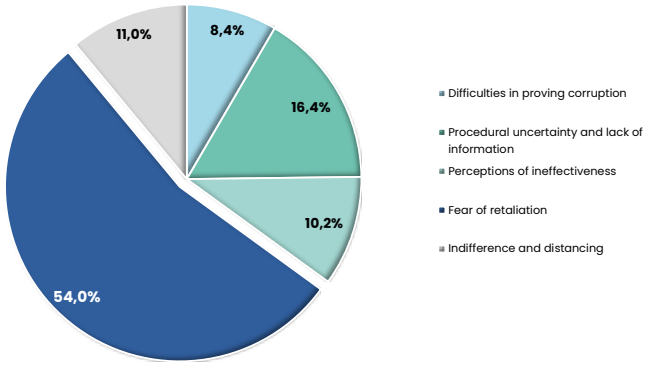


Figure 3: Subjective reasons for not reporting corruption (n = 821)

It is important to emphasise that whistleblower protection and the strengthening of trust are key areas. An important objective of the Integrity Authority is to improve the situation: on the one hand, to increase people's awareness, through information campaigns, of where they can turn to make a report, and on the other hand, to ensure that reports are investigated in a consistent and transparent manner. As international academic literature reviews[8] also

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[7] *The question was presented to respondents who, in a previous screening question, indicated that they do not report corruption or expressed a generally passive attitude.*

[8] *"Lindstädt, R., & Naurin, D. (2010). Transparency is not enough: Making transparency effective in reducing corruption. International Political Science Review, 31(3), 301–322.*
OECD Committing to Effective Whistleblower Protection (2016) [Online] Committing to Effective Whistleblower Protection | OECD Last access: 20 May 2026

highlight, the strengthening of reporting systems and whistleblower protection improves public trust and increases the likelihood of collective action against corruption.

Prevalence of corruption experiences and their social considerations

The third key topic examined in the *On the Right Path* population survey focused on the extent and social context of exposure to corruption, namely whether people in Hungary had encountered corruption directly or indirectly over the past 12 months. This category included specific experiences such as the expectation of money or gifts in exchange for certain advantages (e.g. faster case handling), or the use of personal connections to handle official matters.

Based on the responses, experiences of corruption are by no means unfamiliar to ordinary people. Twelve percent of respondents reported having personally experienced a case of suspected corruption or having had such an experience indirectly (e.g. through a family member or acquaintance) in the year prior to the data collection. A closer examination of the phenomenon revealed that direct, personal experiences are primarily associated with the private sector, whereas indirect experiences, gained through relatives and acquaintances, are primarily linked to the public sector.

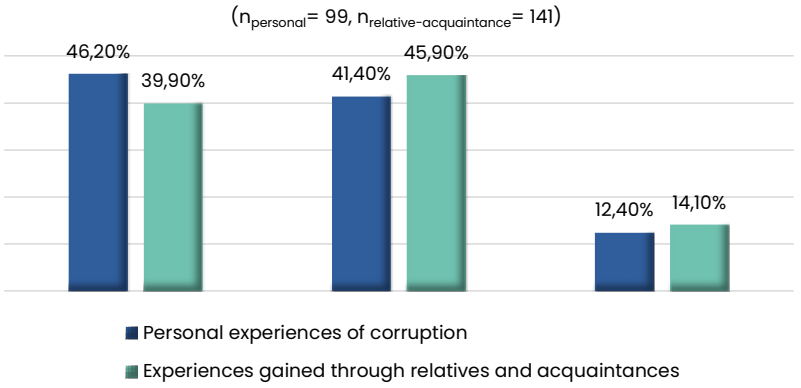


Figure 4 Sectoral distribution of direct and indirect experiences ($n_{personal}$=99, $n_{relative-acquaintance}$=141)

With regard to institutions, a significant proportion of individuals who experienced a case of suspected corruption in the year prior to the survey identified public health institutions as the setting in which it occurred (61%), followed by social institutions (27%) and local

governments. The use of personal connections to speed up the handling of cases is one of the more common forms of corruption, with 13.6% reporting that they had used their connections for this purpose in the year prior to the survey, while 15% reported knowing of such cases involving their relatives or acquaintances. This latter phenomenon is known in the academic literature[9] on corruption as "favour-based corruption" (or relationship-based corruption), and its examination highlights the extent to which the informal ways of circumventing the formal system have become embedded in everyday practice.

The study revealed that exposure to corruption is not independent of an individual's attitudes and social characteristics; accordingly, two important associations emerged.

- Institutional trust and integrity: Between corruption experiences and public trust[10] .

- Moral attitudes (moral self-enhancement and expectations): Most Hungarians consider themselves to have higher moral standards than others. In the survey, respondents often believed that "others" were more likely to become involved in minor forms of corruption, such as accepting a small gift or favour, while distinguishing their own behaviour from such conduct. Academic literature calls this phenomenon [11]"moral self-enhancement". This self-image protection mechanism, on the one hand, helps to maintain a sense of individual integrity, while on the other hand, it contributes to the social acceptance of corruption. According to data from the *On the Right Path* research project, 81% of people believe that others in their environment often make payments without an invoice (in order to evade taxes), while significantly fewer (52%) admitted that they had ever done the same.

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[9] *Jancsics D. (2024). The sociology of corruption – Patterns of illegal association of Hungary, Cornell University Press Ithaca and London https://doi.org/10.7591/cornell/9781501774324.001.0001*

[10] *ρ=-0.420*

[11] *Dong, M., Dumas, T. L., Yammarino, F. J., Howell, J. P., & Sayama, H. (2019). Self-concept clarity, moral identity, and unethical behavior. Journal of Business Ethics, 156(4), 1117–1136.*

1.3.3 Brief summary of the findings of the *KORR-KÉP* youth research programme

Research objective

In 2025, the Integrity Academy and Communications Office, operating within the Integrity Authority and focusing on education, research, and prevention, completed the *KORR-KÉP* research programme, which involved data collection based on a mixed-methods approach. The programme had the specific objective of providing a comprehensive assessment of young people aged 15–29 in Hungary, focusing on their perceptions and experiences of corruption, their role in the fight against corruption, and their views on the use of European Union funds. In addition, areas that can indirectly exert a strong influence on the aspects listed above have also been mapped, including institutional trust, access to services, subjective well-being, and participation in public and social life among young people in Hungary. While the primary objective of the study was to provide reliable, representative data on the aforementioned topics, it was essential that its evidence-based findings also support the short- and long-term training and educational content of the Integrity Academy and Communications Office, which promote prevention and the shaping of social attitudes, as well as the Integrity Authority's report and other professional materials. The significance of the research project is underpinned by the fact that the generation under study is both affected by and will play a key role in shaping the social processes that define attitudes toward corruption, levels of civic engagement, and expectations regarding public funds.

As with the *On the Right Path* research programme, the *KORR-KÉP* project also sets out plans to repeat the assessment of the relevant target group at specified intervals. Consequently, as a result of a reliable methodological framework, the Authority, policymakers, and all those interested in the topic will have access to long-term time-series data that will enable the monitoring and examination of broader trends and changes over time.

Perceptions of corruption among young Hungarians

A total of 1,012 responses were received as part of the questionnaire-based data collection for the study. Young people also believe that corruption is a serious problem in Hungary, with 36.4% ranking it among the three most significant issues affecting the country. This was preceded only by "price increases, inflation, and the cost of living."

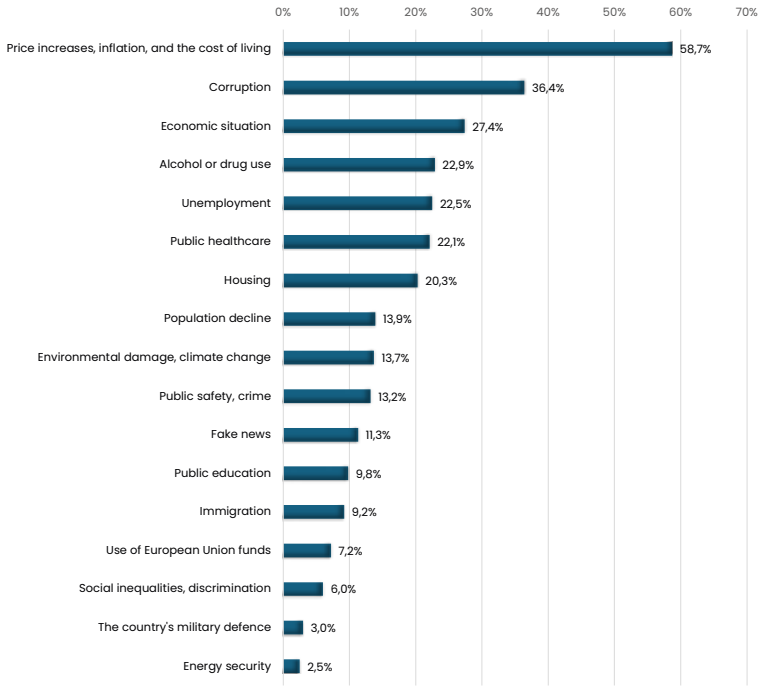


Figure 5: The most significant issues in Hungary (the most pressing issues as perceived by young people (n=1,012; total number of responses=3,036)

One of the most important lessons of the study was that for young people, corruption is not an abstract political concept but a tangible social reality. The perception of the prevalence of the phenomenon is high among the younger generation, with 70% considering it significantly or extremely widespread in the country, and 67% believing that its extent has increased in the five years prior to the study.

A key intervention point that stands out in relation to the role of the Integrity Academy and, consequently, the Integrity Authority in shaping social attitudes is that young Hungarians exhibit a greater tolerance of corruption than their European peers[12]: while 61% of European

[12] *The comparison is based on microdata from the KORR-KÉP study for the Hungarian results and from the Eurobarometer 548 survey for the European results.*

youth clearly reject corruption, only 26.5% of Hungarian youth do so. This trend was also observed in the initial data collection phase of the *KORR-KÉP* research programme, which included pre-focus group discussions. In some cases, young people, partly out of resignation, considered corrupt acts acceptable, describing them as "an inevitable part of life" and "a normal part of our daily lives". As reflected in their accounts, perceptions of the phenomenon depended on the extent of the corruption and on who benefited from it.

The level of trust in institutions, the consistent accountability observed within the institutions, and the occurrence of bribery in a given institution were interconnected. The more serious a problem bribery was perceived to be within a given institution, and the less respondents observed those involved – including employees and, in some cases, leaders – being held accountable, the lower their level of trust in that institution. This may be understood as a self-perpetuating process that can fundamentally shape the functioning and institutional structure of a society. If citizens do not trust the fair, law- and regulation-based procedures provided by individual institutions, which also take ethical norms into account, they themselves may become increasingly inclined to engage in corrupt practices in order to access a given service. All of this can significantly influence the efficiency and funding of the institutions' operations.

Most respondents identified the lack of transparency in the use of public funds, non-merit-based appointments to public administration positions, and the unequal application of the law as the main causes of corruption.

Specific experiences related to corruption

A particularly valuable aspect of the study is that it examined not only opinions on corruption but also young people's concrete experiences of it. Among the young people surveyed, 17.3% stated that they personally knew of an individual, group, or organisation that had accepted an improper favour, gift, or bribe in the course of its work. An even more direct experience is reflected in the fact that 11.5% stated that in the year prior to the survey, they, a relative, or a close acquaintance, had been expected to provide an improper favour, gift, or bribe. For young people, corruption is therefore not merely a media story but also, to some extent, an experience they have had themselves or encountered in their immediate surroundings.

Experiences of corruption were most commonly associated with public institutions and administrative bodies. Among those who reported such experiences, 32.7% said that these were related to public institutions and administrative bodies. Among those who experienced

corruption in connection with public institutions, 48.2% reported that it involved public healthcare institutions. Educational institutions and local authorities were identified by 23.3% and 20.3% of respondents, respectively, while courts, as well as government windows and government offices, were less frequently cited as settings for experiences of corruption.

Another important outcome of the research is the examination of a "gray-zone" practice that, alongside classic forms of bribery, also features prominently in young people's experiences: the use of personal connections to speed up the handling of cases or improve its efficiency. In the year prior to the data collection, 18.6% of respondents had encountered this phenomenon either directly or through a relative or acquaintance. All of this indicates that corruption encompasses a fairly wide range of practices and, beyond its direct connection to money or tangible assets, is also embedded in everyday life through the use of informal social networks.

The importance of anti-corruption efforts

A particularly important consideration, which also strongly shapes the focus of the Integrity Academy's work, is where and how the next generation sees its own role in the fight against corruption. There is an inverse relationship between the perceived prevalence of corruption and the actual willingness to take action: even though most people consider corruption to be a significant problem, few would take action and report it when confronted with a suspicious situation. Only 27.7% of respondents considered themselves active agents, meaning that they would report the case to an institution or the media, or take some other form of action; by contrast, 41.5% admitted that they would do nothing upon encountering a suspected case of corruption, while the proportion of respondents who were uncertain was also high, at 35.9%. This passivity may be partly attributable to the fact that only 13% of respondents know whom to turn to in such a situation. Among young people, 4.1% indicated that they had previously reported a suspected case of corruption, yet the fact that only one in two would do so again points to significant shortcomings in support for corruption reporting.

Based on the feedback, the failure to report corruption is primarily due to fear. Nearly half of young people felt that individuals do not report such cases for fear that they might subsequently get into trouble. This reason was significantly more prevalent among Hungarian youth than among their European peers, with young Hungarians citing fear of retaliation as a reason for not reporting corruption 2.5 times more frequently.

The use of European Union funds

Another prominent area of the study was the experience and perception of how European Union funds are used. Over the ten years leading up to the study, young people most frequently perceived EU funds as having been used for transport and infrastructure development, as well as for healthcare. Nonetheless, nearly one in three young people indicated that they could not name a single area where they had clearly observed EU funds being used.

This is an important message in itself. This indicates that some EU funds remain invisible to young people, are not directly connected to their everyday experiences, or are not clearly associated with recognisable outcomes. Nevertheless, if the societal benefits of these funds do not become tangible, their use may be perceived as less legitimate by the public.

Perceptions of effectiveness are notably critical. Among young people, 53.8% believed that European Union funds were being used ineffectively, while 32% considered their use effective, and 14.2% did not provide an answer. A regional breakdown showed that only in the Southern Great Plain and Pest region did a larger proportion of respondents assess the use of these funds more favourably.

Among young people, the efficiency of the use of European Union funds was statistically reliably explained by 1) the ability to recognise a wide range of corrupt situations, 2) a high perceived prevalence of corruption, and 3) a political orientation toward the opposition stated at the time of the interviews.[13]

At the level of perceptions, corruption and European Union funding are closely interconnected. Even though young people considered corruption related specifically to the use of EU funds in Hungary to be somewhat less widespread than corruption in Hungary in general, the proportion remained high in this case as well: 25.6% considered corruption to be extremely widespread, while 36.3% considered it to be significantly widespread in this case. In other words, nearly two-thirds believe that not even the realm of EU funds is free from the risks of corruption.

There was greater uncertainty in perceptions of corruption related to EU funds than in perceptions of corruption in general. While 2.9% of respondents were unable to assess the prevalence of corruption in Hungary in general, this proportion rose to 6% when it came

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[13] *AUC=0.82; Nagelkerke R^2 = 0.36*

to corruption related to EU funds. This suggests that, for young people, the use of EU funds is both an important and complex area about which they have less direct information.

Another telling indicator of tolerance is how the relationship between assistance given to relatives and acquaintances and compliance with the rules is perceived. According to 54.5% of respondents, when faced with a choice, helping relatives and acquaintances is more important than complying with laws and regulations. This finding does not imply that young people openly support corruption; rather, it suggests that many tend to prioritise personal loyalty over adherence to formal rules, which may create a favourable cultural environment for various forms of corruption. This is particularly interesting given that young people described themselves as significantly more rule-abiding than others.

Lessons learnt

Based on the overall findings of the study, young people in Hungary perceive corruption as being apparent, with some even having had direct or indirect experiences of it. At the same time, willingness to report remains low, navigating the institutional landscape is uncertain, and the social acceptance of forms of corruption linked to favours and personal connections remains significant, with such practices being more prevalent than more conventional forms of corruption. All of this indicates that combating corruption is not merely a legal or oversight issue but also a profoundly cultural and attitudinal problem. In connection with the latter aspect, one of the key objectives of the Integrity Academy and Communications Office is to achieve positive change through comprehensive educational and awareness-raising activities and the continuous measurement of their impact.

The key message regarding the use of EU funds is that a significant proportion of young people are critical of how these funds are used, with many considering their use to be neither sufficiently effective nor transparent. Although the use of these funds has been most evident in the areas of transportation, infrastructure and healthcare, the fact that nearly one-third of young people could not name a specific example also points to a lack of visibility and clear communication. Therefore, the ultimate conclusion of the study is that in addition to sanctions, reducing corruption requires greater transparency, stronger civic awareness, and preventive education that makes it clear to young people that both the misuse of public funds and the pursuit of advantages through personal favours constitute forms of corruption.

1.3.4 Practical applicability

The research infrastructure operated by the Integrity Authority, specifically the *KORR-KÉP* youth research study and the *On the Right Path* programme, directly contributes to the fulfilment of the Authority's statutory duties, particularly the preparation of the annual analytical integrity report. Research results are incorporated into the professional activities of the Authority on multiple levels:

- they support the identification of risk areas, institutional weaknesses, control deficiencies, and public trust in the institutions;
- they map perceptions of the use of EU funds among the general population and young people, as well as, in the future, among other target groups, such as business leaders and civil servants;
- they highlight the lack of information related to reporting channels and the limitations of the willingness to report;
- they lay the foundation for the development of evidence-based policy recommendations;
- they enable the assessment of the social impact of anti-corruption measures;
- data collections at specified intervals will be capable of examining long-term trends and changes in the area;
- and provide guidance for the targeted planning of prevention and awareness-raising programmes.

These research programmes directly contribute to the Integrity Authority's assessment of the control system governing the use of European Union funds, as well as to the identification of risks associated with corruption, fraud, and conflicts of interest. The findings are not merely descriptive but are also utilised at an operational level, as they assist the Authority and other organisations in planning and implementing targeted, well-founded, and effective interventions to protect the integrity of public funds.

1.4 List of common abbreviations

ACR – Annual Control Report (prepared by the Directorate General for Audit of European Funds)

APPC - Accredited Public Procurement Consultants

ARACHNE – risk scoring tool developed by the European Commission

Arbitration Board – Public Procurement Arbitration Board

Authority – Integrity Authority

Bylaws – Bylaws of the Integrity Authority

CAP – Common Agricultural Policy

CCDP – Coordination Committee for Development Policy

CCHOP – Competitive Central-Hungary Operational Programme

CCRD – Construction Cost Reference Database (ÉNGY in Hungarian)

CI – concentration index, measuring the market shares of the most important market participants

Civil Code – Act V of 2013 on the Civil Code

Communications Department – Communications Department of the Strategic Directorate

Competition Act – Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices

CoRe – Contracts Register (a public electronic contract repository operated by the Public Procurement Authority)

CPR Regulation – Common Provisions Regulation (Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions)

CPV – Common Procurement Vocabulary: the European Union's single classification system for public procurement to describe the subject matters of contracts

Criminal Code – Act C of 2012 on the Criminal Code

DGAEF - Directorate General for Audit of European Funds

DGPPS – Directorate General for Public Procurement and Supply

DGPPS Framework – Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurements

DIAI – Directorate of Internal Audit and Integrity

Directive – Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

DKÜ – Digital Government Agency (Digitális Kormányzati Ügynökség)

DPA – Defense Procurement Agency

DPS – Dynamic Purchasing System

DROP – Digital Renewal Operational Programme

DROP Managing Authority – Deputy State Secretariat of the Ministry of Energy for the Implementation of European Union Development Programmes

EAFRD – European Agricultural Fund for Rural Development

EAGF – European Agricultural Guarantee Fund

EDIOP – Economic Development and Innovation Operational Programme

EEEOP – Environmental and Energy Efficiency Operational Programme

EMFF – European Maritime and Fisheries Fund

EPPS – Electronic Public Procurement System

EUPR – System of European Union Programmes

Euratom – European Atomic Energy Community

FA, FA1 and FA2 – framework agreement where FA1 indicates public procurement procedures and contracts aimed at concluding framework agreements, while FA2 indicates public procurement procedures conducted based on framework agreements

FAIR – Development Policy Database and Information System

FAIR SSO – Development Policy Database and Information System Single Sign-On Platform

FCR – Final Control Report (prepared by the Directorate General for Audit of European Funds)

GINI – Gini-coefficient (index for the degree of inequality in the distribution of income/ wealth among market participants)

Government Administration Act – Act CXXV of 2018 on Government Administration

GTOC (or KKSZK) – Government Training Organisation Centre FA, FA1 and FA2 – framework agreement where FA1 indicates public procurement procedures and contracts aimed at concluding framework agreements, while FA2 indicates tender procedures conducted based on framework agreements

HCA – Hungarian Competition Authority

HFOP – Hungarian Fisheries Operational Programme

HFOP Managing Authority – Managing Authority Department of the Ministry of Agriculture for Fisheries Funds

HHI – Herfindahl–Hirschman Index (a concentration indicator that takes into account the market shares of all major market participants)

HRD OP – Human Resource Development Operational Programme

HST - Hungarian State Treasury

IACS – Integrated Administration and Control System

Integrity Authority Act – Act XXVII of 2022 on the Control of the Use of European Union Budget Funds

Integrity Report – Annual Analytical Integrity Report

IOP – Implementation Operational Programme

IRQ – Irregularity classification code as per the Irregularity Management System

IRQ3 – suspected fraud

IRQ5 – established fraud

ITOP – Integrated Transport Development Operational Programme

KPMG – Consortium of KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Kft. and KPMG Tanácsadó Kft.

LAG – local action group

LEADER programmes – Rural development programmes led by local communities (Liaison Entre Actions de Développement de l'Économie Rurale)

LEC – Local Evaluation Committee

MCT – Ministry of Construction and Transport

MDM – Master Data Management system

MePAR – Agricultural Land Parcel Register

MPARD – Ministry of Public Administration and Regional Development

NCO – National Communications Office

NDC – National Development Centre

NDC CSD – Common Service Directorate, department within the NDC

NMA – National Managing Authority

NTCA – National Tax and Customs Administration

OECD – Organisation for Economic Co-operation and Development

OLAF – European Anti-Fraud Office (Office européen de lutte antifraude)

PADOP – Public Administration and Civil Service Development Operational Programme

Performance Measurement Framework – Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurements

PMC – Preliminary market consultation

PPA – Act CXLIII of 2015 on Public Procurement

PPAB - Public Procurement Arbitration Board

PPSD Public Procurement Supervision Department – Prime Minister's Office Deputy State Secretariat with responsibility for public procurement supervision Public Procurement Supervision Department

R&D – Research and Development

RDP – Rural Development Programme

RDP Managing Authority – Deputy State Secretariat of the Ministry of Agriculture for the Implementation of the Common Agricultural Policy

RDP-19 – Measure 19 of the Rural Development Programme (LEADER)

RRF – Recovery and Resilience Facility

SPPC - State public procurement consultant

SSDPOP – Operational Programme for Supporting Socially Disadvantaged Persons

Strategy – National Anti-Corruption Strategy

Subsidy Transparency Act – Act CLXXXI of 2007 on the transparency of subsidies awarded from public funds

TFEU – Treaty on the Functioning of the European Union

TOP – Territorial and Settlement Development Operational Programme

TOP-UP – National supplementary funding provided by the Rural Development Programme

TSI – Technical Support Instrument

VIR - Management Information System

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2. Systemic analysis of the public procurement

2.1 Summary

The chapter assesses the functioning and efficiency of the public procurement system. As part of the analysis, the Authority examines, on the one hand, the main phenomena and indicators of public procurement procedures financed from EU and domestic funds based on procurement data and, on the other hand, addresses problematic areas and bottlenecks within the regulatory environment. The public procurement regulatory framework, especially its effectiveness, goes beyond mere legal compliance. Public procurement is not merely a legal process. Each procurement process is driven by a specific procurement need; therefore, it is justified to examine it within the broadest possible context.

The chapter's analysis focuses on two main issues: On the one hand, the extent to which the tendering rules and the enforcement practice that has developed on their basis are capable of ensuring the fundamental objectives of public procurement at a systemic level. Such objectives include ensuring broad competition, transparency, and the effective use of public funds. On the other hand, the report views public procurement as an economic process as well. Drawing on its practices in risk analysis, investigation, and auditing, as well as on the findings set out in its integrity reports for 2022–2024, the Authority believes that without a paradigm shift that is generally expected and desirable in the management of public funds, fundamental changes cannot be achieved in public procurement either.

International and domestic analyses consistently indicate that despite the formally established anti-corruption institutions and strategies, high-level corruption, abuse of power, the concentration and risk exposure of public procurement markets, as well as difficulties in accessing the remedies system, continue to pose systemic problems. Neither the reduction of infringements and corruption nor the promotion of competition can be ensured solely through additional administrative requirements or merely by monitoring legal compliance. Operational patterns that distort competition, increase the risk of overpricing, and undermine the integrity of the public procurement system can still be identified, even alongside formally lawful procedures.

The following figure shows the dimensions and categories of the dysfunctions responsible for the improper functioning of the public procurement system, as identified in the report. In the remainder of the chapter, we will first briefly discuss the methodology and analytical framework of the study (Chapter 2.2).

Then, we will present key data characterising the public procurement market from a systemic perspective (Chapter 2.3). The data analysis covers concentration indexes and HHI values, presents the largest market participants in tabular form, illustrates the concentration of competition, and shows the shares of private equity funds in public procurement, which raise concerns from multiple perspectives.

The following sections examine, based on the figure below, the dysfunctions that can be clearly identified in Hungary's current public procurement system. (Chapters 2.4–2.11).

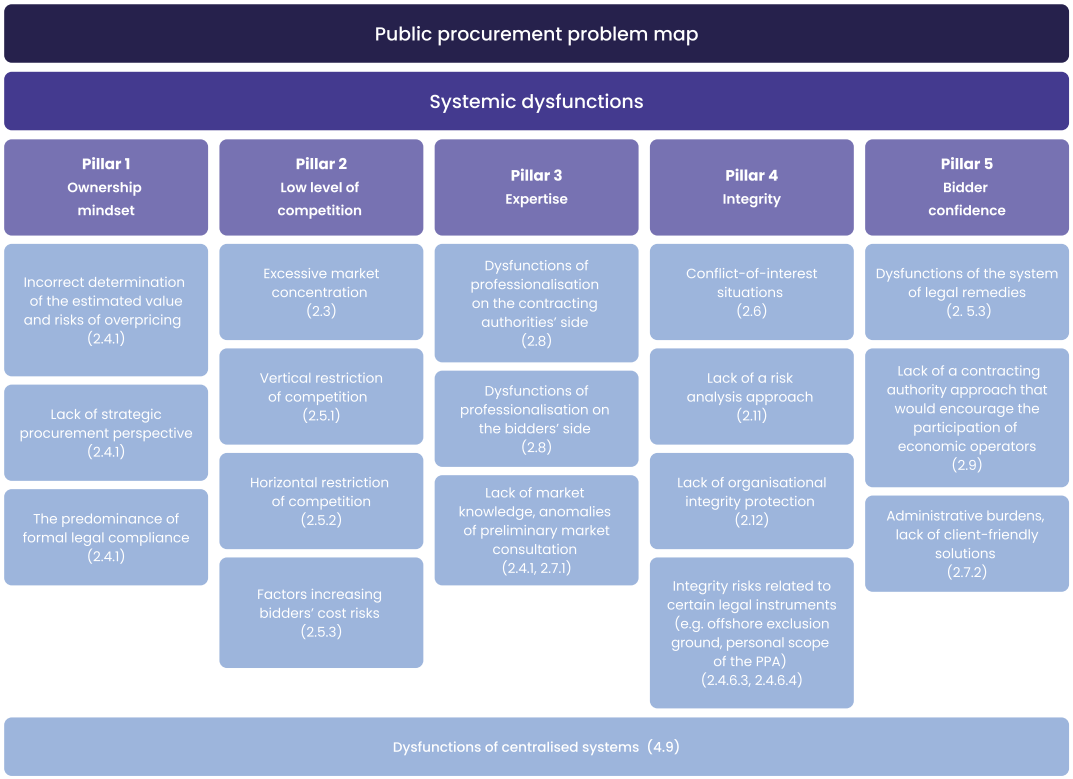


Figure 6: Public procurement problem map

The systemic analysis highlights that one of the primary causes of dysfunctions in public procurement is the lack of an ownership mindset, which is closely linked to weaknesses in the preparation of procedures, the absence of market analysis, and the structural risks of overpricing. Requirements and practices that distort competition do not arise exclusively during the preparatory phase of procurement procedures: the report also addresses competition-distorting practices occurring during the evaluation stage, as part of other circumstances affecting the level of competition, which can have a significant impact on the outcome of procurement procedures even where the principle of equal treatment is formally observed.

The report places particular emphasis on the risks of conflicts of interest, noting that despite previous findings, no substantive progress has been made in this area over the past year. Although numerous measures have been implemented in recent years to curb single-bid procedures and increase the level of competition, the declining trend in such procedures has stalled and, in fact, has reversed slightly over the past year, reaching 19.6% in 2025. The average number of bids per procedure lot has not changed either: In 2025, an average of 3.6 bids were received for successfully completed procurement lots.

A separate subchapter addresses centralised public procurement, with the report noting that the current system exhibits a high degree of market concentration, which has further increased across numerous product and service categories. **Centralisation, in itself, is not a solution, as in the absence of adequate counterbalances, it reduces competition, increases the risk of overpricing, and crowds out smaller market participants.** Therefore, the report recommends a deliberate reduction in concentration, as well as the introduction of incentives that encourage central purchasing bodies and suppliers to remain subject to continuous competitive pressure, such as **exemption from mandatory centralisation below a certain threshold** or, where more favourable prices are available, the option to conduct individual procurement procedures.

A key finding of the report is that the current public procurement audit system is characterised by retrospective, parallel audits with an administrative focus, which are not capable of detecting, at the level of individual procedures, lawful or seemingly lawful yet risky practices or identifying cross-procedural patterns. Therefore, as a complement to current control practices, the report advocates the widespread implementation of a data-driven, continuous, digitally supported control model based on risk analysis, capable of identifying risks of legal violations as early as the preparatory and bid submission stage of procurement procedures.

The chapter on anti-corruption and integrity protection finds that most existing measures remain confined to the regulatory level, amounting to formal rather than substantive compliance

in practice. Although the National Anti-Corruption Strategy provides a detailed situation analysis, it does not reveal the root causes of corruption, nor does it establish adequate safeguards to uphold the integrity of the public procurement process as a whole.

According to the final conclusion of the chapter, the renewal of the public procurement system requires a paradigm shift: alongside legal compliance, it is essential to ensure the integrated enforcement of economic rationality, market competition, and data-driven risk management, as well as for contracting authorities to treat procurement sectors as strategic markets, making them attractive to economic operators. Only this approach can ensure the responsible management of public funds in public procurement and enable corrupt practices to be addressed effectively. For this to happen, one of the fundamental requirements is to place the professionalisation of the public procurement profession on a new footing and to ensure the provision of subject-matter expertise in public procurement procedures.

2.2 Methodological and analytical framework

With regard to the methodological approach of the report, the Authority proceeded from previous experience showing that examining the formal legal compliance of public procurement procedures alone can neither substantively identify corruption risks nor assess whether public funds are managed responsibly in practice. Therefore, the report has a multidisciplinary methodology that integrates the perspectives of the following fields:

- a public procurement legal approach that ensures the analysis of the regulatory frameworks, legal instruments, and enforcement practices;

- an economic and market approach that examines the functioning of competition, market structures, pricing, and the economic effects of procurement methods;

- a data-driven and risk analysis approach that is based on the patterns of data derived from public procurement procedures and recurring risk phenomena.

- The combined application of these three perspectives makes it possible to identify how situations may arise that formally appear lawful, yet in reality restrict competition, lead to overpricing, or carry integrity risks.

Systemic and sectoral levels of analysis

From a methodological perspective, the report distinguishes between two interrelated levels of analysis.

On the one hand, similarly to previous integrity reports, it adopts a **systemic** analysis that identifies dysfunctions characteristic of the public procurement system as a whole. These include:

- a lack of ownership mindset;
- the low level of competition;
- a loss of trust in public procurement markets
- weaknesses related to professionalisation and the lines of responsibility
- risks associated with conflicts of interest and integrity, as well as
- limitations of the control system.

On the other hand, **Chapter 4** of the report also implements a **sectoral** approach, recognising that the public procurement market is not homogeneous. The market structure, intensity of competition, and corruption risks associated with individual sectors differ significantly from one another; therefore, the risks and opportunities for intervention are not the same either. In the Authority's view, in addition to increasing the effectiveness of legality- and integrity-focused controls, this approach can also provide contracting authorities with a tool that enables them to better assert their own organisational needs and interests when preparing procurement procedures.

Risk-based approach

An important element of the report's methodological framework is the risk-based approach, which, in the Authority's opinion, should become more widely adopted in the practices of both contracting authorities and control bodies. This approach also contributes to moving beyond formal legal compliance, considering that it also enables the identification and management of situations that are not clearly unlawful but

pose an increased risk of infringement. A public procurement procedure may involve numerous situations of legal uncertainty, in which a legal dispute can only be resolved by reference to fundamental principles, often without consistent legal practice. These risky situations can be avoided and prevented by implementing an appropriate risk analysis methodology, in line with the recommendations set out in Subchapter 2.12 of the Report.

The first line of defence in risk management must be established within contracting authorities, meaning that the professionals involved in the preparation and conduct of public procurement procedures must also be capable of recognising and managing risks. Central organisations obviously have greater resources to identify these risks; therefore, they should also take the lead in developing methodologies underpinning risk analysis and IT solutions based on data analysis, thereby supporting not only their own control activities but also providing a starting point for contracting authorities.

2.3 Concentration analysis and outliers

Data sources

The primary and most important data source of data analysis results underpinning and informing the analysis of the public procurement system is the Database of Contract Award Notices of the Electronic Public Procurement System (EPPS). Where unsuccessful ("losing") bids are also presented (Subchapters 4.2.1 and 4.3), we also took into account the data contained in the Bidders' Database provided to us by the competent government authorities from the EPPS. When analysing deviations from the estimated value, we took into account data not only from the Database of Contract Award Notices but also from the "preparatory documents".

Portfolio concentration analysis

A key indicator characterising the processes in 2025 is the concentration of the overall portfolio and the portfolio comprising EU-funded procedures. The following table shows the index values of the "concentration indicator" (CI). This indicates what share of the total public procurement volume is accounted for by the one, two, … ten economic operators with the largest contract portfolios in a given year. These are the CI1, CI2, … CI10 indicators.

For example, if the value of the CI10 indicator were 20%, this would mean that in the given year, the combined contract value of the public procurement procedures won by the ten companies with the largest contract portfolios accounted for 20% of the total contract portfolio.

The CI indicator values were calculated for the overall public procurement portfolio, as well as for the subset involving EU funding. In addition to the shares of individual companies, we also calculated the CI indexes of corporate groups under common ownership. Where no corporate group could be identified for a company, the company's share was used.

CI indicators of companies and corporate groups in the overall Hungarian public procurement market, 2025

2025							
Ranking of winning company	**Name of company**	**Total contract value of company (HUF bn)**	**Company CI Index***	**Corp. group ranking**	**Owner of corporate group****	**Total contract value of corporate group (HUF bn)**	**Corporate group CI Index***
1	MOL Magyar Olaj- és Gázipari Nyrt.	123,3	**3,4 %**	**1**	Balásy Gyula	248,5	**6,9 %**
2	New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	93,0	**6,0 %**	**2**	MOL Magyar Olaj- és Gázipari Nyrt.	123,3	**10,3 %**
3	Magyar Vagon Vasúti Kft.	92,6	**8,5 %**	**3**	Mészáros Lőrinc	97,3	**13,0 %**
4	Lounge Design Kft.	83,7	**10,9 %**	**4**	Magyar Vagon Vasúti Kft.	92,6	**15,5 %**
5	Mészáros és Mészáros Ipari, Kereskedelmi és Szolgáltató Zrt.	83,6	**13,2 %**	**5**	PHOENIX Pharma Zrt.	73,2	**17,6 %**
6	PHOENIX Pharma Zrt.	73,2	**15,2 %**	**6**	Makay Istvánné, dr. Béres József Károly, dr. Béres József Károlyné	70,2	**19,5 %**
7	Hungaropharma Zrt.	70,2	**17,1 %**	**7**	EUROMEDIC-PHARMA Zrt.	70,1	**21,4 %**
8	EUROMEDIC-PHARMA Zrt.	70,1	**19,1 %**	**8**	MVM Upstream Energy Zrt.	70,0	**23,4 %**
9	MVM Upstream Energy Zrt.	70,0	**21,0 %**	**9**	STRABAG Vasútépítő Kft.	62,0	**25,1 %**
10	Lounge Event Kft.	63,8	**22,8 %**	**10**	PHARMAROAD Zrt.	60,0	**26,8 %**

*Cumulative share

**The column contains data not only on company groups but also on the non-affiliated companies with the largest shares.

Table 1: CI indicators for the overall market

As can be seen from the table, the company with the largest contract portfolio (MOL Nyrt.) accounts for 3.4% of the overall public procurement market, while the ten most successful

companies collectively account for 22.8% of the total contract portfolio. For corporate groups, the CI1 indicator value stands at 6.9%, while the CI10 index stands at 26.8%.

The following table shows the concentration index indicators for the 2025 market for EU-funded public procurement procedures.

CI indicators of companies and corporate groups in the EU-funded public procurement market, 2025

	2025		
Ranking of winning	**Name of company**	**Total contract**	**Company CI**
1	STRABAG Vasútépítő Kft.	62,0	**8,2 %**
2	IMG Solution Zrt.	41,2	**13,7 %**
3	Telekom Rendszerintegráció Zrt.	34,2	**18,3 %**
4	Inter-Computer-Informatika Zrt.	29,5	**22,2 %**
5	Delta Systems Kft.	29,2	**26,1 %**
6	4iG Nyrt.	28,8	**29,9 %**
7	USER RENDSZERHÁZ Informatikai Kft	22,6	**32,9 %**
8	ATOS Magyarország Kft.	21,3	**35,7 %**
9	TIGRA Computer - és Irodatechnikai Kft.	13,9	**37,6 %**
10	Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Kft.	11,9	**39,1 %**

*Cumulative share
**The column contains data not only on company groups, but also on the non-affiliated companies with the largest shares.

Table 2: CI indicators for the EU-funded market

As can be seen, in 2025, STRABAG Vasútépítő Kft. had the largest share (8.2%) of the EU-funded services submarket, surpassing even the identifiable corporate groups. The CI10 indicator value stands at 39.1% for both companies and corporate groups.

Comparing the data for the overall market and the EU-funded markets, it is clear that, on the one hand, the aggregate values of the largest contract portfolios in the EU-funded markets are consistently lower than those in the overall market. On the other hand, the CI1–CI10 indexes for both companies and corporate groups (i.e. their shares) are consistently higher in the EU-funded public procurement market. Therefore, the concentration of companies with the largest contract portfolios is clearly higher in this category.

Compared with the data presented in the integrity report published in 2025, which outlines the developments in 2024, the trends observed in the overall market and the EU-funded public procurement market are somewhat different. In the former case, the concentration indicators for 2025 clearly declined compared with the previous year: the CI1 indicator for companies fell from 12.2% to 3.4%, while the indicator for corporate groups decreased from 12.2% to 6.9%. The decrease in the CI10 indicators is 15.5 percentage points for companies (from 38.3% to 22.8%) and 17.2 percentage points for corporate groups (from 44.0% to 26.8%).

The decrease in concentration in the EU-funded market in 2025 is much more moderate and less clear-cut. The CI1 indicators rose from 7.5% to 8.2% (by 0.7 percentage points) for both companies and corporate groups. However, the CI10 indicators decreased in this market segment as well: by 4.8 percentage points (from 43.9% to 39.1%) for companies and by 5.2 percentage points (from 44.3% to 39.1%) for corporate groups.

The concentration of individual submarkets provides even more realistic information about outstanding performance. The concentration indicators for sectors defined by the combination of CPV divisions and CPV groups, including the (CI3 and CI10) concentration indexes, are presented in the sectoral analysis at the end of the chapter on public procurement.

Measuring concentration in the public procurement market using the Herfindahl–Hirschman Index

While the CI index measures the market shares of the most important market participants, the Herfindahl–Hirschman Index (HHI) is a concentration indicator that takes into account the market shares of all major market participants.[14] The HHI index is the most widely used international indicator for measuring market concentration. The sector-specific HHI indexes, defined by the combination of CPV divisions and groups, are also presented in the sectoral analysis of the chapter on public procurement.

The figure below presents an overview of the HHI indexes for the most important CPV divisions, based on an analysis of the public procurement procedures conducted over the past two years, 2024 and 2025, taken together. The figure shows the concentration

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[14] *The methodology of the HHI index is presented in detail on pages 39–40 of the Integrity Authority's 2024 Annual Analytical Integrity Report. Availability as of 27 May 2026*: *https://integritashatosag.hu/wp-content/uploads/2026/01/Eves-elemzo-integritasjelentes-2024-EN-vegleges-2.pdf*

of the individual CPV divisions on the vertical axis, with the most important divisions also identified by name, while the contract portfolio is displayed on the horizontal axis. (The latter is also proportional to the size of the bubble representing each CPV division.)

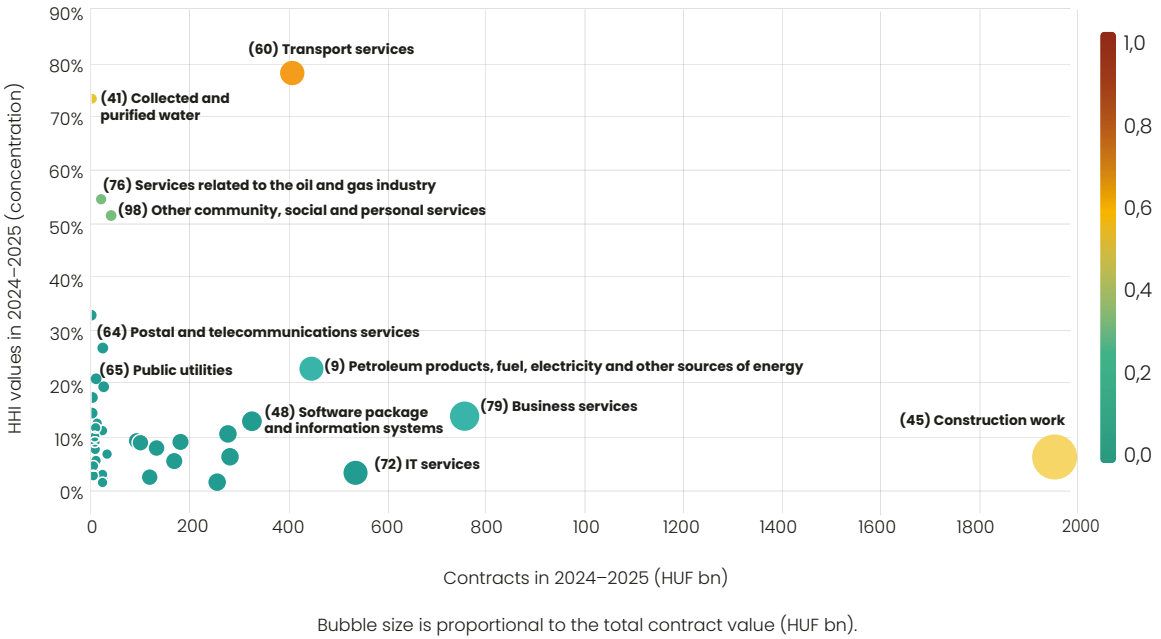


Figure 6: Concentration of competition in public procurement in certain economic sectors (2024–2025)

Calculated on the basis of the procedures conducted in 2024 and 2025, the HHI index for (45) Construction works, by far the largest product division, is low and does not indicate concentration, as shown in the figure. However, several product divisions can be identified, such as (48) Software package, (79) Business services, (9) Petroleum products, energy sources, and (60) Transportation, where a substantial – or near-substantial – level of concentration is observed despite a large contract portfolio.

Public procurement contract portfolio of companies with private equity fund ownership

As in the previous year, the Integrity Authority also examined the role of private equity funds in the public procurement market this year. The role of private equity funds within certain ownership circles has become increasingly significant in recent years. However, under the applicable regulations, this ownership circle was able to remain concealed, unlike corporate ownership links, which can be identified in most cases.

Given the limited availability of data, the role of private equity funds in public procurement could not be analysed comprehensively. The presentation necessarily focused on the ownership background of successful bidders in public procurement procedures, specifically on whether private equity funds feature among the owners of the successful companies. We classified as companies within the sphere of interest of private equity funds those companies that, according to the EPPS Database of Contract Award Notices, were awarded contracts and had at least one private equity fund among their ultimate beneficial owners.

The following table summarises the contracts awarded under procedures for which private equity fund ownership could be identified.

Public procurement market share of companies with private equity fund ownership, 2020-2025, by year

Overall public procurement market						
Year of publication	Number of contracts	Of which: Private equity fund interests	Share of contracts of private equity fund interests (%)	Total value of contracts (HUF bn)	Of which: contracts of private equity fund interests (HUF bn)	Share of contract value involving private equity fund interests (%)
2020	15 928	528	3,3%	3 169	165,9	5,2%
2021	16 620	644	3,9%	4 190	191,5	4,6%
2022	16 766	591	3,5%	4 576	315,8	6,9%
2023	17 596	508	2,9%	3 355	152,1	4,5%
2024	15 720	355	2,3%	3 900	266,9	6,8%
2025	14 767	440	3,0%	3 615	309,5	8,6%
EU-funded public procurement market						
Year of publication	Number of contracts	Of which: Private equity fund interests	Share of contracts of private equity fund interests (%)	Total value of contracts (HUF bn)	Of which: contracts of private equity fund interests (HUF bn)	Share of contract value involving private equity fund interests (%)
2020	4 523	57	1,3%	897,5	79,5	8,9%
2021	3 924	92	2,3%	1 298,4	72,3	5,6%
2022	4 293	184	4,3%	1 707,1	239,9	14,1%
2023	4 964	212	4,3%	1 054,4	78,5	7,4%
2024	3 019	69	2,3%	891,4	107,6	12,1%
2025	2 783	90	3,2%	752,1	47,4	6,3%

Table 3: Shares of private equity funds

As shown in the table above, despite the limited availability of information, an analysis of the ownership background of companies awarded contracts alone shows that private equity funds could be identified among the owners in 2–4% of the contract portfolio over the past five years. In 2025, this accounted for 3.0% of the overall portfolio, with a total contract value of HUF 309.5 billion. The 3.2% share of private equity fund ownership among contracts involving European Union funding amounts to a total contract value of HUF 47.4 billion.

The following table lists the private equity funds identified on the basis of the ownership background of companies with the largest total contract values.

The largest private equity funds across the public procurement market in 2025

	Overall public procurement market			EU-funded public procurement market		
Ranking	**Name of private equity fund**	**Number of contracts**	**Total value of contracts (HUF bn)**	**Name of private equity fund**	**Number of contracts (pcs)**	**Total value of contracts (HUF bn)***
1	Solva II Magántőkealap	17	104,7	Ig Com Magántőkealap	40	38,6
2	Danube Magántőkealap	30	83,6	Prime Peak Magántőkealap	4	3,9
3	Ig Com Magántőkealap	78	75,9	Fedier Magántőkealap	4	2,7
4	Progressus Magántőkealap	22	7,7	Demján Sándor Beruházási Magántőkealap	27	1,7
5	SINGULIUM III Magántőkealap	13	5,5	Atlas Magántőkealap	13	0,5
6	Fedier Magántőkealap	10	5,2	Aventurin Magántőkealap	1	0
7	Status Next Környezetvédelmi Magántőkealap	8	4,7	Danube Magántőkealap	1	0
8	Prime Peak Magántőkealap	7	4,0	Glocap I. Gazdaságfejlesztési Magántőkealap	1	0
9	Prime Deal Magántőkealap	1	2,9	MBH Magántőkealap	1	0
10	Demján Sándor Beruházási Magántőkealap	55	2,8	Sycamore Buyout Fund I. Magántőkealap	1	0
11	Riverland Magántőkealap	20	2,7			
12	Atlas Magántőkealap	55	2,5			
13	Sycamore Buyout Fund I. Magántőkealap	46	2,1			
14	Portfolion Zöld Magántőkealap	26	1,4			
15	MBH Magántőkealap	12	1,2			

* A value of 0 indicates that the contract value is positive but, as per rounding rules, remains below HUF 0.1 billion.

Table 4: The largest private equity funds in the public procurement market in 2025

According to the data in the table, the highest contract portfolio value in the overall public procurement market is HUF 104.7 billion, while for procedures involving EU funding, it is HUF 38.6 billion, with the same private equity fund identified in the ownership background.

2.4 A lack of ownership mindset, structural shortcomings in procedure preparation, and overpricing

Situation analysis

One of the most significant, yet least explicitly addressed, issues affecting the functioning of the public procurement system is the lack of an ownership perspective on the part of contracting authorities. In this context, it is advisable to first review the related Hungarian and European Union legislative expectations, as this issue concerns several areas of law.

The requirement for the responsible and efficient management of public funds is reflected at multiple levels in public procurement law and the related EU and national legislation: on the one hand, the PPA establishes the **efficient** use of public funds as a statutory objective in its preamble; and on the other hand, Section 2(4) sets out, as a fundamental principle, the requirement that contracting authorities ensure **efficient** and **responsible** management when using public funds. In parallel, this legislative requirement is reflected in EU law primarily as a principle relating to the implementation of the budget: Article 317 of the Treaty on the Functioning of the European Union mandates compliance with sound financial management. Furthermore, Financial Regulation (EU) 2018/1046 sets out a triple criteria of **economy, efficiency, and effectiveness** (sound financial management). Furthermore, in national law, Act CXCV of 2011 on public finances refers, primarily at the framework level and in its preamble, to transparent, efficient and accountable management, while setting out the specific requirements not as a separate system of fundamental principles but primarily through control mechanisms, in the form of requirements for **lawful, economical, efficient** and effective management. Also worth mentioning is Section 3 of the Integrity Authority Act, which likewise sets out the requirement for **efficient** and **effective** financial management as a principle whose breach requires the Authority to take action.

In summary: the various regulations on EU and national public procurement and budget management articulate principles that are substantively similar but employ different terminology in relation to efficient, effective and responsible financial management. The alignment of such terminology would therefore be warranted. It is also essential for the PPA to include detailed provisions giving substance to the principle of responsible management of public funds, including during the preparation phase.

For the purposes of this Report, the legislative requirements and public policy objectives outlined above are collectively treated as falling within the concept of "ownership mindset".

The Authority's general finding, based on its investigative and audit experience, is that an ownership mindset is lacking in most cases during the preparation and conduct of public procurement procedures, which is not an isolated issue, but rather the result of mutually reinforcing systemic causes.

In public procurement decision-making, the responsibility of contracting authorities, those involved in preparing and conducting procedures, and decision-makers is typically limited to ensuring compliance with legal requirements. Decision-makers do not act as "owners" in the process, meaning that they do not bear direct responsibility for the consequences of the price achieved, its alignment with market realities, or long-term cost-effectiveness. The measure of effectiveness is therefore not the economic outcome but the lawful conclusion of the procedure.

In many cases, the preparatory phase is treated as a legal and administrative obligation rather than a genuine decision-making process. Although the regulatory framework requires the procurement procedure to be properly and thoroughly prepared, the otherwise optional market and situation analysis, as well as preliminary market consultations, often become merely formal exercises in practice. The regulation typically specifies the expected tasks but does not provide clear and mandatory methodological frameworks for carrying them out. As a result, preparation is often limited to meeting minimum statutory requirements.

2.4.1 The role of determining estimated values

In public procurement, the estimated value is a value calculated and determined ex ante by the contracting authority, taking into account the applicable provisions of the PPA. Given that it is an estimated value determined ex ante, it clearly differs from the actual contract price. For this reason, the ratio of the contract value to the estimated value provides important information: it shows the proportion of contract values that are higher or lower than the estimated value, thereby allowing, for example, cases of overpricing to be examined, including by comparison with estimated value.

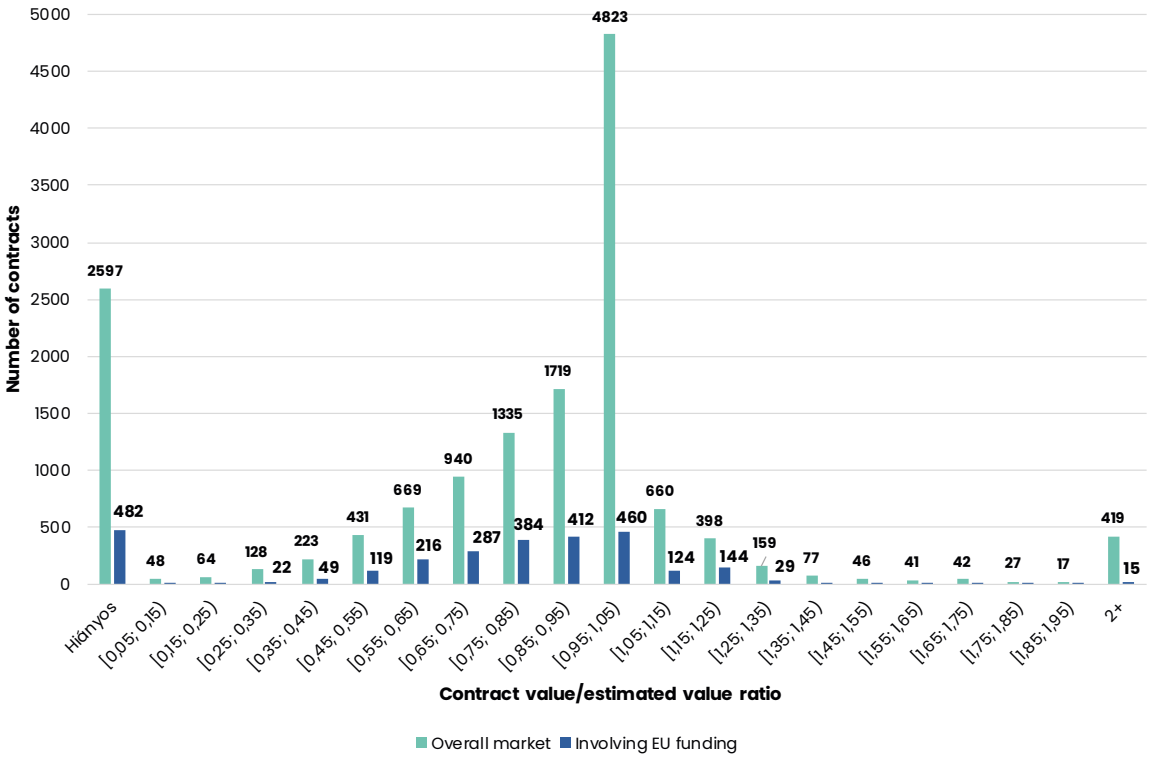


Figure 8 Distribution of the ratio of contract value to estimated value for non-FA1 procedures, 2025

If the two values are identical, this may suggest that the bidder had access to the estimated value determined by the contracting authority but not disclosed publicly, indicate weak competition, or even a manipulated procurement process.

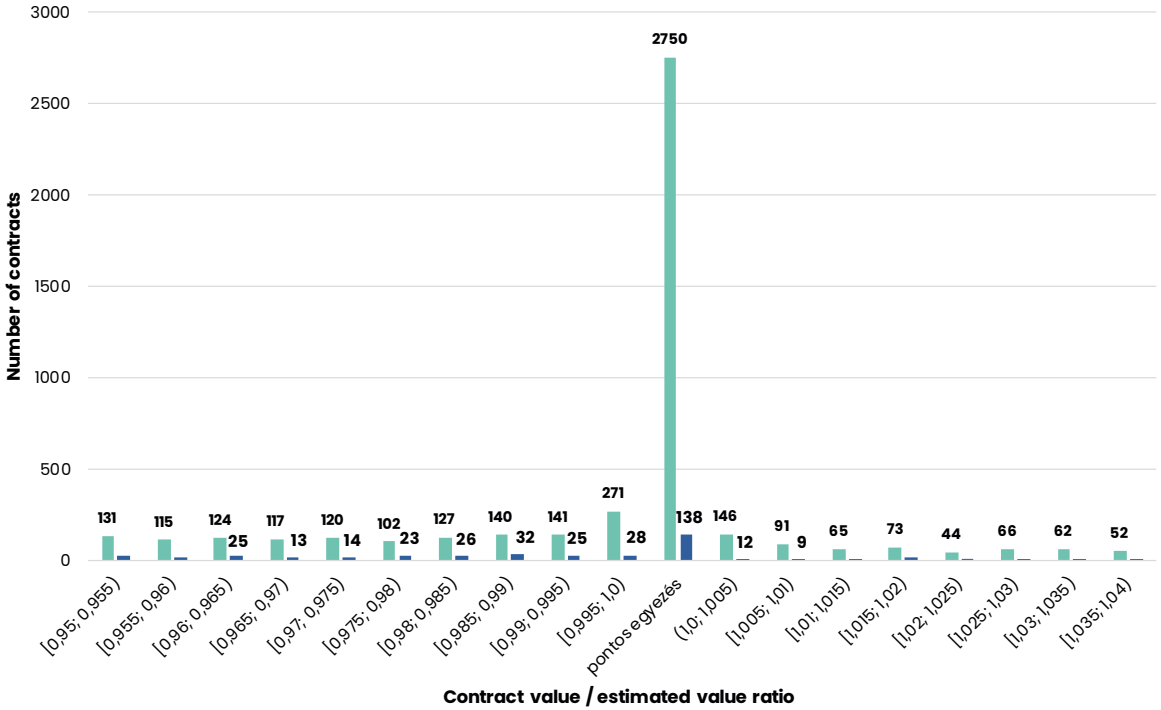


Figure 9 Distribution of the ratio of contract value to estimated value for non-FA1 procedures in 2025, by ratios close to 1

All these data, however, may also indicate a lack of an ownership mindset. The statutory provisions and soft law guidelines do not require the estimated value to be based on comparable market data, benchmark analyses, or the analysis of alternative procurement scenarios; rather, it is sufficient to rely on previous contractual prices or to request indicative bids from economic operators selected on the basis of non-transparent criteria. This may establish a distorted price level from the outset of the procedure, thereby concealing unjustifiably high bid prices. Thus, overpricing emerges as a systemic operational risk.

2.4.2 Overpricing

However, signs of overpricing can also be identified in Hungary's public procurement market on the basis of estimated values that, for the reasons mentioned above, often cannot be considered reliable. The following figure shows the product divisions in which significant deviations from the estimated value were observed. A quarter to a third of the contracts in these areas can be considered overpriced.

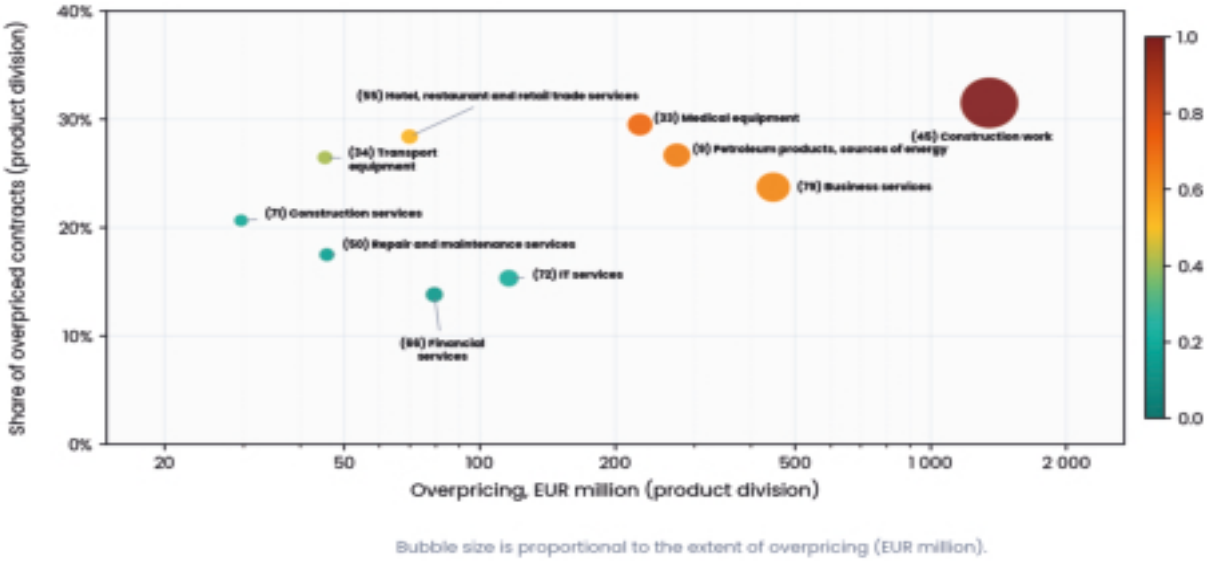


Figure 10 Overpriced public procurement procedures between 2022 and 2025, the most important product divisions

2.4.3 Strategic procurement function

An ownership mindset encompasses not only the contracting authority's awareness of realistic market prices, but also the need for an economic, market and strategic perspective during the preparation phase to ensure that such prices are achieved. The competencies

required for this are typically not institutionally embedded in the operations of contracting authorities. The identification of procurement needs, the analysis of market alternatives, and the examination of life-cycle costs do not become an integral part of the preparation and decision-making process. This may be attributed, among other things, to a lack of adequate expertise. The domestic implementation of competency-based procurement models reflected in international best practices remains incomplete, preventing the procurement function from fulfilling its strategic role.

The current functioning of the public procurement system therefore makes it possible for procedures to be considered lawful without actually ensuring compliance with the requirements of economy and efficiency. Not even public procurement controls extend to assessing the extent to which the estimated value, the procurement method used, or the price achieved correspond to market realities Because of this dysfunction, there is a lack of motivation to assume genuine economic responsibility, which turns participants involved in public procurement procedures into passive implementers.

Overall, the formalisation of the preparation phase, the **lack of market and price analysis,** as well as the **absence of professionalisation, are all mutually reinforcing dysfunctions** that render the public procurement system structurally vulnerable to overpricing and distortions of competition.

Recommendation No 1 – Establishing a legislative environment to foster an ownership mindset

The Authority recommends the creation of a coherent, unified theoretical framework within the current Hungarian legislation, encompassing the fields of public finance, funding policy, and public procurement, with a clear conceptual clarification of the principles of economy, efficiency, and effectiveness, and the establishment of detailed legal regulations that substantiate these principles.

Recommendation No 2 – Applying an ownership mindset in the preparation of public procurement procedures

The Authority recommends establishing a statutory requirement, where appropriate for public procurement procedures exceeding a specified threshold, for contracting authorities to conduct a documented situation analysis and market survey, thereby ensuring that the

estimated value is determined in a manner reflecting market prices and that the economic justification of the procurement method used is adequately substantiated.

Recommendation No 3 – Re-regulation of determining estimated values

The Authority recommends that the Government examine 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.

Recommendation No 4 – Developing a central benchmarking and data system

The Authority recommends establishing a central, data-driven benchmarking system for unit prices, as well as a database to support market analysis, providing control bodies and contracting authorities with access to comparable prices for individual procurement items, typical cost structures, and key data, participants, and characteristics of individual market segments. Although these databases cannot fully cover the entirety of the public procurement market because of the unique characteristics of individual procurement needs and micro-markets, the Authority, based on its investigative experience, considers it feasible to carry out these tasks for the most common types of procurement and the highest-value sectors.

Recommendation No 5 – Structured data collection required for a central benchmarking system and related EPPS developments

The Authority recommends requiring all bid unit prices to be recorded in a structured database to enable analysis, which also necessitates carrying out the necessary IT developments in the EPPS that constitute a prerequisite for structured data collection.

2.5 Low levels of competition at certain stages of public procurement procedures

2.5.1 Vertical restriction of competition

Situation analysis

The low level of competition observed in public procurement procedures has already been the subject of detailed analysis in previous years' reports. The 2024 Report[15] specifically identified cases of vertical restriction of competition in the public procurement context that unjustifiably restrict competition, particularly during the preparatory phase of procedures, through the determination of procedural rules, types of procedure, and public procurement requirements.

The Authority continues to maintain its key findings concerning these cases, given that the practical experience gained from the risk analysis conducted in 2025 in relation to EU-funded public procurement has, despite the government's rejecting responses, confirmed both violations of the integrity of competition and the prominent occurrence of infringements falling within the scope of restrictions of competition.

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[15] *Annual Analytical Integrity Report – https://integritashatosag.hu/wp-content/uploads/2026/01/Eves-elemzo-integritasjelentes-2024-EN-vegleges-2.pdf*

The risk categories identified by the Authority are illustrated by the following table:

Infringement category	Example	Share among infringement categories identified in 2025
Artificial aggregation of procurement subjects	Design and construction Construction projects and special goods procurement	27%
Technical capacity	Reference	26%
Conditions for contract conclusion	ISO Certificates	21%
Short completion deadline	Delivery deadline	7%
Questionable award criteria	Technical quality of the bid	7%
High-risk procedure type	Single-Operator Framework Agreement	6%
Administrative burdens	Organisational plan	4%
Competition-restricting technical description	**Technical specifications tailored to a single product**	**2%**

Table 5: Identified risk categories

The findings of the data analysis also clearly indicate signs of vertical restrictions of competition. The most suitable data set for illustrating this phenomenon is the **outliers of contracting authority-successful organisation pairs.**

The most important conflict of interest in public procurement procedures, which ensures balanced competition, exists between the contracting authorities (buyers) and the

bidders, as well as the successful bidders (suppliers). It is in the fundamental interest of the contracting authority that the contractual amount place as little strain as possible on its available budgetary resources; therefore, the contract concluded with the supplier should be for the lowest possible amount. The supplier aims to achieve precisely the opposite: the highest possible contract price from the purchaser.

For these reasons, contracting authorities favour competition among suppliers: competition among bidders who seek to outbid one another in terms of the scope of services offered while undercutting one another on bid prices. Except in exceptional circumstances, this competitive environment should result in balanced outcomes across the procedures of individual contracting authorities, with no particular supplier having a dominant presence among the winners.

In practice, however, there are numerous cases in which the same contracting authority–successful organisation pair appears in a significant number of public procurement procedures. The following table presents the outliers of this phenomenon. The tables consider the years 2021–2025 collectively and present data for both the overall set of procedures and those involving EU funding.

Contracting authority–successful organisation pairs in public procurement procedures, in order of the number of their contracts (for the period 2021–2025 combined)

OVERALL PUBLIC PROCUREMENT MARKET

2021–2025

Ranking	Contracting authority	Successful organisation	Contracts		Successful company's
			number	value (HUF m)	contract number
1	National Communications Office	New Land Media Reklám, Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság	695	293 376,6	1544
2	National Communications Office	LOUNGE DESIGN Szolgáltató Korlátolt Felelősségű Társaság	673	255 747,7	1544
3	Magyar Földgáztároló Zártkörűen Működő Részvénytársaság	VABEKO Műszaki Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	478	35 449,2	1192
4	National Communications Office	p2m Consulting Szolgáltató és Tanácsadó Korlátolt Felelősségű Társaság	376	16 696,5	1544
5	National Communications Office	p2m Informatika Szolgáltató Korlátolt Felelősségű Társaság	376	16 696,5	1544
6	National Communications Office	Lounge Event Korlátolt Felelősségű Társaság	315	188 464,7	1544
7	Győr Megyei Jogú Város Útkezelő Szervezete	STRABAG Általános Építő Korlátolt Felelősségű Társaság	305	3 984,4	425
8	Győr Megyei Jogú Város Útkezelő Szervezete	KIFÜ-KAR Zártkörűen Működő Részvénytársaság	298	870,6	425
9	MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	Messer Hungarogáz Ipari Gázgyártó és Forgalmazó Korlátolt Felelősségű Társaság	282	553,0	520
10	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Telekom Rendszerintegráció Zártkörűen Működő Részvénytársaság	261	115 643,5	1915
11	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	RODEN Mérnöki Iroda Korlátolt Felelősségű Társaság	259	3 367,3	3163
12	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	BOKÚT-TERV Mérnöki és Vállalkozó Korlátolt Felelősségű Társaság	258	3 362,3	3163
13	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Delta Systems Korlátolt Felelősségű Társaság	218	107 209,6	1915
14	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	IMG Solution Zártkörűen Működő Részvénytársaság	199	121 021,9	1915
15	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	196	48 991,1	3163
16	Budapesti Közlekedési Zártkörűen Működő Részvénytársaság	BUDAKER Kereskedelmi Gyártó és Szolgáltató Korlátolt Felelősségű Társaság	183	3 747,4	1496
17	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	4iG Nyilvánosan Működő Részvénytársaság	182	128 420,5	1915
18	National Communications Office	Visual Europe Zártkörűen Működő Részvénytársaság	180	69 059,1	1544
19	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	TURA-Terv Mérnökiroda Korlátolt Felelősségű Társaság	164	2 050,4	3163
20	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	VIA FUTURA Mérnöki, Tanácsadó és Szolgáltató Korlátolt Felelősségű Társaság	164	2 050,4	3163

EU-FUNDED PUBLIC PROCUREMENT MARKET

2021–2025

Ranking	Contracting authority	Successful organisation	Contracts		Successful company's
			number	value (HUF m)	contract number
1	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Telekom Rendszerintegráció Zártkörűen Működő Részvénytársaság	232	106 559,7	1569
2	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Delta Systems Korlátolt Felelősségű Társaság	181	97 310,5	1569
3	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	4iG Nyilvánosan Működő Részvénytársaság	164	101 931,2	1569
4	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	BOKÚT-TERV Mérnöki és Vállalkozó Korlátolt Felelősségű Társaság	162	2 129,7	805
5	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	RODEN Mérnöki Iroda Korlátolt Felelősségű Társaság	162	2 129,7	805
6	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	IMG Solution Zártkörűen Működő Részvénytársaság	152	110 466,3	1569
7	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	TIGRA Computer - és Irodatechnikai Korlátolt Felelősségű Társaság	132	27 603,9	1569
8	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	NÁDOR Rendszerház Irodaautomatizálási Korlátolt Felelősségű Társaság	119	9 395,5	1569
9	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	WSH Számítástechnikai, Oktató és Szolgáltató Korlátolt Felelősségű Társaság	117	18 532,1	1569
10	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	ATOS Magyarország Korlátolt Felelősségű Társaság	115	82 584,2	1569
11	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Sysman Informatikai Zártkörűen Működő Részvénytársaság	104	26 303,5	1569
12	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Invitech ICT Services Korlátolt Felelősségű Társaság	93	5 199,8	1569
13	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	TRACO Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	92	8 217,4	1569
14	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	PANNONWAY Építő Korlátolt Felelősségű Társaság	88	1 165,5	805
15	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Inter-Computer-Informatika Számítástechnikai és Kereskedelmi Zártkörűen Működő Részvénytársaság	87	38 278,6	1569
16	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	99999 Informatika Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	85	8 009,4	1569
17	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	FLAVUS Mérnökiroda Korlátolt Felelősségű Társaság	85	964,8	805
18	Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	SPECIÁLTERV Építőmérnöki Korlátolt Felelősségű Társaság	85	964,8	805
19	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	EURO ONE Számítástechnikai Zártkörűen Működő Részvénytársaság	82	30 168,1	1569
20	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	NETvisor Informatikai és Kommunikációs Zártkörűen működő Részvénytársaság	81	5 833,8	1569

Table 6: Contracting authority–successful organisation pairs

As shown in the table above, a significant proportion of the outliers are related to the FA2 procedures of central purchasing bodies.[16] However, several other contracting authorities also appear in the table.

There can be numerous explanations for the outliers of the contracting authority–successful organisation pairs presented in the table above. The competitive advantage of successful organisations may be explained by accumulated knowledge or specialised expertise, as well as by collusive practices among the participants. However, suspicions of collusion can only be substantiated through a detailed examination of individual cases.

A detailed examination may also be warranted in cases where **a company, owing to its favourable competitive position, submits exclusively – or almost exclusively – successful bids,** meaning that it appears unable to lose. If such cases occur relatively frequently, it may suggest that the organisation could gain a dominant position in a particular submarket.

The following tables present the economic operators that submitted only successful bids during the 2021–2025 period, listed in descending order by number of contracts.

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[16] *The data source – the EPPS Database of Contract Award Notices – identifies these organisations as contracting authorities.*

Organisations with only successful bids, in order of the number of bids (2021-2025)

OVERALL PUBLIC PROCUREMENT MARKET					
2021-2025					
Ranking	**Reg. No**	**Name of company**	**Number of successful bids**	**Number of unsuccessful bids**	**Total value of awarded contracts (HUF m)**
1	11399689	SZEMP Air Légiszolgáltató Kft	67	0	497,6
2	11042291	RSZ-COOP LÉGISZOLGÁLTATÓ ÉS KERESKEDELMI KFT	65	0	280,2
3	11684057	SDA Informatika Zártkörűen Működő Részvénytársaság	47	0	18 504,0
4	24859255	NEG Nemzeti Energiagazdálkodási Zrt.	43	0	895,4
5	12257003	Arcanum Adatbázis Korlátolt Felelősségű Társaság	35	0	2 100,2
6	353087049DE	SKS Knowledge Services GmbH	31	0	2 602,7
7	10884979	REWIN Magyarország Korlátolt Felelősségű Társaság	30	0	3 787,0
8	10590887	YooWC Kommunális Szolgáltató Kft.	27	0	242,4
9	12643228	Wolters Kluwer Hungary Kft.	22	0	1 718,5
10	25900756	ÉPÍTŐLINE Építőipari Korlátolt Felelősségű Társaság	21	0	1 872,7
11	24916655	Green Therm Hungary Korlátolt Felelősségű Társaság	21	0	19,9
12	18929885	Vízimentők Magyarországi Szakszolgálata és Önkéntes Tűzoltó Egyesület	19	0	103,6
13	10845606	Oracle Hungary Kft.	18	0	1 498,8
14	21718214	Kovács és Társa Mezőgazdasági, Kereskedelmi és Szolgáltató Betéti Társaság	18	0	444,5
15	11387729	Akadémiai Kiadó Zrt.	17	0	1 124,5
16	27028614	Arkance Systems HU Korlátolt Felelősségű Társaság	17	0	778,7
17	27793264	KenD-MV Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	17	0	367,1
18	11602943	BCL Kereskedelmi és Szolgáltató Kft	17	0	79,6
19	14755617	GVSX Szolgáltató Korlátolt Felelősségű Társaság	16	0	5 691,6
20	25181698	INNODOX Technologies Kereskedelmi- és Szolgáltató Zrt.	15	0	554,7
EU-FUNDED PUBLIC PROCUREMENT MARKET					
2021-2025					
Ranking	**Reg. No**	**Name of company**	**Number of successful bids**	**Number of unsuccessful bids**	**Total value of awarded contracts (HUF m)**
1	24916655	Green Therm Hungary Korlátolt Felelősségű Társaság	20	0	19,9
2	10705775	Speeding Mérnöki Kereskedelmi és Szolgáltató Kft.	18	0	2 057,0
3	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Korlátolt Felelősségű Társaság	12	0	8 611,2
4	27938513	Green Water Technology Kft.	12	0	1 292,8
5	25707144	Educational Development Informatikai Zártkörűen Működő Részvénytársaság	10	0	16 501,9
6	10782664	Medial Egészségügyi Szolgáltató Kft.	10	0	39,8
7	24992880	Meddevice Korlátolt Felelősségű Társaság	8	0	909,4
8	10577044	MELIO-START Építő és Szolgáltato Korlátolt Felelősségü Társaság	8	0	662,2
9	10322174	Mediso Medical Imaging Systems Kft	8	0	615,9
10	27866133	PHARMAFLIGHT Aviation Academy Korlátolt Felelősségű Társaság	8	0	70,8
11	CZ28487150	Stargen EU s.r.o.	7	0	445,9
12	10438372	Porsche Hungaria Kereskedelmi Kft.	7	0	325,1
13	32010589	3E BIM Korlátolt Felelősségű Társaság	7	0	237,6
14	14614589	Platinamix Kereskedelmi és Szolgáltató Kft.	7	0	82,7
15	24165866	SANOL Hungary Kereskedelmi és Környezetvédelmi Szolgáltató Kft.	7	0	58,0
16	26741082	Global-Szig Korlátolt Felelősségű Társaság	7	0	46,7
17	12004692	SUTURA Képviseleti és Kereskedelmi Korlátolt Felelősségű Társaság	7	0	0,2
18	22777375	ELMS Informatikai Zártkörűen Működő Részvénytársaság.	6	0	14 233,2
19	13265553	SONARMED Kft	6	0	123,7
20	14656714	Pro Veszprém Városfejlesztési és Befektetés-ösztönző Nonprofit Korlátolt Felelősségű Társaság	6	0	113,6

Table 7: Organisations submitting only successful bids

As shown in the tables, the number of (exclusively) successful bids is significantly higher among companies participating in the overall public procurement market than in the EU-funded submarket. The company submitting 67 successful bids over this five-year period, namely SZEMP Air Légiszolgáltató Kft., a firm providing mosquito control services, topped the list in previous years as well.

Another important feature of the table is that an exceptionally high number of contracts is generally not associated with an exceptionally high contract value. This suggests that, in this comparison, an exceptionally high number of contracts reflects a strong competitive position in smaller submarkets.

Summary of the findings of the 2024 Integrity Report concerning vertical restrictions of competition

A significant proportion of our recommendations concerning vertical restrictions of competition, made in the 2024 Integrity Report, were not accepted by the Government. As the Authority continues to maintain these findings, however, our key findings on the matter are reiterated below, with a detailed discussion provided in last year's report.

Unlawful circumvention of the PPA by violating the prohibition on artificial subdivision into lots

The most severe cases of vertical restrictions of competition are linked to procedural situations where the contracting authority applies a procedure that does not ensure competition or dispenses entirely with conducting a public procurement procedure. Such a situation may arise where the estimated value of the procurement is determined in breach of the prohibition on dividing procurement procedures into lots, with the result that the procurement falls outside the scope of public procurement rules. For below-threshold procurement procedures, the lack of transparency and auditability poses significant risks to integrity and competition.

Exemptions

The application of exemptions from the scope of public procurement law raises similar issues. Determining whether certain exemptions are lawful requires complex legal interpretation, while the vast majority of contracts concluded on this basis are not made publicly available at all, thereby remaining invisible to control bodies as well. The

uncertainties in the application of the law arising in relation to exemptions, together with the lack of disclosure, create an environment that does not ensure that the transparency requirement is met.

Application of negotiated procedures without prior publication of a contract notice

Negotiated procedures without prior publication of a contract notice constitute an extreme form of competition restriction, as contracting authorities typically invite a single economic operator to submit a bid. The use of this type of procedure is subject to strict statutory conditions; however, it is typically used in areas and arrangements where bidders have significant market power and where lock-in situations may readily arise, such as in the further development or support of IT systems or the procurement of software solutions. In such situations, because of the lack of competition, the requirement for responsible management of public funds can only be upheld through an examination of market prices.

Beyond the findings concerning software procurement made in last year's report in the context of negotiated procedures without prior publication of a contract notice, it is also important to highlight the practice whereby contracting authorities, in many cases, use this type of procedure even where the software solution has not previously been implemented, or where it was acquired through a below-threshold procurement procedure without genuine transparency, or the procurement was carried out under a procedural regime below the national threshold. Although the Public Procurement Authority's legality control may be an appropriate tool for detecting such cases of abuse, it may also be advisable to establish a statutory prohibition of these practices.

A distinct category within negotiated procedures without prior publication of a contract notice comprises procedures based on extreme urgency under Section 98(2)(e) of the PPA, on the basis of which competition may be restricted to the participation of a single bidder. Unfortunately, in recent years, there have been several instances in which, in the context of negotiated procedures without prior publication of a contract notice, which may be used only in very limited and strictly defined circumstances under both EU and Hungarian legal practice, legislative measures have enabled the use of this exceptional type of procedure, irrespective of whether its application was justified. The most typical example in this context is the public procurement procedures conducted in connection with certain international sporting events.

Application of the procedure type defined under Section 115 of the PPA

The public procurement procedure under Section 115 of the PPA, involving the participation of five bidders, also poses significant risks of vertical restrictions of competition. The key feature of the procedure is that the contracting authority selects the economic operators invited to submit bids from among a closed group, thereby excluding the possibility of market self-selection and open competition. This type of procedure accounts for a significant proportion of construction projects and has been found to lead to systemic infringements, a decline in market confidence, and, in particular, restrictions on market access for smaller enterprises.

In its 2024 Report, the Authority also discussed in detail the practical functioning of the procedure type under Section 115 of the PPA and concluded that its application poses systemic competition and integrity risks. In many cases, because of its reliance on a limited pool of invited bidders, this procedure type does not serve to establish genuine competition in practice, but rather creates the appearance of competition among a predetermined group of bidders. The Authority, in line with the findings presented in its 2024 Report, wishes once again to highlight that the lack of transparency in the composition of the group of invitees, as well as the repeated participation of bidders in procurement procedures, results in heightened risks of conflicts of interest and cartel activity, while price competition, because of the nature of the model and the practice followed, does not materialise in practice.

Therefore, in the Authority's view, the **termination of the procedure under Section 115 of the PPA** is not a technical legislative issue but a **conscious competition policy and integrity-protection decision,** consistent with the fundamental objective of this report: strengthening public procurement practices that ensure genuine market competition beyond mere formal legal compliance.

The Authority does not consider the proposal set out in the 2025 government response, calling for enhanced controls by control bodies of contracting authorities conducting at least ten procedures per year under Section 115 of the PPA, to be sufficient or effective in addressing systemic consequences. Therefore, the Authority maintains its proposal to discontinue this type of procedure. (In its 2022–2024 Reports, the Authority proposed several different approaches to reforming the procedure, all of which were rejected.)

Application of framework agreements and dynamic purchasing systems

Framework agreements and dynamic purchasing systems are widely used procurement methods in Hungarian public procurement practice, posing several integrity risks.

Government Decree No 63/2022 of 28 February 2022 on measures aimed at reducing the number of single-bid public procurement procedures, on the one hand, introduces certain facilitations in procurement methods (exempting contracting authorities from the obligation to conduct preliminary market consultations) and, on the other hand, following the EU methodology, excludes framework agreements from the scope of procedures taken into account in terms of the proportion of single-bid procedures.

All of this leads to these procurement methods being applied on an unjustifiably broad scale, often to procurement items for which their use is not appropriate for ensuring the efficient and responsible use of public funds.

Framework agreement procedures typically close off the public procurement market for many years.

While the dynamic purchasing system is much more conducive to competition, given that the possibility of joining it is continuously available, it is nevertheless not sufficiently transparent, particularly in current practice. Open opportunities to join are difficult to identify in the EPPS, the duration of DPSs cannot be tracked, and neither the procurement procedures carried out by contracting authorities nor the contracts concluded can be identified in the EPPS as being linked to the preliminary procedure.

Considering domestic practice, it is particularly concerning that contracting authorities combine DPSs with framework agreements, thereby compounding the integrity risks associated with the two procurement methods.

Application of single-operator framework agreements

Compared to multi-operator framework agreements, a fundamental competition-restricting feature of single-operator framework agreements is that competition materialises only at the stage of concluding the framework agreement, and no longer when specific procurement needs are fulfilled. The specific content, quantity, and scheduling of the purchases are typically not known at the time of bid submission, which may benefit those operators who informally possess additional information. The lack of substantiation of the estimated value

and the lack of determination of quantities make meaningful market control of bid prices impossible; therefore, neither abnormally low prices nor overpricing can be addressed effectively. Therefore, there is a heightened risk that the principle of responsible management of public funds may be compromised for single-operator framework agreements.

Eligibility criteria

Eligibility criteria are a classic means of artificially restricting competition. Although the legislation establishes objective limits regarding the link to the subject matter of the procurement and proportionality, these alone do not ensure that genuine competition is maintained. Contracting authorities typically do not assess the relevant market, do not document the criteria for determining eligibility requirements, and focus exclusively on formal legal compliance. As a result, they are not in a position during the preparation phase to assess the anti-competitive effects of the set of conditions they apply.

Award criteria

In practice, award criteria are less frequently subject to rigorous scrutiny, as they typically do not entirely preclude economic operators from participating in public procurement procedures; however, they can provide unfair advantages to certain bidders. Such a situation may arise if the award criteria leave the contracting authority excessive discretion in decision-making, favour only a narrow range of products based on technical parameters, assign disproportionate weight to certain contractual commitments, or if the weighting factors are not consistent with the actual significance of the given criterion. There is currently no unified, objective framework for determining weighting factors, which further increases the risk of abuse.

Conditions for contract conclusion and contractual terms

The conditions for concluding a contract and contractual terms may also influence the willingness of economic operators to participate, even if, formally, only the successful bidder is required to comply with them. Certain conditions – such as the requirement for certificates, the requirement for specialised technical equipment, or unrealistically short completion deadlines – may, in practice, restrict competition in a manner similar to the eligibility criteria. As discussed in detail by the Authority in its previous integrity reports, it is warranted to clarify the applicable legal frameworks governing the conditions for concluding and performing contracts. Furthermore, the Authority considers that the documents verifying compliance with the conditions for concluding a contract should be

recorded in the EPPS in connection with the public procurement contract, so that compliance with those conditions can also be traced by competing bidders and control bodies.

Condition framework related to the subject-matter of the contract (technical description)

Restrictions of competition at the level of technical specifications are particularly difficult to identify. Overly general or excessively specific technical requirements may make responsible bidding impossible and exclude economic operators offering functionally equivalent solutions from the competition. The problem does not necessarily arise from a deliberate infringement but often from a lack of appropriate expertise and market knowledge, which, however, does not diminish the significance of the anti-competitive effects.

Artificial aggregation of procurement subjects and ensuring the possibility of submitting bids for lots

The artificial aggregation of procurement subjects and the failure to allow the submission of bids for lots can also significantly restrict competition. The consolidation of procurement needs that are not closely related into a single contract narrows the pool of potential operators able to perform the contract, particularly among small and medium-sized enterprises. If the possibility of submitting bids for lots, where applicable on the basis of quantitative and qualitative criteria, is disregarded, this may further increase market concentration and weaken competition.

Conclusion

Therefore, the Authority's position regarding vertical restrictions of competition is likewise that the assessment of public procurement competition cannot be limited to mere formal legal compliance. The effective functioning of competition should, where appropriate, be assessed on a sector-specific basis, taking into account actual market conditions. In this context, special significance is attributed to the principle set out in Article 18 of Directive 2014/24/EU of the European Parliament and the Council on public procurement and repealing Directive 2004/18/EC ("Directive 2014/24/EU"). This principle, compared to the principles set out in the PPA, approaches the prohibition of restrictions on competition from a different perspective, defining artificial restrictions of competition. The incorporation of this concept into national law may serve as a basis for moving beyond a legal practice that is limited to reflecting mere formal legal compliance. In this context, it is also worth mentioning that several publications have identified competition as an independent principle in order to ensure a competition-oriented approach.

According to Article 18 of Directive 2014/24/EU, procurement conditions must not be designed with the intention of giving certain economic operators an unfair advantage or putting others at an unjustified disadvantage. This approach cannot be fully captured by the principle of fair competition set out in the PPA, as the latter primarily examines whether there is genuine competition under the conditions defined by the contracting authority. By contrast, the directive rule requires a broader perspective, namely, taking into account the relevant market as a whole and assessing whether the conditions set by the contracting authority unfairly exclude other potentially qualified economic operators from participating.

The prohibition set out in Article 18 of Directive 2014/24/EU is not identical to the principle of proportionality either. Although artificial restrictions of competition are often accompanied by disproportionate requirements, there may be cases where a requirement set by the contracting authority is formally considered proportionate and related to the subject-matter of the procurement, yet substantially reduces the level of competition because it disregards the characteristics of the market.

Recommendations

At the outset, the Authority notes that following a recommendation set out in its 2024 Report, the Council operating within the Public Procurement Authority has begun reviewing the guidance on the calculation of estimated value, the prohibition of splitting procurements into lots, and the artificial aggregation of procurement needs, with the Authority also contributing to the review. The Government did not support the 2024 Integrity Report's recommendations on the management of risks associated with vertical restrictions of competition; therefore, with minor amendments, the Authority continues to maintain them as set out below.

Recommendation No 6 – Addressing the situation of below-threshold procurements

Recommendation No 6.1

The Authority recommends that the Government impose a publication or data provision obligation concerning sub-threshold procurement procedures in order to support the activities of competent control bodies. In this context, it would be advisable to consider harmonising the publication obligation with the provisions of Act CXII of 2011 on the

right of informational self-determination and on freedom of information, according to which the basic data on contracts exceeding a value of HUF 5 million – subject to the exceptions specified in the Act – must in any case be published.

Recommendation No 6.2

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 detailed rules on sub-threshold procurement procedures complies with the principle of responsible management of public funds, and whether it is justified to reintroduce detailed legal regulation in this area.

In this context, the Authority considers it important to take the following aspects into account:

- It may be worth examining whether, in certain cases (e.g. grant-supported procurement procedures or those exceeding a specified value), it would be appropriate to impose an obligation on contracting authorities to conduct the procurement procedure via the EPPS, which the EPPS currently supports (within the procurement/exception procedures module). In this context, it may be warranted to exempt contracting authorities from the EPPS system usage fee.

- When introducing any new procedural framework, it is essential to consider the administrative burden imposed on contracting authorities, given the lower contract values involved.

Recommendation No. 7 – strengthening control and ensuring transparency in respect of contracts falling under exemption categories

Recommendation No 7.1 – Control bodies should strengthen their control activities in respect of contracts falling under exemption categories, with special attention to the exemptions provided for in Section 9(8)(a) and Section 111(g) of the PPA.

Recommendation No. 7.2 – The statutory framework should be amended to include an obligation to publish information in the EPPS, at least in respect of contracts concluded on the basis of the exemptions set out in Section 9(8)(a) and Section 111(g) of the PPA.

Recommendation No 8 – Addressing dysfunctions relating to negotiated procedures without prior publication of a contract notice

Recommendation No 8.1 – The Authority recommends that the Government, based on the data available in the EPPS, examine the impact of bidders' market position on contract prices in negotiated procedures without prior publication of a contract notice based on exclusive rights and extreme urgency during the period 2022–2025, and, in light of the findings, determine whether further measures are necessary to uphold the principle of responsible management of public funds.

Recommendation No 8.2 – The Government should initiate an amendment to the regulations in order to ensure that negotiated procedures without prior publication of a contract notice cannot lawfully be used for procurement needs where the contracting authority seeks to substantiate copyright-based exclusivity by means of a contract concluded as a result of a (public) procurement procedure that did not ensure open competition or was not conducted in accordance with the procedural rules applicable to subsequent procurement procedures.

Recommendation No 9 – Discontinuing the procedure type defined under Section 115 of the PPA

The Authority recommends discontinuing the procedure type under PPA Section 115 and introducing instead simpler participation rules for lower-value construction projects.

Recommendation No 10 – Increasing the transparency of dynamic purchasing systems and framework agreements, and reducing the associated risk of legal violations

Recommendation No 10.1 – The Authority recommends facilitating the identification of open DPSs in the EPPS by listing them under a separate menu item.

Recommendation No 10.2 – The Authority recommends making it mandatory to indicate the closure of DPSs within the EPPS (without a separate obligation to publish a notice, on the procedure's data sheet).

Recommendation No 10.3 – The Authority recommends recording the public procurement procedures carried out and the contracts concluded by the contracting authority / contracting authorities within the EPPS in connection with the underlying procedure, displaying them on its data sheet

Recommendation No 10.4 – the Authority recommends that the Government examine the possibility of amending the regulatory framework concerning single-operator

framework agreements in the following directions, within the boundaries allowed by the Directive:

- introduce stricter requirements for the determination of the estimated value, including an obligation to assess and document the market prices of individual procurement items;

- make the use of single-operator framework agreements by contracting authorities subject to mandatory justification.

Recommendation No 10.5 – Furthermore, the Authority proposes that the guidance issued by the Council operating within the Public Procurement Authority, relating to various issues concerning framework agreements, be supplemented with tools addressing the risks identified above, with particular regard to the following:

- recommended methods for planning procurement needs related to framework agreements, in order to avoid practices restricting competition;

- recommended methods for determining the estimated value in the case of framework agreements;

- in the case of framework agreements involving a large number of items, the development of professional guidelines that effectively support contracting authorities in the lawful determination of bid price-related award criteria, with particular emphasis on upholding the principle of responsible management of public funds.

Recommendation No 11 – Aligning with directive principles

With regard to the provision set out in Article 18(1) of Directive 2014/24/EU, the Authority considers it warranted to amend the PPA and, taking European legal requirements into account, to modify legal practice. For this purpose, the Authority recommends that the Government conduct an analysis of how the conceptual elements set out in the directive's definition of artificial restriction of competition could be incorporated into the PPA in such a manner as to enable, at the legislative level, a move beyond a formalistic approach to anti-competitive practices, as outlined in the report.

Recommendation No 12 – Reviewing guidance materials supporting procurement practice

To support contracting authorities, the Authority recommends that the Government request the competent body to supplement the currently applicable guidance materials (guides) on the application of the law as follows:

- the guidance of the Council operating within the Public Procurement Authority on the application of the award criteria for the selection of the successful bidder (29 May 2025)[17] should be supplemented with market considerations to be taken into account when determining the award criteria, as well as with an objective methodology for determining the weighting factors of the award criteria;

- the Council operating within the Public Procurement Authority should supplement the guidance on the rules concerning the specification of eligibility criteria (12 February 2026)[18] with market considerations to be taken into account when determining the eligibility criteria;

- the Council operating within the Public Procurement Authority should supplement the guidance on the preparation of public procurement procedures (29 May 2025) [19]with an overview of procurement techniques for the preparation of technical specifications. This guideline could serve as a practical tool for contracting authorities, offering practically applicable guidance on how to specify their procurement needs in a way that ensures a higher level of competition while still fulfilling contracting authority requirements. The development of this guide could be based on international professional procurement standards concerning technical specifications;

- the Authority recommends that the Public Procurement Authority review its communication of 22 February 2024[20] on, and its practice concerning, the monitoring of contract notices, incorporating the content of the communication issued by the National Development Centre on 16 December 2024[21], with particular

[17] https://kozbeszerzes.hu/media/documents/utmutato-ertekelesi-szempont-mod-2025.05.29.pdf
[18] https://kozbeszerzes.hu/media/documents/ep-ber-utmutato-kt202602013-kozzetetelre.pdf
[19] https://kozbeszerzes.hu/media/documents/elokeszites-utmutato-mod-2025-0529.pdf
[20] https://kozbeszerzes.hu/media/documents/kozlemeny-20240222.pdf
[21] https://www.kozbeszerzes.hu/media/documents/nfk-kozlemeny-reszajanlat-modszertan-2024.12.16.pdf

attention to the assessment criteria relating to submission of bids for lots based on quantities and market concentration. In this regard, the Authority considers it necessary to examine market concentration primarily in respect of the public procurement procedures of central purchasing bodies;

• the Authority recommends preparing a separate guide to align practices concerning contract conclusion and the application of contractual terms.

2.5.2 Horizontal restriction of competition

Cartel risks in Hungary's public procurement system can also be identified through an analysis of public procurement data. The following tables present the outliers of the successful and unsuccessful bidders. In other words, it identifies the company pairs that submitted "parallel" bids in most public procurement procedures, with one of them winning each time and the other losing each time. The table below presents the outliers for successful and unsuccessful parallel bids in public procurement procedures conducted in 2024 and 2025[22], for both the overall public procurement market and the EU-funded public procurement market.

Subsequently, we also present the outliers for parallel bidding over the entire five-year period from 2021 to 2025.

[22] *Therefore, those procedures whose outcomes were announced in 2024 and 2025.*

Parallel bids submitted by successful-unsuccessful company pairs in order of the number of procedures (2024, 2025.)

OVERALL PUBLIC PROCUREMENT MARKET

Ranking	2024					2025			
	Name of successful company	Name of unsuccessful company	Number of parallel bids	Contract value related to parallel bids (HUF m)	Total number of bids submitted by the successful company	Name of successful company	Name of unsuccessful company	Number of parallel bids	Contract value related to parallel bids (HUF m)
1	MORTAK FRUIT Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	M és Társa Kereskedelmi és Szolgáltató Kft.	76	870,1	77	TÖMB 2002 Szolgáltató Korlátolt Felelősségű Társaság	UNISZOL-Létesítménygazdálkodási Zártkörűen Működő Részvénytársaság	46	1 137,2
2	STRABAG Általános Építő Korlátolt Felelősségű Társaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	47	2 022,2	86	TÖMB 2002 Szolgáltató Korlátolt Felelősségű Társaság	Emil és Társai Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	42	1 022,2
3	Gulyás János és Társa Kft	VAN-HÚS Korlátolt Felelősségű Társaság	38	1 429,0	59	MORTAK FRUIT Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	M és Társa Kereskedelmi és Szolgáltató Kft.	39	1 635,7
4	VJD TRANS Korlátolt Felelősségű Társaság	SZÉP HÁZAK - 6. PILLÉR Korlátolt Felelősségű Társaság	37	1 678,5	69	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	30	6 528,4
5	BEST CLEAN BEST Korlátolt Felelősségű Társaság	ORINK HUNGARY Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	37	39,9	37	ETIAM Korlátolt Felelősségű Társaság	SERCO Informatika Zrt.	24	283,8
6	MVM Next Energiakereskedelmi Zrt.	E2 Hungary Energiakereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	36	20 577,6	136	ETIAM Korlátolt Felelősségű Társaság	Alienline Kft.	23	132,6
7	STRABAG Általános Építő Korlátolt Felelősségű Társaság	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	36	1 671,0	86	ETIAM Korlátolt Felelősségű Társaság	Bázis Informatika Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	22	113,2
8	KISS KERT 2006 Kertészeti, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	Ecogarden Korlátolt Felelősségű Társaság.	35	277,4	61	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	PV Napenergia Szolgáltató és Kivitelező Kft.	22	76,2
9	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	31	6 733,6	52	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	SOLLIGHT ENERGIA ESCO KFT.	22	38,1
10	ETIAM Korlátolt Felelősségű Társaság	Bechtle direct Korlátolt Felelősségű Társaság	31	196,3	87	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	SUNdroid Korlátolt Felelősségű Társaság	22	38,1
11	ETIAM Korlátolt Felelősségű Társaság	Alienline Kft.	31	48,6	87	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	SOLAR WELT Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	22	38,1
12	TZMO Hungary Korlátolt Felelősségű Társaság	Inco-Med Kft.	29	971,2	35	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	LIZIKO NN Szolgáltató, Környezetvédelmi, Kutató- Fejlesztő és Kereskedelmi Korlátolt Felelősségű Társaság	22	38,1
13	ETIAM Korlátolt Felelősségű Társaság	SERCO Informatika Zrt.	29	324,8	87	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	Pannonwatt Energetikai Megoldások Zrt.	22	38,1
14	EUROMEDIC TRADING Szolgáltató Korlátolt Felelősségű Társaság	Johnson & Johnson Egészségügyi és Babaápolási Termékeket Gyártó és Forgalmazó Kft.	29	21,7	54	STRABAG Általános Építő Korlátolt Felelősségű Társaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	21	916,0
15	MVM Next Energiakereskedelmi Zrt.	Wattler Kft.	28	2 368,1	136	ETIAM Korlátolt Felelősségű Társaság	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	21	124,2
16	"HOR" Kereskedelmi és Szolgáltató Zártkörű Részvénytársaság	Balázs-Diák Kft.	27	317,1	29	STRABAG Általános Építő Korlátolt Felelősségű Társaság	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	20	965,5
17	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	STRABAG Általános Építő Korlátolt Felelősségű Társaság	26	989,2	52	MOM Magyar Optikai Művek Zrt.	ENERWÉ Hungária Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	20	784,9
18	ORINK HUNGARY Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	I-COM IRODAELLÁTÁS Kereskedelmi Korlátolt Felelősségű Társaság	25	615,6	31	PV Napenergia Szolgáltató és Kivitelező Kft.	MVM Optimum Korlátolt Felelősségű Társaság	20	677,5
19	Halker Élelmiszer Kereskedelmi, Gyártó és Feldolgozó Korlátolt Felelősségű Társaság	Jégtrade Élelmiszeripari és Kereskedelmi Korlátolt Felelősségű Társaság	25	331,5	60	Mediimetál Gyógyászati Termékeket Gyártó és Forgalmazó Kft.	Sanatmetal Ortopédiai és Traumatológiai Eszközöket Gyártó Kft.	20	47,4
20	ETIAM Korlátolt Felelősségű Társaság	PC Trade Systems Informatikai Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	25	48,3	87	VJD TRANS Korlátolt Felelősségű Társaság	NÁMOR-ÉP Építőipari Korlátolt Felelősségű Társaság	19	1 373,3

EU-FUNDED PUBLIC PROCUREMENT MARKET

Ranking	2024					2025			
	Name of successful company	Name of unsuccessful company	Number of parallel bids	Contract value related to parallel bids (HUF m)	Total number of bids submitted by the successful company	Name of successful company	Name of unsuccessful company	Number of parallel bids	Contract value related to parallel bids (HUF m)
1	VJD TRANS Korlátolt Felelősségű Társaság	SZÉP HÁZAK - 6. PILLÉR Korlátolt Felelősségű Társaság	28	1 678,5	55	VJD TRANS Korlátolt Felelősségű Társaság	NÁMOR-ÉP Építőipari Korlátolt Felelősségű Társaság	19	1 373,3
2	Green Therm Hungary Korlátolt Felelősségű Társaság	PV Napenergia Szolgáltató és Kivitelező Kft.	20	39,9	20	STRABAG Általános Építő Korlátolt Felelősségű Társaság	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	17	790,2
3	Green Therm Hungary Korlátolt Felelősségű Társaság	Sole Nostrum Energetikai Zártkörűen Működő Részvénytársaság	20	19,9	20	STRABAG Általános Építő Korlátolt Felelősségű Társaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	16	606,8
4	Green Therm Hungary Korlátolt Felelősségű Társaság	Pannonwatt Energetikai Megoldások Zrt.	20	19,9	20	VJD TRANS Korlátolt Felelősségű Társaság	SZÉP HÁZAK - 6. PILLÉR Korlátolt Felelősségű Társaság	13	659,5
5	STRABAG Általános Építő Korlátolt Felelősségű Társaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	19	1 151,6	25	Orosz - Útépítő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	G-Plan Építő Kft.	10	1 031,9
6	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	TÖMB 2002 Szolgáltató Korlátolt Felelősségű Társaság	18	1 137,5	31	Orosz - Útépítő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	10	516,0
7	STRABAG Általános Építő Korlátolt Felelősségű Társaság	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	14	1 021,1	25	Orosz - Útépítő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	STRABAG Általános Építő Korlátolt Felelősségű Társaság	10	516,0
8	VJD TRANS Korlátolt Felelősségű Társaság	SZAES Ügynöki, Kereskedelmi és Szolgáltató Betéti Társaság	14	892,5	55	JD Bau 2014 Korlátolt Felelősségű Társaság	GipKrisz Bau Korlátolt Felelősségi Társaság	9	648,8
9	"HOR" Kereskedelmi és Szolgáltató Zártkörű Részvénytársaság	Balázs-Diák Kft.	14	240,8	15	STRABAG Általános Építő Korlátolt Felelősségű Társaság	Duna Aszfalt Út és Mélyépítő Zártkörűen Működő Részvénytársaság	9	325,3
10	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	SZAES Ügynöki, Kereskedelmi és Szolgáltató Betéti Társaság	13	596,1	31	VJD TRANS Korlátolt Felelősségű Társaság	ZEMPLÉN ROAD Út- és Közműépítő Korlátolt Felelősségű Társaság	8	350,5
11	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	Duna Aszfalt Út és Mélyépítő Zártkörűen Működő Részvénytársaság	12	1 071,2	31	Ga Trade Transport Kft	NÁMOR-ÉP Építőipari Korlátolt Felelősségű Társaság	8	267,7
12	KÁLLÓ-ROAD Útépítő Kereskedelmi és Szolgáltató Kft.	Nyír-Építő Építőipari Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	12	512,3	18	VJD TRANS Korlátolt Felelősségű Társaság	EMP TRADE Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	8	207,0
13	XENOVEA Szolgáltató Kft.	Novogene (UK) Company Limited	12	83,1	12	VJD TRANS Korlátolt Felelősségű Társaság	PAPEX Kereskedelmi és Szolgáltató Kft.	8	207,0
14	VJD TRANS Korlátolt Felelősségű Társaság	KORONA-HUMÁN Egészségügyi Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság	11	723,5	55	Orosz - Útépítő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	"Soltút" Útépítő, Fenntartó és Kereskedelmi Korlátolt Felelősségű Társaság	8	175,3
15	VJD TRANS Korlátolt Felelősségű Társaság	Petrucz Transz Szolgáltató Korlátolt Felelősségű Társaság	11	553,9	55	VJD TRANS Korlátolt Felelősségű Társaság	Sándoraszfalt Útépítő Korlátolt Felelősségű Társaság	8	174,4
16	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	STRABAG Általános Építő Korlátolt Felelősségű Társaság	11	493,0	18	VJD TRANS Korlátolt Felelősségű Társaság	ZOMBOR ÚTÉPÍTŐ Korlátolt Felelősségű Társaság	8	137,3
17	TÖMB 2002 Szolgáltató Korlátolt Felelősségű Társaság	KELET-ÚT Építőipari, Beruházó és Szállítmányozó Korlátolt Felelősségű Társaság	10	3 911,6	46	Ga Trade Transport Kft	VJD TRANS Korlátolt Felelősségű Társaság	8	133,9
18	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	Nyír-Építő Építőipari Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	10	652,5	31	Ga Trade Transport Kft	Intent Mérnöki Korlátolt Felelősségű Társaság	8	133,9
19	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	DUBA-SPED KFT	10	496,3	31	Ga Trade Transport Kft	KÁLLÓ-ROAD Útépítő Kereskedelmi és Szolgáltató Kft.	8	96,4
20	VAJDA MÉLYÉPÍTŐ Korlátolt Felelősségű Társaság	LASPED Kereskedelmi, Építőipari és Szolgáltató Korlátolt Felelősségű Társaság	10	254,0	31	G-Plan Építő Kft.	SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	7	712,9

[1] Due to the specific structure of the data, for certain rows the column data do not include the contract value attributable to some of the parallel tenders.

Table 8: Successful–unsuccessful company pairs (number of bids in 2024 and 2025)

OVERALL PUBLIC PROCUREMENT MARKET 2021-2025					
Ranking	**Reg. No**	**Name of company**	**Number of successful bids**	**Number of unsuccessful bids**	**Total value of awarded contracts (HUF m)**
1	11399689	SZEMP Air Légiszolgáltató Kft	67	0	497,6
2	11042291	RSZ-COOP LÉGISZOLGÁLTATÓ ÉS KERESKEDELMI KFT	65	0	280,2
3	11684057	SDA Informatika Zártkörűen Működő Részvénytársaság	47	0	18 504,0
4	24859255	NEG Nemzeti Energiagazdálkodási Zrt.	43	0	895,4
5	12257003	Arcanum Adatbázis Korlátolt Felelősségű Társaság	35	0	2 100,2
6	353087049DE	SKS Knowledge Services GmbH	31	0	2 602,7
7	10884979	REWIN Magyarország Korlátolt Felelősségű Társaság	30	0	3 787,0
8	10590887	YooWC Kommunális Szolgáltató Kft.	27	0	242,4
9	12643228	Wolters Kluwer Hungary Kft.	22	0	1 718,5
10	25900756	ÉPÍTŐLINE Építőipari Korlátolt Felelősségű Társaság	21	0	1 872,7
11	24916655	Green Therm Hungary Korlátolt Felelősségű Társaság	21	0	19,9
12	18929885	Vízimentők Magyarországi Szakszolgálata és Önkéntes Tűzoltó Egyesület	19	0	103,6
13	10845606	Oracle Hungary Kft.	18	0	1 498,8
14	21718214	Kovács és Társa Mezőgazdasági, Kereskedelmi és Szolgáltató Betéti Társaság	18	0	444,5
15	11387729	Akadémiai Kiadó Zrt.	17	0	1 124,5
16	27028614	Arkance Systems HU Korlátolt Felelősségű Társaság	17	0	778,7
17	27793264	KenD-MV Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	17	0	367,1
18	11602943	BCL Kereskedelmi és Szolgáltató Kft	17	0	79,6
19	14755617	GVSX Szolgáltató Korlátolt Felelősségű Társaság	16	0	5 691,6
20	25181698	INNODOX Technologies Kereskedelmi- és Szolgáltató Zrt.	15	0	554,7

EU-FUNDED PUBLIC PROCUREMENT MARKET 2021-2025					
Ranking	**Reg. No**	**Name of company**	**Number of successful bids**	**Number of unsuccessful bids**	**Total value of awarded contracts (HUF m)**
1	24916655	Green Therm Hungary Korlátolt Felelősségű Társaság	20	0	19,9
2	10705775	Speeding Mérnöki Kereskedelmi és Szolgáltató Kft.	18	0	2 057,0
3	12181911	HÁNCS Kereskedelmi, Szolgáltató és Termelő Korlátolt Felelősségű Társaság	12	0	8 611,2
4	27938513	Green Water Technology Kft.	12	0	1 292,8
5	25707144	Educational Development Informatikai Zártkörűen Működő Részvénytársaság	10	0	16 501,9
6	10782664	Medial Egészségügyi Szolgáltató Kft.	10	0	39,8
7	24992880	Meddevice Korlátolt Felelősségű Társaság	8	0	909,4
8	10577044	MELIO-START Építő és Szolgáltato Korlátolt Felelősségü Társaság	8	0	662,2
9	10322174	Mediso Medical Imaging Systems Kft	8	0	615,9
10	27866133	PHARMAFLIGHT Aviation Academy Korlátolt Felelősségű Társaság	8	0	70,8
11	CZ28487150	Stargen EU s.r.o.	7	0	445,9
12	10438372	Porsche Hungaria Kereskedelmi Kft.	7	0	325,1
13	32010589	3E BIM Korlátolt Felelősségű Társaság	7	0	237,6
14	14614589	Platinamix Kereskedelmi és Szolgáltató Kft.	7	0	82,7
15	24165866	SANOL Hungary Kereskedelmi és Környezetvédelmi Szolgáltató Kft.	7	0	58,0
16	26741082	Global-Szig Korlátolt Felelősségű Társaság	7	0	46,7
17	12004692	SUTURA Képviseleti és Kereskedelmi Korlátolt Felelősségű Társaság	7	0	0,2
18	22777375	ELMS Informatikai Zártkörűen Működő Részvénytársaság.	6	0	14 233,2
19	13265553	SONARMED Kft	6	0	123,7
20	14656714	Pro Veszprém Városfejlesztési és Befektetés-ösztönző Nonprofit Korlátolt Felelősségű Társaság	6	0	113,6

Table 9: Successful–unsuccessful company pairs (aggregate number of bids between 2021 and 2025)

In its 2024 Report, the Authority already provided a detailed analysis of the risks associated with horizontal anti-competitive conduct in public procurement and put forward several proposals aimed at strengthening the detection of such conduct and the enforcement of the resulting legal consequences. The Authority notes that following these proposals, the HCA was requested, pursuant to **Government Decision No 1106/2026 of 23 March 2026** on the 2026 review of the action plan on measures aimed at increasing the level of competition in public procurement (2023–2026) ("Government Decision"), to review the guidance on bid-rigging in public procurement – a development that the Authority welcomes. Considering that the deadline specified for the HCA in the Government Decision is 31 December 2026, the related findings can only be made once these tasks have been completed and their results have been analysed.

Considering, however, that several of the recommendations made in this regard in the 2024 Integrity Report were not accepted by the Government, while the identified problems persist, the Authority considers it warranted to reiterate its previous recommendations, together with a concise summary of the most important findings.

General competition law infringements

According to the results of the Performance Measurement Framework evaluating the efficiency and cost-effectiveness of public procurement, the Competition Council of the Hungarian Competition Authority ("HCA") issued a total of two decisions in 2025 in cases concerning bid-rigging, one of which found an infringement and the other imposed a new fine. Besides the two decisions regarding bid-rigging, an infringement was also found in one additional cartel procedure. In 2025, the HCA received a total of 31 market reports concerning anti-competitive conduct detected in public procurement procedures, on the basis of which three competition supervision proceedings were initiated. These exceptionally low figures continue to indicate that there are systemic issues with the legal instruments and institutional frameworks intended to ensure compliance with competition law in public procurement procedures.

Contracting authorities and bidders under competition law

In the course of its work, the Authority frequently encounters the issue of coordinated conduct between the contracting authority and the bidder. In assessing this issue under competition law, it is crucial that the Competition Act defines the concept of an "undertaking" not by reference to the legal form of the organisation, but by reference to

the activities it carries out. Under the Competition Act, an undertaking is defined as any entity engaged in economic activity, that is, providing services or selling products on a market basis in return for consideration. Accordingly, the mere fact that an entity is a local government, state agency, or state-owned company does not preclude it from qualifying as an undertaking under competition law, provided that it engages in market-oriented economic activities.

However, this must be distinguished from cases where the same organisation acts in the exercise of public authority or in the performance of a public duty. If, for example, a local government or state agency conducts a public procurement procedure in its capacity as a contracting authority, it does not act as an undertaking in this specific activity, but rather performs a public duty and conducts a procedure involving the use of public funds. Therefore, conducting public procurement procedures is not considered an economic activity under competition law.

This circumstance is crucial with regard to the applicability of Section 11 of the Competition Act. Section 11 of the Competition Act applies exclusively to agreements and concerted practices between undertakings; therefore, as a general rule, cooperation between a contracting authority and a bidder aimed at influencing the outcome of a public procurement procedure does not constitute a cartel under Section 11 of the Competition Act. The reason for this is not that such conduct would be incapable of distorting competition, but rather that the contracting authority does not act as an undertaking in its capacity as a contracting authority. This type of collusive practice may typically constitute a violation of public procurement law or the criminal offence under Section 420 of the Criminal Code concerning agreements in restraint of competition concluded in public procurement and concession procedures.

Competition law relevance typically arises in the case of coordination among bidders. In such cases, all parties participate in market competition as undertakings, and therefore an agreement or concerted practice between them may constitute a breach of the cartel prohibition under Section 11 of the Competition Act.

Anti-competitive agreements between undertakings primarily manifest themselves in public procurement in the form of classic cartel practices, including, in particular, bid rotation, bid withdrawal/non-participation, the submission of cover bids, price fixing, market allocation, as well as joint bidding instead of submitting independent bids or the use of subcontracting arrangements.

Under public procurement law, contracting authorities are required to prevent, identify and manage not only conflicts of interest but also situations that generally compromise the integrity of competition. Where, in the course of the procedure, clear signs of a competition law violation arise, or there are reasonable grounds to suspect such a violation, the contracting authority is required to report it to the Hungarian Competition Authority. However, enforcement practice shows that this obligation is often not fulfilled and that, in review procedures, typically only the failure to fulfil this obligation is established, without any substantive consequences under competition law.

Furthermore, the available data indicate that, even where the HCA receives reports concerning violations of competition law in connection with public procurement procedures, such reports lead to the initiation of competition supervision proceedings only in exceptional cases. As a result, the vast majority of alleged cartels do not give rise to legal consequences for bidders, thereby substantially weakening the deterrent effect of the legal instrument. An additional structural problem is that the distinction between conduct that is in breach of public procurement law but has no competition law relevance and genuine cartel agreements is not clear to participants in public procurement procedures. The identification and management of cartels require competition law expertise that those involved in the evaluation process typically do not possess.

As a result, the assessment of bids from a competition law perspective does not become an integral part of the evaluation process, and the use of the available legal instruments for exclusion and ineffectiveness remains negligible.

Cover bids

"Cover bids" constitute a separate risk category, where certain bidders participate in a procurement procedure without a genuine intent to win, typically in order to maintain the appearance of competition. These forms of conduct are not directly aimed at restricting competition, but rather serve to conceal the absence of competition, most often in order to avoid declaring the procedure unsuccessful and to secure the position of a pre-determined winner. The characteristic of cover bids is that they conceal actual market coordination and the absence of genuine competition while maintaining the appearance of competition.

Control experience shows that suspicions of cover bidding arise frequently; however, contracting authorities uncover and address such infringements only in exceptional cases. This is attributable, on the one hand, to a lack of familiarity with competition law

among stakeholders and, on the other hand, to the fact that neither the legislation nor the applicable methodological guidelines impose an obligation to document the assessment of bids from a competition law perspective. Therefore, infringements are typically uncovered retrospectively, during subsequent controls, when the available legal consequences are limited to fines or financial corrections.

In the current enforcement environment, an additional risk is posed by the fact that the failure to comply with the reporting obligation more frequently results in sanctions against contracting authorities, whereas economic operators involved agreements restricting competition are typically not held accountable in practice.

Based on control experience, the use of "cover bids" is particularly prevalent in procedures under Section 115 of the PPA, as well as in public procurement procedures conducted pursuant to Section 75(2)(e) of the PPA (i.e. where at least two bids or requests for participation are required to be received).

Recommendation No 13 – In order to curb such cases, the Authority recommends discontinuing the procedure under Section 115 of the PPA (see Subchapter 4.2.1) and, in light of experience with the application of the ground for declaring a procedure unsuccessful under Section 75(2)(e) of the PPA, reviewing the application of that ground as necessary.

Other common forms of implementation

In cases involving bid rotation, cartel participants take turns winning public procurement procedures on the basis of prior agreements. The undertakings agree in advance which bidder will be successful in each tender procedure, while the other participants submit complementary or cover bids. The purpose of this arrangement is to ensure that, in the long term, all participants receive public procurement contracts, while actual market competition is eliminated.

In the event of bid suppression or abstention, one or more undertakings agree not to submitt a bid, withdraw from the procurement procedure, or render their bids invalid in order to ensure that a designated bidder wins. The purpose of this conduct is usually to restrict competition and ensure the success of the designated winner. This form of bid-rigging is particularly significant where only a few market participants are capable of performing the contract.

In the event of price-fixing, bidders agree their bid prices or other financial conditions in advance in order to ensure that competition does not take place on the basis of

actual market prices. Coordination may take the form of setting a specific bid price, fixing a minimum price, or determining bid prices in relation to one another. Price fixing is one of the most serious and classic forms of cartels.

Summary

Overall, shortcomings in addressing horizontal restrictions of competition mean that a significant proportion of cartel conduct in public procurement procedures remains undetected, while the enforcement of legal consequences fails to achieve the necessary deterrent effect. The Authority considers that addressing these issues continues to require systemic intervention, clear methodological guidance, and the strengthening of legal instruments.

Furthermore, the Authority considers it important to note that, based on its experience, the grounds on which the HCA examines and rejects complaints or notifications are neither clear nor transparent.

Based on the Authority's experience, the number of competition supervision proceedings initiated by the HCA in connection with public procurement procedures is extremely low, and in several cases, the HCA initiates review procedures with the Public Procurement Arbitration Board instead of competition supervision proceedings. In the Authority's view, this practice is questionable, given that it effectively asks the Arbitration Board to assess an infringement that is essentially a competition law infringement, even though the HCA has the relevant jurisdiction and expertise in this regard. Another systemic issue arises from the fact that, following a PPAB decision establishing an infringement, bidders do not become subject to exclusion grounds, whereas in the case of competition supervision proceedings conducted by the HCA, this legal consequence would also apply and would have a much stronger deterrent effect on economic operators.

The Authority also identified as a problem the fact that the HCA acts solely on the basis of notifications and complaints, without having a risk analysis methodology or practice based on its own observations. In other words, a proactive oversight approach designed to ensure the integrity of the public procurement market at a systemic level is lacking.

Recommendations

Recommendation No 14 – Enhancing the effectiveness of complaints and reports

Recommendation No 14.1 – The Hungarian Competition Authority should publish methodological guidance aimed at improving the quality and effectiveness of complaints and notifications regarding suspected legal infringements detected in public procurement procedures and ensuring that the consequences of such infringements are adequately enforced. The 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; specify what evidence is considered sufficient to substantiate the initiation of proceedings; indicate what documents and information should be submitted; specify the circumstances under which a notification submitted as such is treated as a formal complaint; and set out the criteria applied by the HCA when examining complaints and notifications.

Recommendation No 14.2 – The HCA should consistently initiate competition supervision proceedings on the basis of complaints and notifications in order to curb cover bids, irrespective of the estimated value or significance of the individual procedures.

Recommendation No 15 – Establishing a competition law risk analysis practice

The HCA, in cooperation with the Integrity Authority where appropriate, should develop a risk analysis methodology based on public procurement data and, on that basis, conduct regular risk analyses to identify competition law risks.

2.5.3 Further phenomena and interrelationships affecting the level of competition in public procurement procedures

In the Authority's view, the measures introduced to reduce the number of single-bid public procurement procedures have proven insufficient to effectively increase the level of competition.

This is supported by the fact that the objectives set regarding the reduction of single-bid procedures have not been met, the preliminary market consultation has not delivered the anticipated benefits expected from its mandatory implementation, and the

application of the ground for declaring a procedure unsuccessful under Section 75(2)(e) of the PPA often results merely in the submission of cover bids, rather than the emergence of genuine competition.

The effectiveness of both of the aforementioned solutions is undermined by the fact that contracting authorities typically apply them only in a formal manner, rather than with the genuine aim of enhancing the level of competition.

The determination of the actual number of single-bid procedures may be distorted by the data of procedures under Section 115 of the PPA: in these cases, multiple bids, usually 2-3, are submitted, while in the majority of cases, the bids other than that of the successful bidder are merely "cover bids".

It is also common in centralised public procurement that, in the second phase of framework agreement procedures involving multiple bidders, aimed at meeting specific procurement needs, only one "genuine" bid is submitted, while the other bidders submit non-competitive bid merely to formally fulfil their obligation to submit a bid under the PPA.

The "solutions" described above have significance beyond their individual effects: they undermine competition and trust in public procurement at a systemic level, as, taken together, they affect a substantial proportion of public procurement procedures.

In its previous integrity reports, the Authority made several recommendations aimed at genuinely increasing the level of competition in public procurement, which at the time were either not supported or only partially supported by the Government. The basis for these recommendations was the restoration of bidder confidence, the reduction of administrative burdens and costs, and the improvement of the predictability of public procurement procedures. The Authority considers that without achieving these objectives, genuine progress is unrealistic.

In this context, the Authority considers it necessary to adjust public procurement practices and, where applicable, the statutory provisions in the following areas, which have also been detailed in its previous integrity reports:

Proposals concerning review procedures

- **Further reduction of the administrative service fee for legal remedies**

Although the administrative service fees have already been adjusted once in response to the Authority's recommendation, this did not result in any substantive change, taking into account the considerations elaborated in the Authority's previous integrity reports. The high fees alone may limit the exercise of the right to legal remedies; however, the fact that in Hungary the fee increases depending on the number of elements in an application further exacerbates this effect. The exercise of the right to legal remedies is hindered by the mandatory representation before the Arbitration Board and the associated additional costs, whereas, based on an international comparative analysis prepared by the OECD at the request of the Authority ("OECD analysis"), **one of the advantages of having a review body specialised in public procurement could precisely be that it is capable of understanding and assessing the questions raised by a party without the involvement of a representative. Moreover, the pool of potential representatives is also extremely limited under the PPA** (which may be further narrowed by the plan to phase out accredited public procurement consultants); therefore, bidders, in the absence of legal counsel, are compelled to involve external experts even if they otherwise have employees responsible for public procurement.

The Authority emphasises that the argument that high administrative service fees are the only means of preventing unfounded applications for review is unacceptable. **The Authority recommends examining the extent to which high administrative service fees may be linked to the high proportion of single-bid procedures.**

The Authority notes that the increase in the number of review procedures initiated upon request could also lead to a decrease in the number of ex officio proceedings, as some infringements could be detected as early as during the public procurement procedures, rather than not only subsequently, for example, as a result of an inspection conducted years later. This could contribute to ensuring effective redress.[23]

The Authority highlights that, based on the 2025 data on legal remedies, approximately twice as many review procedures were requested under the EU procedural framework as under

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[23] *Indicator No 1 of the Performance Measurement Framework shows that in 2025, a total of 236 and 231 review procedures were concluded before the Public Procurement Arbitration Board in proceedings initiated ex officio and proceedings initiated upon request, respectively.*

the national procedural framework, which may indicate that the administrative service fees are relatively high in the national procedural framework. The restrictive effect of high fees on access to legal remedies may also be indicated by the fact that **the primary reason for rejecting applications for review is the failure to pay the administrative service fee.**

Recommendation No 16 – Reducing legal fees

Therefore, the Authority continues to consider it necessary to further significantly reduce legal fees and to discontinue linking them to the number of elements in an application.

The Authority considers it unwarranted that, where bids are invited for separate lots, the administrative service fee should have to be paid separately for each lot in cases where the same provisions alleged to be unlawful in the contract notices initiating the public procurement procedures and the related procurement documents have been laid down in an entirely identical manner for all or several lots. Furthermore, the Authority continues to consider it warranted to apply a significantly more favourable legal fee to applications for review submitted prior to the expiry of the deadline for participation or bid submission.

Furthermore, the Authority continues to consider it necessary, in the case of framework agreement procedures, dynamic purchasing systems and framework contracts, to introduce a specific rule providing that, both in respect of remedies concerning the documents initiating the procedure and in respect of infringements occurring during the assessment and evaluation process, **the basis for calculating the legal fee should be** not the estimated value specified by the contracting authority, but **exclusively the value subject to a call-off or service delivery obligation and identified as such in the contract notice. Where no such value is specified in the contract notice, only the basic fixed fee should apply.** This way, unlawful requirements and decisions of the contracting authorities would be more likely to be brought before a review body, even in the case of high-value procedures conducted within the framework of centralised public procurement.

The continued application of higher legal fees where preliminary dispute resolution has not been requested could be a solution for preventing unfounded applications for review.

- **The abolition of mandatory representation or the significant expansion of the scope of eligible persons**

As previously mentioned, mandatory representation may result in significant additional costs for bidders seeking legal remedy. It is unfair that public procurement professionals

working on the bidders' side – and therefore, under the applicable rules, not eligible to obtain a public procurement consultant or state public procurement consultant qualification – cannot act as representatives before the Public Procurement Arbitration Board. This may indirectly also constitute an obstacle to the exercise of the right to legal remedies.

Recommendation No 17 – Lifting restrictions on the right of representation in legal remedies

The Authority, maintaining its previous recommendation, therefore proposes lifting the restrictions on the right of representation or, at a minimum, significantly extending it to all professionals with qualifications and/or practical experience in public procurement.

- **Conducting negotiations**

Feedback suggests that a large proportion of those applying the law would prefer hearing to be held, and there are some who prefer hearings in face-to-face format, rather than via an electronic communication network, as they find face-to-face hearings more efficient in terms of enforcement. The low number of hearings may further increase the business risk associated with high administrative service fees. This is because clients feel more restricted in their capacity to fully present their arguments and engage with diverse perspectives. In view of the fact that remedy cases before the Public Procurement Arbitration Board are usually quite complex, it would be appropriate to stipulate in the PPA that in line with the previous regulation, if the applicant or initiator requested a hearing, the Arbitration Board would be bound to hold one. In other cases, it would be possible to maintain the current regulatory approach: that is, to leave it to the discretion of the Arbitration Board to decide whether it is warranted to call a hearing.

Recommendation No 18 – The possibility of initiating negotiations

The Authority considers it an important element of exercising the right to legal remedies that, in typically complex public procurement legal disputes, the applicant may request that a hearing be held and may also specify whether the hearing should take place in person or online.

- **A more permissive interpretation of procedural capacity**

The Authority welcomes the preparation by the NDC of the relevant EU case law summary concerning procedural capacity, which, in the Authority's view, supports the position that

the Hungarian practice concerning procedural capacity is restrictive and constitutes an obstacle to exercising the right to legal remedy; and although the EU case law summary is very useful, **it is not clear how it will ensure a change in the established case law.** According to the Authority's position, the OECD analysis on review procedures also demonstrates that, in EU Member States, it is generally sufficient for an applicant to have submitted a bid in the public procurement procedure in order to exercise the right to seek legal remedy.

Recommendation No 19 – Decision of the general council on procedural capacity

In light of the above, the Authority considers it justified for the Public Procurement Arbitration Board to issue a decision of the general council providing potential applicants with clear information regarding the revised legal interpretation concerning procedural capacity.

- **Imposition of penalties**

Recommendation No 20 – Issuing a detailed information notice on the imposition of fines

The review body should provide more specific information than it currently does regarding the Arbitration Board's approach to imposing penalties. This could not only serve to ensure that stakeholders are adequately informed but also guarantee that the consistency, impartiality and freedom from bias of the Arbitration Board's practice concerning the imposition of fines (and, of course, more generally, its practice of legal interpretation) can be verified and traced.

In this way, it would also be possible to prevent the Public Procurement Arbitration Board or individual public procurement commissioners from assessing and sanctioning potential violations by particular contracting authorities or economic operators differently, thereby avoiding any concerns regarding the impartiality and independence of the forum in light of the foregoing.

Public procurement procedures are the primary channels through which state and European Union funds are used; therefore, the transparency, professional foundation, and, above all, the impartiality of the functioning of the review body are one of the safeguards of the rule of law.

The decisions of the Public Procurement Arbitration Board not only resolve legal disputes between the parties concerned but also **provide guidance for the public procurement market as a whole,** influence the practices of contracting authorities and bidders, and indirectly affect the compliance of the use of European Union funds.

For this very reason, it is imperative that the Arbitration Board acts consistently and lawfully.

Recommendation No 21 – Reviewing the principles governing the imposition of penalties on economic operators, ensuring proportionality

The Authority also considers it important, from the perspective of the imposition of fines, that, particularly in the case of fines imposed on economic operators, the fines imposed be proportionate to the nature of the infringement. It also considers it essential to ensure the consistent application of the principle whereby, **since, as a general rule, the contracting authority is the "master" of the public procurement procedure, it should bear responsibility for ensuring compliance with the procedural rules, particularly in cases where the PPA is disregarded.**

Recommendation No 22 – Specialisation of review bodies

In view of the complexity of review procedures in public procurement, the Authority considers it particularly important that, at the level of the Arbitration Board, decisions in this field be made by professionals who specialise in this area and have the appropriate qualifications, expertise, and experience, and that specialisation also be ensured within the courts. It is warranted to set out the relevant guarantees in legislation.

Recommendation No 23 – Strengthening the practice of the Public Procurement Arbitration Board form an integrity perspective

The Authority notes that **it is warranted to strengthen the legal practice of the Public Procurement Arbitration Board from an integrity perspective.** The Integrity Authority's experience from its investigations indicates in several respects that, from this perspective, the legal consequences applied are not sufficiently effective to bring about lasting changes in the behaviour of contracting authorities or market participants. **Accordingly, the system of legal remedies needs to be amended in several respects:**

- the legal framework must be established to enable the Arbitration Board to assess patterns of infringements spanning individual public procurement procedures and to address such procedures within a single review procedure, even where different contracting authorities are involved.

- the Arbitration Board should be granted the authority to make economic operators subject to exclusion grounds in the event of certain infringements (e.g. acts that compromise the integrity of competition).

- **Accessibility and searchability of public public procurement decisions by the Public Procurement Arbitration Board and the courts**

In order to ensure the traceability of the practice of the Arbitration Board and the courts, as well as to identify potential dysfunctions, the Authority maintains its recommendations set out in previous integrity reports concerning the accessibility and searchability of review decisions issued by both the Arbitration Board and the courts.

Feedback suggests that those applying the law are satisfied with the accessibility of the Arbitration Board's decisions, but not with their searchability. By contrast, the accessibility and searchability of court judgements are also inadequate.

Recommendation No 24 – Creating searchable remedies databases

It is warranted to establish a separate register of court judgments on the website of the Public Procurement Authority, as well as to create a search interface for both Arbitration Board decisions and court judgments that would enable reliable searches by specific characteristics of the decisions and judgments, such as their subject matter or the legal provisions infringed.

Making it easier to review the emerging legal practice in the decisions could, on the one hand, promote law-abiding behaviour and, on the other hand, further strengthen trust in review bodies.

Conditional public procurement procedures

The Authority has previously highlighted in its reports that the implementation of conditional public procurement procedures poses unpredictability and integrity risks, particularly when the occurrence of the conditions is not transparent.

The Authority notes that **no substantive progress has been made** in addressing these issues and **continues to stand by** its previous findings.

Undoubtedly, the timely and full use of European Union funds within a programming period is crucial. It is, however, counterproductive when, in light of the aforementioned considerations, public procurement procedures are initiated too early, sometimes even before the tender conditions are known or fully developed, or when the contracting authority is not aware of the applicable procurement support frameworks. **The importance attached to the speed with which these funds are spent must not override the**

importance of ensuring that they are used reasonably. Public procurement procedures launched prematurely not only compel the economic operators participating in such procedures to incur unnecessary costs but also result in unnecessary expenditure for contracting authorities and undermine the objective of ensuring that the funds are used in a manner that benefits society.

In the Authority's view, it is also unacceptable for the entry into force of a given contract to be contingent upon a decision made by an external oversight body – in this case, the ministry responsible for construction – following the conduct of a public procurement procedure.

Recommendation No 25 – Limiting the applicability of conditional public procurement procedures

Recommendation No. 25.1 – The Authority continues to consider it warranted to clarify the statutory provisions governing conditional public procurement, at a minimum, by stipulating that the public procurement procedure may not be launched prior to the submission of the grant application and that, taking into account the realities of the economic environment, the contract should enter into force within a significantly shorter period (maximum 90 days) than that currently prevailing in practice, with the deadline being laid down in the PPA and it being made clear that such deadline may not be extended.

Recommendation No. 25.2 – The Authority also recommends that audit bodies pay special attention to verifying that contracting authorities do not misuse the possibility of conditional public procurement, i.e. that they refrain from concluding contracts only where justified.

Reducing the rate of unsuccessful public procurement procedures

An unsuccessful public procurement procedure results in unnecessary expenditures not only for contracting authorities but also for bidders, which, under the framework, can amount to several hundred thousand forints for bidders and even reach millions for contracting authorities.

Recommendation No 26 – Examining cases leading to unsuccessful procurement procedures

The Authority stands by the points set out in the previous year's integrity report in this regard as well. Because of the unnecessary costs thereby imposed on economic

operators, the high rate of unsuccessful procedures may also have a negative impact on the level of competition in public procurement procedures.

Beyond the previously discussed improvement in the quality of the preparation of public procurement procedures, it is warranted to examine cases of unsuccessful procedures and reduce their proportion through appropriate measures.

The high proportion of invalidated bids, with particular regard to abnormally low prices

In the 2024 Integrity Report, the Authority already drew attention to the fact that the high proportion of bids being declared invalid may affect the willingness of bidders to participate and may thus be related to the number of bids submitted in public procurement procedures.

It represents progress in this regard that the amendment to the Public Procurement Act that entered into force in 2026 will enable a more precise analysis of cases of invalidity for 2026. This is particularly important because, again in 2025, most bids were declared invalid on "other grounds", rather than on the grounds for invalidity previously specified in the PPA.

Among the specified grounds for invalidity identified for 2025, in most cases, bids were deemed invalid either because of abnormally low prices or because the contracting authorities considered the related price justification to be inadequate. Moreover, the proportion of this ground for invalidity increased further in 2025. In review procedures initiated upon request, the contracting authority's decision to declare a bid invalid on the grounds of an abnormally low price remains a frequently disputed issue. Equally contentious is the allegation that the contracting authority, in the applicant's view, failed to examine the abnormally low price, or failed to examine it properly, and therefore unlawfully accepted the bid as valid and awarded the contract to the bidder.

The issue of abnormally low prices was analysed in detail by the Authority in its 2023 and 2024 Annual Integrity Reports, with particular regard to inconsistent and selective application of the request for justification. Although the Council operating within the Public Procurement Authority revised its recommendation on abnormally low prices again in 2025 in an effort to correct flawed practice, it can be concluded that the limited adjustments to the guidance and the PPA were only partially effective in bringing about a change in practice; **the soft-law instruments shaping legal practice proved to be less effective in changing established legal practice.**

The practice remains inconsistent: in some procedures, no request for justification is made, while in other cases, such requests are made in an excessive or disproportionate manner. This not only leads to legal uncertainty but can also distort competition, especially in cases where requests for justification become a means of declaring certain bids invalid.

Recommendation No 27 – Amending regulations applicable to abnormally low prices

The Authority also maintains its earlier recommendation that price justifications and supplementary justifications – neither of which forms part of the bid content subject to the bid validity period – should not be subject to a stricter approach than the binding elements of the bid itself. **The Authority, therefore, continues to recommend that the legislature make the rules on remedy of deficiencies under Section 71(8) of the PPA applicable to the further clarification or amendment of price justifications and supplementary justifications.**

Artificial restriction of competition, violations of fundamental principles

According to the Authority's inspection experience, practices that restrict the possibility of participating in public procurement procedures not merely through individual requirements, but through their cumulative effect, can have a significant impact on the level of competition.

No practice has been established for sanctioning the above-mentioned type of conduct by contracting authorities; moreover, the relevant provision of the Directive has not been expressly transposed into the PPA either. (See also the 'Conclusions' section in Subchapter 4.2.1.)

Recommendation No 28 – Examining violations of fundamental principles

In addition to the points set out in Recommendation No 11, the Authority wishes to draw attention, in connection with the foregoing, to the significant increase in the number of infringements of fundamental principles in review procedures in 2025 (according to data from the Performance Measurement Framework, from 9 cases in 2024 to 33 cases in 2025). It is therefore recommended to examine whether, in the areas affected by such infringements, an amendment to the legislation is warranted in order to clarify the applicable requirements.

2.6 Conflict of interest risks in the public procurement system

Problem statement

One of the fundamental conditions for integrity in public procurement procedures is the effective management of conflict of interest risks. In its previous Integrity Reports, the Authority analysed in detail the legal framework of conflicts of interest, together with typical situations that pose integrity risks on the contracting authorities' side and in relation to individuals involved in the preparation and conduct of public procurement procedures.

The Authority maintains these findings in this report, as the guidelines issued by the Council operating within the Public Procurement Authority have not proven sufficient, based on experience from recent years, to achieve systemic progress in the prevention, identification and management of conflicts of interest. Conflicts of interest continue to be treated predominantly as a formal compliance issue, without genuine management commitment, with such situations being addressed at the level of individual procedures in isolation, without the system being capable of identifying recurring patterns.

The persistence of conflict of interest risks is primarily attributable not to the complete absence of regulation but to its **limited implementation in practice.**

In most procedures, the legal requirements governing the management of conflicts of interest are met merely through formal declarations. The declarations of stakeholders are typically obtained; however, as there is no clear legal requirement to upload them to the EPPS (during the public procurement procedure), it cannot be verified whether the declarations are requested in a timely manner. In the absence of clear statutory requirements, the public procurement regulations of contracting authorities have typically not been supplemented with requirements concerning the prevention, identification and management of conflicts of interest, including the specific allocation of duties and responsibilities. At present, the declarations made are typically **not linked** to any substantive verification or analysis mechanisms. Therefore, the system primarily examines whether a declaration has been made, rather than whether its content corresponds to reality.

The assessment of conflict of interest situations is typically conducted in isolation, on a **case-by-case** basis. The approach and toolkit that would make it possible to determine whether an individual is involved:

- in multiple procedures, involving multiple contracting authorities;
- in recurring roles (preparation, evaluation committee membership);
- in connection with identical or interconnected market participants

are both lacking.

In the absence of this, the system is unable to recognise **recurring patterns of conflicts of interest.**

For contracting authorities, the implementation of conflict of interest rules often presents a **risky decision-making situation.** On the one hand, compliance with legislation is required; on the other hand, the tools and background information necessary to assess conflict of interest risks in an objective, consistent, and well-documented manner are lacking. This uncertainty contributes to contracting authorities tending to favour a minimalist, formalistic approach to compliance.

Within the current system, data relating to conflicts of interest are generated separately for each procedure **in a fragmented manner** and are not available in a structured form that would enable centralised analysis. As a result, neither contracting authorities nor audit bodies are capable of managing conflict of interest risks **systemically and proactively.** Contracting authorities are uncertain about which additional documents (e.g. declarations of interest) should be requested to verify the content of conflict of interest declarations, and which persons within the organisation should manage and review such documents.

Recommendation No 29 – Recommendations concerning the prevention, management and detection of conflicts of interest

Recommendation No 29.1 – Clarification of the legislative frameworks

The Authority maintains its previous recommendation that the need to establish internal regulations governing the review of declarations of conflicts of interest and declarations of interests by contracting authorities should be stipulated 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.

Drawing on international best practices, the Authority proposes making the adoption of codes of ethics mandatory for contracting authorities. Such codes could provide guidance to participants involved in public procurement procedures on behalf of contracting authorities on how to avoid potential infringements, identify conflicts of interest, and prevent and manage potential risks.

Recommendation No 29.2 – Systemic management of conflict of interest risks

According to the Authority's position, conflict of interest risks can be effectively managed **not primarily through additional declaration requirements,** but rather through the **structured and data-driven use** of existing information.

Recommendation No 29.3 – Creating a central conflict of interest database

It is warranted to establish a central conflict-of-interest database that would make it possible to record and analyse relevant conflict of interest data in a standardised manner, while also incorporating declarations of interest and/or asset declarations. The purpose of the database is not to exclude certain individuals automatically but to **recognise** conflict of interest risk **patterns. The Authority therefore recommends establishing a system for the centralised collection and review of declarations of interest, linking it to the asset declaration system where appropriate.**

Recommendation No 29.4 – Expanding the scope of data to be recorded in the EPPS

The proposed database could be populated via the EPPS, as part of the ordinary administrative processes associated with the procedures. Within this framework, it is particularly warranted to record the names and roles of:

- individuals involved in the preparation of the procedure;
- evaluation committee members;
- decision makers;
- and individuals playing a substantial role in the conduct of the procedure

in a structured format.

Moreover, it is warranted to set out in legislation that conflict of interest declarations, once obtained, must be uploaded to the EPPS without delay.

Recommendation No 29.5 – Risk analysis and prevention

The central database would make it possible to analyse conflict of interest risks not only at the level of individual procedures but also **across time and organisations**. This would create the conditions for the control bodies to—

- identify recurring risk patterns;
- carry out targeted reviews;
- and help contracting authorities to make well-founded decisions.

Declarations of interest could be uploaded to the central registry, and the use of asset declarations to verify the completeness and accuracy of conflict of interest declarations should also be considered (the establishment of a unified system for the registration and review of asset declarations is also recommended; see also, in this regard, the Integrity Authority's 2023 ad hoc report on asset declarations).

Recommendation No 29.6 – Supporting contracting authorities

The Authority emphasises that the proposed system would serve not to increase but to **reduce** the burden on contracting authorities. With the help of the unified database and the analyses based on them, contracting authorities could rely on objective, retrievable information when assessing conflict of interest situations, thereby reducing uncertainty in the application of the law.

2.7 Other systemic integrity dysfunctions in the public procurement system

Problem statement

In its 2024 Annual Integrity Report, particularly in Subchapter 3.7, the Authority identified several integrity issues related to public procurement that **are not confined to a single procedural phase or legal instrument,** yet persistently and systemically undermine competition, transparency, and the responsible management of public funds.

The Authority **maintains** these findings, noting that **no substantive progress has been made** over the past year either in addressing the problems or in reconsidering them at a systemic level. In the areas concerned, the application of the law remains confined to individual instances of formal compliance, while the underlying operational and integrity risks persist.

This subchapter therefore aims not to repeat previous analyses but to note that these problems **persist** and, collectively, create an environment that is conducive to distortions of competition and further erosion of bidder trust.

2.7.1 Preliminary market consultations – functional shortcomings and trust-related considerations

In its 2024 Report, the Authority also provided a detailed analysis of the experiences gained from the use of preliminary market consultations as part of the measures aimed at reducing single-bid procedures, highlighting that although the use of this tool is becoming increasingly widespread, **its actual effectiveness remains limited.** The Authority **continues to stand by** these findings.

One of the most significant problems with the current practice is that **substantive market feedback is extremely limited** during preliminary market consultations. According to the Authority's experience, a significant proportion of economic operators remain passive and do not take the opportunity to express their opinions. This may be closely linked to the lack of trust among bidders: a significant proportion of market participants consider

preliminary market consultations to be a mere formality. Making observations **would have no actual impact on the terms of the procedure,** and they may also fear that their active participation could later result in them being viewed unfavourably.

The other aspect of the problem is that many economic operators **lack sufficient understanding** of what exactly preliminary market consultations are meant to achieve, the framework within which they take place, and how they can contribute to a meaningful strengthening of competition. Therefore, rather than serving as a means of engaging the market, it often becomes a mere tool for **fulfilling a formal obligation.**

Recommendation No 30 – Improving the effectiveness of preliminary market consultations

In the Authority's view, increasing the effectiveness of preliminary market consultations requires contracting authorities to conduct them at a stage of the procedure when they still genuinely intend and have the opportunity to take the observations received into account and amend the procurement documents accordingly. On the other hand, effectiveness could be improved – and this could also serve as a step toward rebuilding bidders' trust– if, in cases where it is justified, preliminary market consultation practice included oral discussions, alongside, or as part of, the written consultation conducted on the EPPS platform.

Furthermore, effective application is not solely a regulatory matter; it **also requires training and awareness-raising** efforts on the part of both contracting authorities and economic operators.

2.7.2 Integrity risks arising from the functioning of the EPPS, and making the system "bidder-friendly"

In its 2024 Annual Integrity Report, the Authority presented in detail the integrity risks associated with the functioning of the Electronic Public Procurement System. The key point of these findings was that although the EPPS essentially serves to promote transparency and a uniform procedural framework, **it is not capable of effectively identifying and analysing risks.**

The Authority notes that no substantive progress has been made in this regard and that the previously identified problems persist. Owing to the unstructured recording of data, limited searchability, and a lack of analytical functions, the current functioning of the EPPS does not support a risk-based approach on the part of either contracting authorities

or audit bodies. The system continues to function primarily as an administrative platform, rather than as a tool supporting analysis.

Recommendation No 31 – EPPS-related recommendations

The Authority recommends incorporating additional functions into the EPPS to reduce the administrative burden on bidders in public procurement procedures, simplify the submission of bids, and minimise the risk of invalid bids being submitted.

The Authority continues to maintain its recommendations to ensure the anonymity of bidders until the time of opening (and not merely until the submission of bids), as well as to completely eliminate the waiting period between the expiry of the deadline for bid submission and the opening, in order to rebuild bidders' trust.

2.7.3 Ensuring the possibility of electronic access to documents

The Authority had already proposed in its previous integrity reports that electronic access to documents be made available following the dispatch of the contract award summary report. The Authority maintains this recommendation and considers that Section 20(1) of Government Decree No 424/2017 of 18 December 2017 precludes the possibility of electronic access to documents, contrary to the permissive provisions of the PPA, even though such access is nevertheless provided in practice in some cases.

The Authority also wishes to point out, in relation to access to documents, that according to established legal practice, it is not unlawful for a contracting authority to allow photographs to be taken of the documents inspected, including during in-person document inspection; however, whether to permit this is at the contracting authority's discretion.

In 2025, according to feedback from economic operators, contracting authorities increasingly adopted practices limiting the duration of document inspection, which, in the Authority's view, are contrary to the provisions of the PPA.

Recommendation No 32 – Clarifying the rules governing access to documents

Recommendation No 32.1 – The Authority considers it warranted to repeal the provision set out in Section 20(1) of Government Decree No 424/2017 of 18 December 2017 and to

establish by law, taking into account the reasons detailed in previous annual integrity reports, that document inspection may be conducted either online or in person, at the request of the applicant economic operator.

Recommendation No 32.2 – The Authority further recommends clarifying in the PPA that, similarly to document inspection before the Public Procurement Arbitration Board, economic operators may make copies (photographs) of the documents inspected.

Recommendation No 32.3 – In the Authority's view, it is necessary to clarify that, under Section 45 of the PPA, contracting authorities may not limit the period of time available for accessing the documents requested within the necessary scope.

2.7.4 Issues relating to the personal scope of the PPA

In its 2024 Report, the Authority presented in detail the uncertainties surrounding the interpretation of the personal scope of the PPA, with particular regard to cases where the use of public funds and the boundaries of public procurement obligations are unclear.

The Authority **maintains** these findings and notes that the uncertainties surrounding the application of certain rules concerning the personal scope can still result in certain procurements falling outside the scope of public procurement regulation, thereby giving rise to integrity and competition-law risks.

Recommendation No 33 – Recommendations on clarifying the personal scope of the PPA

In order to ensure that the revised rules applicable to public law entities are interpreted and applied in accordance with EU law, the Integrity Authority recommends that guidance be issued. Furthermore, with regard to Section 5(3) of the PPA, introduced in February 2024, the Authority considers it necessary to clarify what the legislature means by "financed directly from European Union funds".

2.7.5 Experiences with the application of offshore exclusion grounds

In its previous report, the Authority addressed in detail the practical difficulties surrounding the application of the offshore exclusion ground, particularly the limitations of identifying beneficial ownership structures and the formal nature of the verification process.

The Authority notes that **no substantive progress has been made** in this area, while **reaffirming** its previous findings. The current regulation of the offshore exclusion ground still does not provide sufficient guarantees to ensure that only economic operators with genuinely transparent ownership structures, who properly identify their beneficial owners, participate in public procurement procedures.

Recommendation No 34 – Proposals relating to the application of offshore exclusion grounds

Recommendation No 34.1 – The Authority considers that the proper enforcement of the offshore exclusion ground requires, among other things, that contracting authorities be able to verify the content of economic operators' declarations against the beneficial ownership register. Therefore, the Authority recommends the implementation of the necessary legislative amendments and measures to this end.

Recommendation No 34.2 – 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, so that the economic operator would be explicitly required also to declare whether it is able (and willing) to identify its beneficial owner.

Recommendation No 34.3 – Furthermore, the Authority recommends considering extending the exclusion ground under Section 62(1)(k)(ka) of the PPA to cases where any corporate owner in the ownership chain of economic operators participating in the public procurement procedure qualifies as an offshore enterprise.

2.7.6 Specific regulatory impacts of public investments

In its previous report, the Authority pointed out that the special regulatory regime applicable to state-funded investments has an adverse effect on competitive conditions; the **stringent requirements applicable to public construction projects** (e.g. the examination of the entire

subcontracting chain, audit oversight, and the OPEN BOOK system) **undermine the level of competition in these public procurement procedures and impose disproportionately burdensome administrative requirements and responsibilities on bidders.**

Based on market feedback, the Ministry of Construction did not have the necessary capacity to monitor compliance with the specific requirements without hindering the performance of the contracts.

The application and interpretation of construction regulations that may occasionally conflict with the provisions of the PPA pose numerous practical difficulties for those applying the law.

Recommendation No 35 – Reviewing specific rules governing construction projects

The Authority continues to consider it necessary to conduct a comprehensive review of the rationale for and impact of the special regulations governing public construction projects.

2.7.7 Integrity risks in reserved public procurement

With regard to the use of reserved public procurement, the Authority emphasised in its 2024 Annual Integrity Report that the use of this legal instrument is often **insufficiently justified** and may result in an unjustified restriction of competition.

The Authority **maintains** these findings and notes that **no progress has been made** in ensuring that reserved procedures are applied only in genuinely justified cases and that the conditions for their reservation are adequately clarified.

Recommendation No 36 – The application of reservation requirements under Section 114(11)–(12) of the PPA

The Authority recommends clarifying the provisions governing reserved public procurement procedures under Section 114(11) of the PPA, as set out in detail in the 2024 Annual Analytical Integrity Report.

The professionalisation of the public procurement profession and the systemic issues associated with the lines of responsibility, as well as shortcomings in ensuring the effective use of subject-matter expertise in public procurement procedures

2.8 Professionalisation of the public procurement profession

The quality of the functioning of the public procurement system is fundamentally determined by the role, competence, and responsibility of the professionals involved in preparing and conducting the procedures. The Authority's position is that the professionalisation of the public procurement sector – including the professional capacities present on the contracting authority side and the role of public procurement consultants – has not reached a level sufficient to meaningfully prevent or address the risks outlined in previous subchapters (overpricing, distortion of competition, procedural formalism).

Under the current system, the role of public procurement professionals is typically **reduced to managing the procurement procedure,** while responsibility for the economic, market and competitive effects of public procurement decisions is not clearly identifiable. As a result, the quality of professional decision-making and the upholding of the principle of responsible management of public funds often remain weak.

Accredited public procurement consultants (APPCs) are often engaged by contracting authorities as external experts in public procurement procedures. The lack of an ownership mindset, which is also evident in this area, means that they are not directly affected by the outcomes of public procurement procedures and are therefore not directly motivated to meet procurement needs efficiently and innovatively, while incorporating green and social considerations, or to develop and implement progressive procurement strategies for contracting authorities. Moreover, they are not automatically available even during the performance of public procurement contracts.

The institution of state public procurement consultants (SPPCs), which, under the PPA currently in force, replaces the institution of accredited public procurement consultants (APPCs) is in theory based on the premise that the professionals employed by the contracting authority should support the conduct of public procurement procedures. However, only a relatively small proportion of APPCs applied for inclusion in the SPPC register, and an abusive practice emerged whereby professionals applying for inclusion in the SPPC register work only a few hours per week for each contracting authority while also operating on the public procurement market as public procurement experts, taking advantage of the benefits associated with SPPC status.

There is no doubt that giving public procurement professionals employed by the contracting authority a more significant role in carrying out public procurement tasks may have its advantages; however, in many cases, engaging external professionals may be a more appropriate solution for contracting authorities from a professional or economic perspective.

Recommendation No 37

Recommendation No 37.1 – Renewing the public procurement profession – in-house and external experts

The Authority therefore considers it more compatible with the EU professionalisation trend if the two systems were combined as part of the renewal of the profession: contracting authorities that regularly conduct procurement procedures could engage more extensively with the public procurement professionals they employ, while "freelance" public procurement consultants would remain available and could be involved where justified by the specific circumstances of the procurement or the contracting authority (for example, where a particular professional is an expert in the subject matter of the procurement, or where the contracting authority, because of its size or financing arrangements, is required to apply the Public Procurement Act only occasionally).

Recommendation No 37.2 – Expanding the public procurement profession, recasting recognised practices

According to the Authority's view, as already emphasised in its 2024 Annual Integrity Report, **it would also be necessary to broaden the pool of public procurement experts:** in addition to the experience currently recognised, which as a general rule is limited to experience gained in conducting procurement procedures on the contracting authority side, it would also be important and justified to recognise public procurement expertise gained on the bidder side, alongside experience in oversight and other expert functions. In addition to **strengthening the pool of professionals working on the bidder side and recognising their experience, this could contribute to ensuring that bidders participate more effectively in public procurement procedures.** This approach could also help avoid conflict of interest situations more effectively, thereby contributing to strengthening integrity in public procurement.

The Authority also recommends that professionals who have obtained qualifications in public procurement – such as public procurement lawyers, managers, public procurement consultants, officers and specialist officers, etc. – should also be eligible for inclusion in the renewed public procurement expert register.

The register could include the experts' fields of expertise, the nature and duration of their public procurement experience, as well as their public procurement and other qualifications and educational credentials. Based on the information provided, contracting authorities and economic operators could choose from among the professionals and companies in cases where they wished to carry out the public procurement task with the assistance of an external professional, rather than, or in addition to, a professional employed by them.

Recommendation No 38 – Recasting the training system and expanding the range of training institutions

In order to promote professionalisation and support the professional development of experts, it would be warranted to establish continuing training requirements for experts included in the register, with particular emphasis on certain areas (e.g. strategic public procurement, integrity, market research, procurement knowledge, project management, etc.). Regular continuing training requirements could also serve as a guarantee that public procurement professionals continuously monitor changes in public procurement legislation and developments in legal practice.

The Authority recommends making the opportunity to organise public procurement training programmes available to a broader range of education providers, civil society organisations, associations, etc. than at present, while, of course, taking into account the mandatory topics and requirements defined by the minister with responsibility for public procurement. Failure to comply with the advanced training requirement could still result in removal from the register.

The Authority considers it warranted to grant all professionals listed in the register the right of representation in review procedures.

Recommendation No 39 – Developing regulations for the transitional period

The aforementioned reform of the public procurement profession requires adequate preparation; therefore, in order to ensure the smooth application and conduct of public procurement procedures and review procedures, the Authority considers it warranted to extend the APPC status until 31 December 2026 and proposes the simultaneous phasing out of both the APPC and the SPPC status. With regard to the termination of these authorisation systems, the Authority considers it particularly important to ensure that liability arising from the previous professional activities of APPCs and SPPCs can continue to be enforced and, where necessary, to adopt the requisite legislative amendments for this purpose.

The Authority believes it is concerning that because of the planned discontinuation of the APPC institution, the pool of APPCs has effectively been closed since the introduction of the SPPC status, meaning that public procurement experts can no longer apply for inclusion in the APPC register and, as a result, can no longer perform APPC activities. It is also concerning that, at the time of the transition, the APPCs listed in the register were no longer required to renew their authorisations or comply with training requirements during the transitional period.

With regard to public procurement expert and legal services, the Authority considers it important that contracting authorities, in order to rationalise the costs associated with public procurement procedures, enter into contracts where and to the extent justified and avoid the duplication of assignments. In order to ensure due consideration of professional aspects and effective competition, and to prevent abuse, the Authority considers it warranted to apply the same contracting rules, thresholds and exceptions to lawyer and non-lawyer public procurement experts in relation to public procurement activities.

The responsibility of public procurement experts

In the course of its inspections, the Authority identified several instances of legal infringements that raised questions as to the ethical, disciplinary and criminal liability of public procurement consultants involved in the procurement procedures concerned. In light of the foregoing, the Authority considers it a shortcoming that there is no code of ethics or disciplinary rules applicable to public procurement consultants, nor a designated forum that, similar to the Bar Association and its regulations, would be capable of imposing the appropriate consequences.

Recommendation No 40 – Reforming the professional organisation of public procurement experts and strengthening the accountability of public procurement experts

The Authority, maintaining its recommendation from 2024, proposes designating such a forum, including in the event of a reform of the public procurement profession. The Authority also considers it warranted to transform the professional organisation of public procurement consultants into a genuinely independent professional body, independent of the government, and to develop and apply transparent selection criteria for the members of the body.

In the Authority's view, improving the quality of the public procurement system is inconceivable **without a deliberate reorganisation** of professional roles and lines of responsibility.

Ensuring subject-matter expertise in public procurement procedures

To achieve procurement outcomes that meet the contracting authority's needs, it is necessary to ensure not only public procurement expertise but also subject-matter expertise.

Based on control experience, contracting authorities often consider the involvement of competent technical experts to be dispensable, resulting in numerous problems already during the public procurement procedure (for example, the unlawful or insufficiently detailed specification of the subject matter of the procurement); however, even more serious consequences may arise during the performance of the public procurement contract.

Recommendation No 41 – Strengthening subject-matter expertise and creating a register

In light of the foregoing, the Authority considers it crucial, alongside public procurement expertise, to ensure the effective provision of technical expertise in public procurement procedures and, to this end, to establish and make available a register of subject-matter experts.

2.9 Other instruments to win the trust of bidders

One of the key, yet often underestimated, reasons for the low level of competition observed in the public procurement system is the **trust deficit among economic operators.** The Authority's experience shows that many potential bidders choose not to participate in the public procurement market, not primarily because of a lack of capacity or professional competence, but because they perceive participation as **risky, unpredictable or economically unattractive.**

This phenomenon is particularly prevalent in sectors where market participants have alternative sales channels available and where the additional costs of participating in public procurement procedures – administrative burdens, legal risks and lengthy lead times – are not proportionate to the expected business benefits. A lack of trust therefore has a direct impact on the intensity of competition and, ultimately, on the prices achieved.

The distrust from economic operators does not stem solely from isolated individual experiences but **also from the features of how the** public procurement **system operates.**

International academic literature on procurement[24] points out that economic operators do not treat all buyers in the same manner. Under the **contracting authority approach** known as "supplier preferencing", which seeks **to encourage the participation of economic operators,** suppliers consciously rank their customers based on how predictable and fair they are in their conduct (including whether they pay invoices under public procurement contracts on time), how proportionate their expectations are, and the business value of working with them. If the contracting authority – or, more generally, the public procurement market – is perceived by suppliers to be a **less attractive buyer,** that could lead to reduced willingness to participate.

Participation in public procurement procedures often poses significant administrative and legal risks. If these burdens – including the penalty rates applied under the contractual terms and any additional guarantees – are not proportionate to the volume of the procurement and the degree of business predictability, economic operators are making a rational decision when they choose not to participate. The same applies in cases where, in the context of the performance or modification of public procurement contracts, economic operators have to reckon with disproportionately high fines in the event of an error. This affects, in particular, small and medium-sized enterprises.

The consistency and transparency of contracting authorities' procedural practice are crucial to building trust among economic operators. The competition-distorting practices experienced during the evaluation phase, described previously – such as disproportionate justification requirements, the application of selective standards, the prolongation of the evaluation phase, and the initiation of public procurement procedures with uncertain outcomes – convey the message in the long term that contracting authorities tend to view contractors **not as partners** but as risk factors in a subordinate position.

The Authority's view is that restoring trust among economic operators is not merely a legal or communications issue, but this requires a **conscious effort and a change in approach on the part of contracting authorities.** In order to stimulate competition and achieve more favourable prices, the public procurement system must make an effort to ensure that economic operators view contracting authorities as **attractive clients.**

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[24] *https://www.cips.org/intelligence-hub/supplier-relationship-management/supplier-preferencing#item-block-2*

It is warranted for contracting authorities to consider, as early as during the preparation of the procedure, which conditions facilitate the participation of economic operators. Including, in particular—

- applying proportionate and warranted eligibility requirements;
- avoiding excessive administrative burdens;
- applying balanced and proportionate contractual terms; as well as
- keeping the duration and risks of the procedure within reasonable limits.

Recommendation No 42 – Developing guidance materials on the application of an approach encouraging the participation of economic operators

The Authority recommends that the Council operating within the Public Procurement Authority expand the guidance on the preparation of public procurement procedures (29 May 2025)[25] to cover the aspects detailed above concerning the contracting authority mindset encouraging the participation of economic operators.

2.10. Centralised public procurement and framework agreements – Advantages, risks and conditions

2.10.1 Starting point, concepts

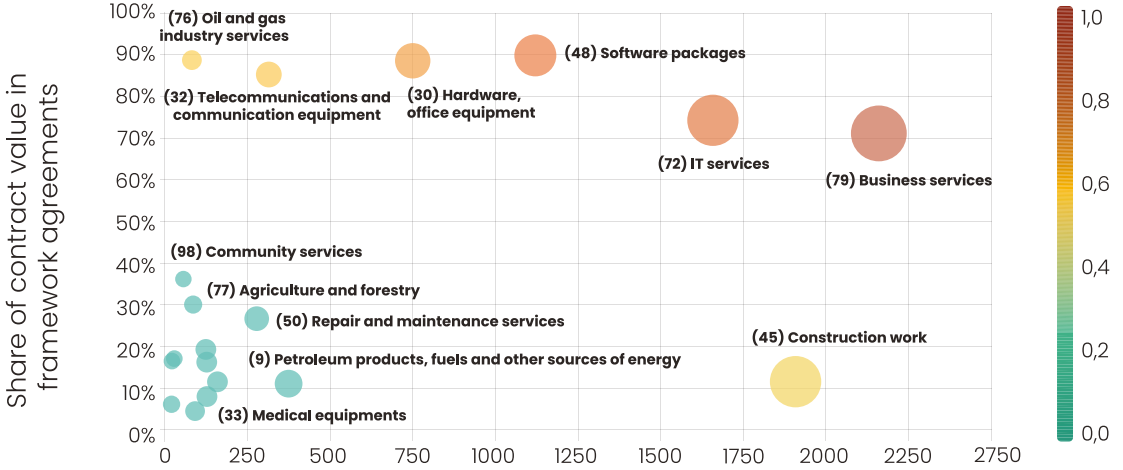
In accordance with Section 11 of the Integrity Authority Act, the Authority's integrity report also contains an analysis relevant to the application of framework agreements and the practice of contracts concluded based on them.

In recent years, the use of framework agreements has seen a steady increase: since 2021, **the number of FA1 procedures has grown consistently** within the total number of successful

[25] https://kozbeszerzes.hu/media/documents/elokeszites-utmutato-mod-2025-0529.pdf

procurement procedures. While such procedures accounted for 9.7% of all successful procedures in 2021, their share had risen to 17.1% by 2025, representing a further 3-percentage-point increase compared with 2024. Their proportion by value is even more significant: according to data published by the Framework in 20261, following a decline in 2024, **the proportion by value of framework agreements increased significantly, by 25%, in 2025, with the total value of these procedures thereby representing 59% of all successful procedure lots.**

The following figure illustrates the areas with high contract values where public procurement procedures are predominantly conducted through framework agreements.



Value of procedures based on framework agreements in 2022–2025, million euros

Bubble size is proportional to contract value.

Figure 11: Total contract value of FA2 procedures by product division (2022–2025)

Given their impact on the public procurement market, the Authority dedicated special attention to the practice of framework agreements in all three annual integrity reports, with a specific focus on Hungarian domestic practice of centralised public procurement, in which framework agreements have traditionally served as a key instrument.

Framework agreements are a specific procurement method that allows contracting

authorities to carry out their recurring, well-defined and predictable procurement procedures over a given period within the confines of flexible procedures.

Although framework agreements may be concluded by any contracting authority, **such agreements concluded within the framework of centralised public procurement, as well as the effective functioning of central purchasing bodies, are of particular importance** to the efficiency of public procurement, given the high volume of purchases.

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

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

2.10.2 The importance of centralised public procurement

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

The prudent operation of the central purchasing bodies managing more than HUF 2,930 billion between 2020 and 2025, **and the efficiency of the centralised public procurement system, are therefore crucial** to the effective utilisation of state funds.

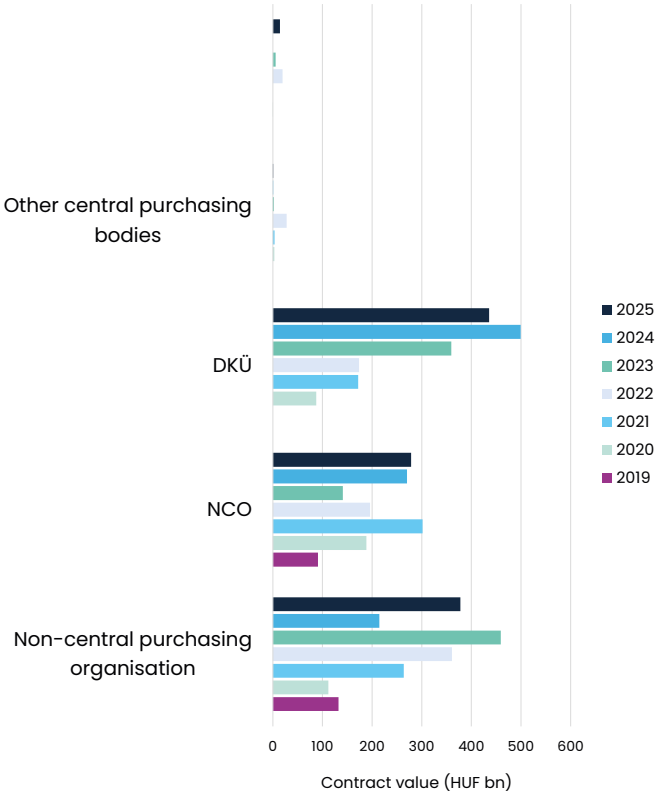


Figure 12 Framework agreement-based contract portfolio of central purchasing bodies and other organisations (2019–2025)

Owing to its decisive role in public procurement, its impact on the functioning of the **public procurement market** and **its participants,** the inherent **potential for savings,** and, importantly, **the high operational risks arising from** the nature of central public procurement systems, **the Integrity Authority has devoted particular attention to this subject in all its annual integrity reports and has formulated numerous recommendations for the Government and the regulatory framework.**

The **centralisation** of public procurement **is a common practice in OECD countries** and is recognised as an important tool to enhance efficiency and effectiveness in public

procurement. Although centralisation may offer numerous advantages, it must be implemented **efficiently and with appropriate control mechanisms** to ensure that the benefits arising from the aggregation of demand and procurement needs can be fully realised.

The question is not whether there is a need for the centralisation of public procurement, but rather **to what extent, under what conditions,** and **subject to what controls it can be operated** and maintained **effectively**, so that the advantages associated with centralisation can be harnessed.

In the absence of adequate oversight and controls, the benefits attributed to centralised public procurement systems, such as cost-effective operations or the security of supply, **may come to be outweighed by the disadvantages of the system,** such as restrictions on competition, overpricing, and corruption.

Recommendation No 43 – Strengthening control mechanisms for centralised public procurement systems

The Authority therefore **recommends**, in addition to **strengthening existing controls,** such as the **internal controls** operated by central purchasing bodies, **establishing a control system tailored to the specific characteristics of the system.**

2.10.3 Summary of the Authority's recommendations concerning centralised public procurement systems

In its annual integrity reports for 2022–2024, the **Authority consistently took the position,** through the recommendations it made concerning centralised public procurement, that – particularly under the current operating arrangements – centralised public procurement **poses an increased integrity risk, entailing risks of restricting competition while simultaneously driving up prices.**

Based on the analyses conducted by the Authority and the recommendations it has made over the past three years, the following overall picture emerges:

- the current functioning of centralised public procurement is not sufficiently transparent;

- centralised public procurement has a structural effect of restricting competition and increasing market concentration;

- data transparency is lacking across the multiple centralised subsystems operating alongside one another;

- data for measuring the performance of centralised public procurement are not available;

- data relating to the cost-effectiveness of centralised public procurement are not available.

Despite the multifaceted risk landscape identified by the Authority, there has been no substantive, systemic progress in risk management in recent years; in fact, the trends have worsened in certain respects. With the exception of a few minor proposals that may be considered technical in nature and do not require substantive action, the vast majority of our recommendations were either not adopted by the Government, merely noted, or classified as not requiring action.

Despite the recommendations, the number of central purchasing bodies increased – with the establishment of the Government Training Organisation Centre in 2024 – as did the volume of centralised public procurement, the range of products and services brought within the scope of centralised procurement, and the concentration of public procurement.

Reviewing the Authority's recommendations

Based on the recommendations made by the Authority in recent years, a relatively **consistent picture of the problems** surrounding centralised public procurement **can be drawn,** the main characteristics of which are summarised in Section 3. When formulating the proposals, our primary starting point was to identify the problem. In doing so, the following **main risks** were identified by the Authority:

- centralised public procurement involves high-value contracts; therefore, only a limited number of bidders can participate;

- these are concluded for longer periods, thereby closing the market to bidders, while the framework agreement model limits opportunities to enter the market;

- the high proportion of single-bidder framework agreements;
- the portfolios of central purchasing bodies include not only product categories that are easily standardised;
- the area is characterised by information asymmetry: data relating to procurement needs (reopening of competition, direct orders) fulfilled in the second stage of framework agreement procedures conducted by central purchasing bodies outside the EPPS are either unavailable or limited.
- data are scattered on multiple platforms, while automatic data connection with the EPPS is not ensured; therefore, the public availability of FA2 procedures and individual contracts is unsatisfactory;
- instruments for measuring the cost-effectiveness and overall efficiency of centralised public procurement systems are lacking, and no such data are available.

Over the years, the Authority has developed a range of approaches and proposals for addressing the major risks identified and listed above. The recommendations included measures requiring **system-level** intervention, measures requiring **minor legislative steps,** and initiatives providing guidance for legal practice that **could be addressed using the tools of soft law.**

Accordingly, the Authority's **most important recommendations concerning centralised public procurement,** formulated over the past few years and which the Authority **continues to endorse,** can be summarised as follows.

Structural proposals

In this context, the Authority proposed assessing the effectiveness of using public procurement for product categories falling within the scope of centralised procurement, as well as reviewing whether it is warranted to retain centralised public procurement for all elements of the portfolio currently managed by the four central purchasing bodies.

Recommendation No. 44 – The need to review products brought within the scope of centralised procurement

In light of the above, the Authority continues to recommend reviewing the product categories currently included in the scope of centralised procurement.

Recommendation No 45 – Making the application of a centralised system optional

The Authority recommends considering making centralised public procurement optional pending a review of whether the product category included in the scope of centralised procurement is justified.

Recommendation No 46 – Reviewing the number and role of central purchasing bodies

While maintaining the positions set out in its previous reports, and also with a view to clarifying matters of competence, **the Authority recommends considering whether it is warranted to retain all central purchasing bodies.**

In its 2025 report, the Performance Measurement Framework for Assessing the Efficiency and Cost-Effectiveness of Public Procurement ("Performance Measurement Framework")[2] itself took the position, with regard to the GTOC, that it is warranted to review the practice of the GTOC, a centre established in 2024, given that it has an active framework agreement and a dynamic purchasing system, under which no procurement has been carried out.

In parallel, the Authority raised the issue of **reviewing the centralised public procurement system,** the use of which is **mandatory** for the institutions **irrespective of the applicable value threshold.**

Recommendation No 47 – Making the application of centralised public procurement procedures subject to a threshold

In line with this, the Authority advocates examining the matter and recommends that institutions be required to apply centralised public procurement only when a specified threshold is reached – for example, the national threshold.

Another proposal taking a structural approach concerns linking the **data from central purchasing portals operating outside the EPPS and channelling them into the EPPS.**

Recommendation No 48 – Integrating data from centralised public procurement systems

In previous years, the Authority made several recommendations in this regard. The Authority maintains and continues to **recommend** examining whether **data on centralised public procurement** should be presented **in a unified IT system or integrated into the EPPS.**

Proposals on improving transparency and measuring effectiveness

The Authority made numerous proposals to enable broad access to and analysis of the data available in centralised public procurement systems. These included **proposals for improving the quality, accessibility and level of detail of the data** – for example, the distribution among economic operators of individual contracts concluded under the second part of framework agreements entered into by the central purchasing body, the prices achieved in the second part of procurement procedures, and direct call-offs – as well as proposals for publishing such data, along with **suggestions concerning the thematic analysis of procurement procedures and making them available in a downloadable format.**

Recommendation No 49 – Multi-component and broad public disclosure of data relating to public procurement procedures conducted within centralised public procurement systems

Maintaining its proposals made in previous years in this regard, the Authority recommends that in order to strengthen public access and transparency, data relating to individual contracts concluded on the basis of dynamic purchasing systems and framework agreements concluded by central purchasing bodies, as well as data concerning the distribution of such contracts among individual economic operators, including the number and value of such contracts, should be made accessible. The rules governing the publication of data relating to individual contracts should be prescribed in a uniform manner for all central purchasing bodies, as the individual purchasing bodies follow different procedures, resulting in several contracts not being included in the database. **Furthermore, merely indicating the total contracted values is insufficient: it is necessary to ensure that the unit prices achieved in FA2 procedures are accessible and available in a form that enables analysis.**

Recommendation No 50 – Assessing the cost-effectiveness of centralised public procurement systems

The Authority **has consistently maintained in all of its annual integrity reports** that **for an objective assessment** of centralised public procurement systems, **it is essential that their effectiveness be assessed through targeted examinations.**

Recommendation No 50 a)

As part of this, the Authority has advocated and continues to recommend developing methods and standards that enable the assessment of prices obtained through centralised public procurement and the evaluation of cost-effectiveness.

While measuring the effectiveness of public procurement is a complex and multifaceted task, it is indisputable that data on the cost-effectiveness of the public procurement system constitute an essential component of any measurement system designed to evaluate effectiveness. This also includes the fees paid to central purchasing bodies.

Recommendation No 50 b)

In this context, **the Authority maintains its previous recommendation that, with regard to the current percentage-based fees payable for the services of the central purchasing body, the fee structure should be reviewed,** also taking into account the operating costs of the central bodies, and that a **nominal upper value limit should be introduced.** With regard to this issue, in the Authority's view, removing responsibility for meeting procurement needs from contracting authorities and entrusting it to the central purchasing body, where the latter does not possess the appropriate "in-house" expertise, including expertise in public procurement and in the subject matter of the procurement contract, cannot be justified.

International examples demonstrate that central purchasing bodies can operate cost-effectively, achieving better value for money in the use of resources, while also ensuring economies of scale and security of supply.

Our proposals for assessing cost-effectiveness and, more generally, for analysing the efficiency of centralised public procurement systems did not achieve their intended objective.

Of this package of proposals, the only one that was accepted was our proposal to **establish** a **"client satisfaction"** approach, which is also part of the practice of several

central purchasing bodies in various EU Member States. In this context, a decision was made to establish **a system capable of assessing feedback from institutions using** centralised public procurement.

Government Decision No 1086/2025 of 31 March 2025 on the 2025 review of the action plan on measures aimed at increasing the level of competition in public procurement (2023–2026) **set out to establish a satisfaction measurement system** whereby contracting authorities using the centralised public procurement system would have the opportunity, following procurement procedures conducted through central purchasing bodies, to evaluate the services they received via a web-based interface. In response to the Authority's request for data, the content of the questionnaire is available; however, the Authority has no information on the responses received.

Recommendations on the adjustment and practice of centralised public procurement rules

To keep the inherent risks in centralised public procurement, as outlined above, under control, it is essential that the regulatory framework is able to provide adequate checks and balances where necessary.

Although the legislative framework for centralised public procurement meets and follows the EU's expectations, the problems typically stem from enforcement practices in this area as well.

The Authority made numerous recommendations to address these issues in legal practice. The recommendations **included increasing the maximum number** of bidders, reviewing the practice applied, **reviewing the practice concerning the submission of bids for lots,** and a suggestion that, in the case of **single-bidder framework agreements, the maximum number** of bidders should **be subject to justification.** As part of its proposals aimed at guiding legal practice, the Authority made a **comprehensive proposal** emphasising the **importance of prioritising and promoting dynamic purchasing systems,** which constitute an alternative to framework agreements and are much more conducive to competition.

Recommendation No 51 – Clarifying and supplementing the rules governing the procurement methods applied in public procurement procedures

51 a) The **Authority** maintains its recommendations in this regard, including its recommendation that **the maximum number be subject to justification.**

51 b) The Authority recommends restricting single-bidder framework agreements above a specified minimum threshold.

The Authority encourages and recommends conducting further analyses to determine on which types of markets, and in which procurement categories, contracting authorities typically use single-bidder framework agreements, and what the reasons for doing so are.

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

With regard to the Authority's proposals concerning DPSs, Government Decision No 1086/2025 of 31 March 2025 provides for the Council operating within the Public Procurement Authority to **update and supplement its guidance on dynamic purchasing systems,** with particular regard to guidance on tools for improving competition. In October 2025, the Public Procurement Authority published its revised and supplemented guideline on the application of DPSs, which, among other things, took into account the observations of the Integrity Authority.

In view of the fact that the Authority's analyses of centralised public procurement systems, included in the Authority's integrity reports, have repeatedly called for a review of, and raised concerns about, the practice – particularly prevalent at the DGPPS – whereby central purchasing bodies conclude framework agreements as a result of the DPS, the referenced input guideline has been supplemented with a section pertaining to this matter. **In the context of the DPS,** the guideline recommends **the conclusion of a framework agreement**, as a result of a bidding process, **only with great caution,** provided that the contracting authority can do so without violating the principles of the PPA. Within a DPS, the conclusion of a framework agreement effectively causes the dynamic purchasing system to lose its very **dynamic nature and openness.** The guideline emphasises that solutions resulting in the conclusion of framework agreements with a single bidder, as well as the conclusion of a framework agreement by the parties for the entire duration of the DPS or for the entire quantity to be procured under the DPS, should be specifically avoided.

51 c) Considering that the implementation of the recommendation is not mandatory, **the Authority recommends excluding the possibility of concluding a framework agreement as a result of a DPS** or, at a minimum, limiting the duration of any such framework agreement if one is nevertheless concluded.

The Authority has, among other things, formulated proposals concerning the procedural techniques applied under framework agreements, including the review and more in-depth analysis of the practice of mixed models that allow for both direct call-offs and the reopening of competition.

Potential ways forward building on the advantages of centralised public procurement

As already pointed out, the centralisation of public procurement is a widespread practice in European Union Member States and can offer numerous advantages.

In order to gain a comprehensive understanding of the models and best practices applied across the European Union and to incorporate them into domestic practice, the Authority entered into a cooperation agreement with the OECD. Under the agreement, among other things, the Authority commissioned an OECD report providing a comparative analysis of centralised public procurement systems and identifying their best practices. One of the key messages of the report is that central purchasing **bodies can deliver significant added value when operating within a well-designed legal, control and performance measurement framework.** This added value is exemplified by the most prominent of the arguments traditionally cited in favour of the model, the consideration of **economies of scale** – the aggregation of procurements results in more favourable prices for the purchaser – as well as increased **professionalisation**, better capacity utilisation, the **reduction of transaction costs, more uniform conditions, security of supply,** and furthermore, the centralisation of public procurement provides an opportunity for the state to advance certain **strategic public procurement objectives,** such as consideration related to green public procurement.

Efficiency benefits – subject to conditions

It is important to emphasise, however, that the **advantages** typically attributed to the centralised public procurement systems mentioned above are **not automatic.** They largely **depend on** a number of factors, including the **model** followed for **centralisation** (for example, whether participation in centralised public procurement is mandatory or voluntary), the **specific design of its implementation,** the **range of centralised products,** and the **legal solutions** applied.

Therefore, the effective functioning of centralised public procurement relies on the following prerequisites:

- centralisation should cover appropriate product and service categories that are, in principle, readily standardisable;
- the system should be able to respond to price changes, technological developments, and the entry of new participants;
- the legal solutions employed should not restrict competition, but rather promote it.

The issue of competition vs concentration

The Authority's analyses related to centralised public procurement indicate that the level of market concentration is high in the current system. As a result of large-scale, long-term framework agreements, a significant proportion of public procurement procedures is concentrated among a limited number of bidders.

Concentration poses **a systemic public procurement risk.** The sustained presence of dominant market participants may have detrimental consequences:

- reducing the intensity of price competition;
- increasing the risk of overpricing;
- leaving contracting authorities vulnerable and potentially weakening the security of supply.

Based on the data from the Performance Measurement Framework, the **value of procedures conducted** within the framework of centralised public procurement **is high**; however**, this is not accompanied by a high intensity of competition.** The weight and significance of centralised public procurement are well illustrated by the data showing that the centralised public procurement systems operated by the DKÜ, the NCO, and the DGPPS saw the total value of contracts concluded by institutions **increase by more than HUF 200 billion** in 2025 compared to the previous year.

One of the most **critical points** of centralised public procurement procedures is **the proportion of single-bid framework agreements.** Beyond the fact that the number of active framework agreements and dynamic purchasing systems has been showing a continuous upward trend – with a significant increase in 2025 at the DGPPS – **more than 30% of active framework agreements** (111 out of a total of 352) were concluded **with a single economic operator.**

While the proportion of the DKÜ's active framework agreements concluded with a single economic operator has continued to decrease – although the DKÜ only has a total of four such framework agreements – the number of the DGPPS's single-bidder framework agreements increased significantly (by approximately 35%), whereas in respect of the NCO, no change has occurred in the unfavourable practice, as all of its active framework agreements continue to be concluded with a single economic operator.

Given that the proportion of single-bidder procedures remains high within centralised public procurement, and that genuine competition is not realised in the vast majority of multi-operator framework agreements either, as they are fulfilled through direct call-offs, a review of the current system is warranted.

Recommendation No 52 – Making the reopening of competition mandatory

It may be feasible even in the short term; therefore, the **Authority recommends making the reopening of competition mandatory in the second phase of framework agreement procedures,** possibly even subject to specified conditions.

Recommendation No 53 – Reviewing the duration of framework agreements

It would also stimulate competition if long-term framework agreements – which respond less flexibly to market changes and technological developments – were replaced by shorter-term framework agreements.

Reconsidering the incentives for centralisation – competition within the central system

In its previous annual integrity report, the Authority made a recommendation regarding **the revision of the mandatory centralised public procurement system,** suggesting that its use should be **mandatory** for institutions **only above a specified value threshold,** and that it would be reasonable to review the mandatory nature of centralised public procurement.

In the Authority's view, the current system of centralised public procurement does not provide adequate incentives for central purchasing bodies to achieve competitive prices and conditions. Its mandatory nature alone may reduce the competitive pressure on the central system to remain attractive compared with market alternatives.

Recommendation No 54 – Promoting the competitiveness of central purchasing bodies

The Authority therefore maintains its position and **recommends the development of a regulatory model** that—

- **exempts** the entities subject to centralised public procurement from the **mandatory application** of centralised procurement **below a certain threshold,** and
- combines this with a solution that, unlike the current strict approach, allows procurement to be carried out under its own authority in several cases.

While any potential change of model would require the expected benefits and potential drawbacks to be carefully weighed, a combined model could have several positive effects. Namely, this would—

- presumably encourage central purchasing bodies to continuously improve pricing and terms;
- reduce market concentration, while also
- strengthening competition on the supplier's side.

Ensuring transparent and data-driven operations and developing a system capable of measuring effectiveness

The effective functioning of centralised public procurement is **crucial.** The Authority considers **transparent operations,** the automatic **publication of call-off data** – rather than publication based on questionnaires – and **price monitoring** to be important pillars of this.

As previously mentioned, this must be an integral part of the system; therefore, the Authority considers it crucial to develop, with the involvement of the stakeholders

concerned, **a tool capable of measuring efficiency** that, through feedback, could help correct shortcomings in the system.

In the Authority's view, one of the key issues in shaping the future of centralised procurement is the deliberate reduction of **market concentration**, as well as the **development of incentives** that **encourage** central purchasing bodies **to remain competitive.**

2.10.4 Analysing the data relating to centralised public procurement

The role of central purchasing bodies in FA2 procedures is significant (for further details, see also Chapter 6, under Annexes).

The following table shows the scale of contract values for FA2 procedures during the period 2019–2025. (The starting year, 2019, was the year of the comprehensive restructuring of the central procurement system and the establishment of the DKÜ.)

Number and value of FA2 contracts concluded under framework agreements, by type of central purchasing body (2019-2025)

Type of entity		2019			2020			2021			2022		
		Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)
1	DGPPS	3	0,1	0,04%	1	0,0	0,01%	-	-	-	7	19,6	2,52%
2	DKÜ	-	-	-	240	87,5	22,40%	396	171,7	23,18%	464	173,6	22,34%
3	NCO	155	90,8	40,68%	228	188,2	48,20%	476	301,8	40,74%	442	195,8	25,18%
4	Other central purch	-	-	-	3	2,9	0,75%	25	3,4	0,46%	24	27,8	3,58%
5	Non-central purchas	1 119	132,3	59,28%	1 303	111,9	28,65%	2 325	263,9	35,62%	2 753	360,6	46,39%
FA2 procedures total		1 277	223,2	100,00%	1 775	390,6	100,00%	3 222	740,8	100,00%	3 690	777,4	100,00%
Non-FA1 procedures total		18 695	3 182		16 483	3 284,4		17 528	4 436,2		17 319	4 724	

Type of entity		2023			2024			2025			In total over the period 2019-2025		
		Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)	Number of contracts	Contract value value (HUF bn)	share (%)
1	DGPPS	6	5,4	0,56%	-	-	-	28	14,1	1,27%	45	39,2	0,76%
2	DKÜ	761	359,7	37,17%	444	499,4	50,69%	395	435,9	39,36%	2 700	1 727,8	33,28%
3	NCO	266	141,1	14,58%	321	270,4	27,45%	345	278,6	25,16%	2 233	1 466,7	28,25%
4	Other central purch	9	2,3	0,23%	18	0,9	0,09%	9	0,7	0,06%	88	38,0	0,73%
5	Non-central purchas	2 354	459,3	47,46%	2 124	214,6	21,78%	2 102	378,0	34,14%	14 080	1 920,5	36,99%
FA2 procedures total		3 396	967,8	100,00%	2 907	985,3	100,00%	2 879	1 107,3	100,00%	19 146	5 192	100,00%
Non-FA1 procedures total		17 857	3 125		15 927	3 638,4		14 186	2 788,7		103 809	22 389,9	

Table 10: Framework agreements by central purchasing bodies (2019–2025)

The following figure shows the annual distribution of the contract portfolio managed by each central purchasing bodies.

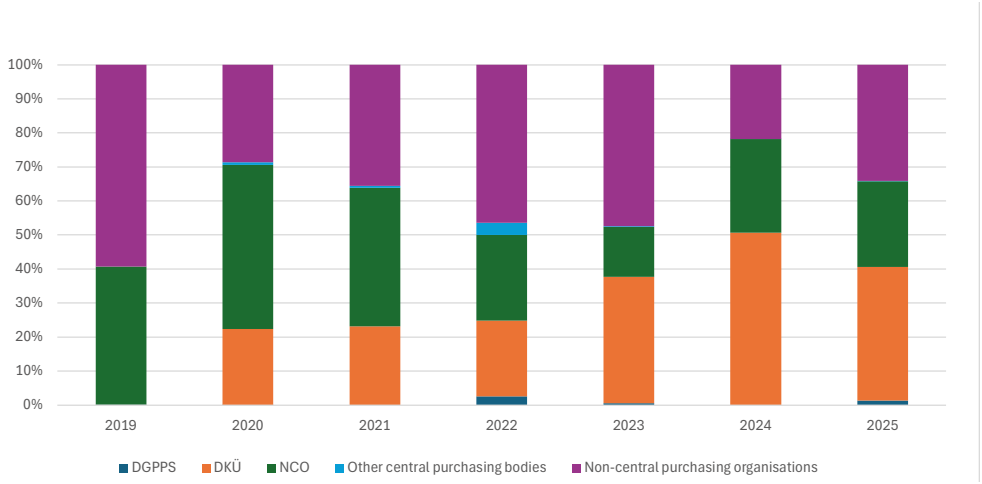


Figure 13 Distribution of the contract portfolios of FA2 procedures (2019–2025)

The data for each year show that, from 2020 onward, the share of contract values under FA2 procedures accounted for by the three largest central purchasing bodies (DGPPS, DKÜ, NCO) significantly exceeded 50%. This is clear despite the fact that the table above shows only a fraction of the contract values under the procedures conducted by the DGPPS.

The reason for this is that the largest components of the procurements handled by the DGPPS – including the provision of energy to the public sector, vehicles and furniture, and, for example, travel management services – are not included on the public interface of the EPPS, and therefore cannot be presented. The lack of data has significantly undermined the statutory requirement for transparency in public procurement. Even excluding energy carriers (natural gas, hydrocarbons and electricity), the estimated value of the contracts relating to the listed product groups for the period 2019–2025 exceeds HUF 500 billion. Taking into account public procurement relating to energy carriers, this may even reach four to five times this amount.

In addition to concentration and a lack of transparency (significant data gaps), other factors also point to the dysfunctional operation of central purchasing bodies. Among these, it is worth mentioning that the high expenditures cannot be substantiated by an analysis of market prices and quantities, as such an analysis is generally lacking in the practice of central purchasing bodies.

In the case of the NCO, data analyses also revealed a specific problem. There have been several instances of the “automatic” repetition of a framework agreement after the expiry

of its term, under identical conditions, in some cases even twice. Therefore, unless either of the two contracting parties expressed an intention to the contrary, the framework agreement entered into force again on the day following its expiry, and the several billion forints that had previously been drawn down became available again.[26]

2.11 Risk analysis-based control approach

Situation analysis

The oversight of public procurement procedures currently falls within the remit of several institutional actors that are organisationally and methodologically distinct from one another.

Significant overlaps can be observed in the control system, while the vast majority of controls are administrative in focus and primarily limited to assessing formal compliance with legal requirements.

In the Authority's view, this approach is not capable of identifying practices that, while deemed lawful on the basis of a literal interpretation of the law, have anti-competitive effects or pose corruption or integrity risks. The issues presented in the previous chapters – such as overpricing, distortions of competition in the evaluation phase, patterns of conflicts of interest, or a lack of trust among bidders – typically do not constitute conventional infringements and therefore remain undetected under the current approach to oversight.

All of this warrants the methodological supplementation and renewal of the control system.

Several oversight bodies have the competence to review public procurement procedures, and it is also common for the same public procurement procedure to be scrutinised by multiple authorities, particularly where European Union funds are involved. In the

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[26] *For example, according to the data available in the EPPS, the framework agreement for event organisation, announced in 2019 under ID No EKR000185952019, had a value of HUF 30.00 billion, while the total value of the contracts concluded under this framework agreement between 2019 and 2022 amounted to HUF 59.34 billion. The framework agreement for communications services and event organisation, announced in 2021 under ID No EKR000391162021, had a value of HUF 8.00 billion, while the total value of the contracts concluded under this framework agreement between 2021 and 2022 amounted to HUF 23.96 billion.*

Authority's view, these parallel inspections often do not provide proportionately more effective protection against infringements, while nevertheless consuming significant resources and, in many cases, failing to identify the substantive risks.

These inspections are predominantly document-based and manual, and examine whether the procedure complies with the applicable legal requirements. This approach is necessary but not sufficient, as it is incapable of identifying patterns that are lawful yet economically unjustifiable, distort competition, or pose integrity risks, and often emerge across multiple public procurement procedures.

In the Authority's view, alongside the current document-based, manual inspections – without in any way replacing them – it is necessary to introduce a data-driven, continuous, real-time monitoring system covering all public procurement procedures, regardless of the source of funding.

This system needs to have the following attributes:

- it does not hinder the conduct of procurement procedures from an administrative perspective;
- it runs automatically in the background;
- it covers all stages in the public procurement procedure;
- it enables the near real-time monitoring of public procurement risks;
- it uses data analysis tools supported by digital tools (such as machine learning algorithms and artificial intelligence), and
- it can identify risks early.

A significant portion of corruption and integrity risks can be effectively identified through data analysis as early as the planning stage of the procedure, during the preparatory phase of the procurement. Therefore, it is crucial that the oversight bodies identify and address these risks at the earliest possible stage.

The Authority's own methodological and IT developments may serve as a basis for developing an effective risk analysis system covering the entire public procurement

system. The Authority participates as a beneficiary in a project financed by the European Commission under the European Union's Technical Support Instrument (TSI), with the OECD as the Authority's professional implementation partner. The project is entitled "25HU01 – Development of Analytical Capacities by Introducing Innovative Data-Driven Systems to Reduce Irregularities Related to the Use of EU Funds". The objective of the TSI project is to strengthen the Authority's analytical, risk assessment, and preventive capacities through the development of data-driven analytical methodology and digital tools for the early identification of irregularities and integrity risks related, in particular, to the use of EU funds.

Recommendations

Recommendation No 55 – Establishing a risk analysis approach

Recommendation No 55.1 – The Authority recommends conducting an analysis based on a comprehensive process assessment and a detailed impact assessment, which will—

- uncover existing parallels within the current control system;
- identify control gaps; and
- provide recommendations on developing the most efficient and most risk-oriented control model in respect of public procurement procedures.

Recommendation No 55.2 – Furthermore, the Authority recommends that the Government provide the Integrity Authority, to the extent necessary for performing its risk-analysis tasks, with comprehensive, real-time, database-level access to the EPPS.

2.12 Integrity protection in public procurement

The examination of the integrity of the public procurement system cannot be separated from the broader institutional and operational frameworks of the fight against corruption. The systemic dysfunctions explored in previous chapters – the predominance of formal legal compliance, competition-distorting practices, risks of conflict of interest, and the lack of bidder trust – collectively indicate that the current framework for integrity protection is incapable of enforcing substantive, operational change. The objective of

this chapter is therefore not to present the details of individual measures, but to provide a comprehensive assessment of why the existing anti-corruption frameworks applied in the field of public procurement continue to have limited impact in practice, and what systemic reasons hinder the effective application of integrity principles.

The National Anti-Corruption Strategy ("Strategy") may serve as a starting point for the assessment of integrity protection and the fight against corruption. The situation analysis presented in point 3 of the Strategy provides a detailed overview of the main characteristics of the anti-corruption measures and institutional framework implemented thus far. However, as the document relies primarily on descriptions of observable phenomena, it identifies the deeper, systemic root causes of corruption only to a limited extent, thereby providing only a limited basis for developing sufficiently targeted and effective measures.

Based on the available domestic and international assessments, several mutually re-inforcing circumstances contribute systemically to the low effectiveness of the state's anti-corruption activities to date:

- The existing regulation – in particular Government Decree No 50/2013 of 25 February 2013, which governs the integrity management system of state administrative bodies, and Government Decree No 339/2019 of 23 December 2019, which regulates the internal control system of state-owned business entities – provides the organisational framework for combating corruption at a basic level; however, in many cases, the practical application of the requirements is merely formal. Ensuring legal compliance often appears as an administrative obligation: internal regulations, minutes, and reports are prepared, yet the principles and standards stipulated therein are either not, or only partially integrated into everyday operations. As a consequence, the actual impact of integrity tools on organisational processes often remains marginal.

- According to empirical research, the personal and professional risks associated with reporting corruption are significant, and one of the main deterrents for potential whistleblowers is the fear of retaliation – involving, in particular, the loss of employment and career disadvantages. These risks are considered not only by the officials and employees concerned but generally by any individual in the organisation who may be involved in the investigation of abuse or in the operation of reporting channels. Although the Strategy (e.g. points 4.2.1 and 4.2.2) emphasises the importance of protecting whistleblowers, the planned measures do not sufficiently detail the guarantees that would provide effective and substantive protection to whistleblowers.

- An additional difficulty is that the professional support and training of integrity and compliance advisors have only been partially institutionalised: although the legislation defines certain qualification and practical standards, a uniform, specialised training and quality assurance system, applicable to all organisations, does not exist. The integrity reports and previous integrity assessments of state agencies indicate that in numerous organisations, the level of integrity infrastructure development and the human resources allocated to integrity controls are limited, which assumes that integrity responsibilities often do not appear as independent functions with stable capacity.

- Citizens and economic operators (e.g. bidders participating in public procurement procedures) have not developed sufficient confidence that reporting cases of corruption will not result in adverse consequences for them. This lack of trust is further reinforced by the perception that reports often do not lead to tangible, substantive consequences, meaning that whistleblowers undertake risks for "nothing". This effect has significant deterrent power with regard to both internal and external reporting.

- In addition to the deficiencies related to the protection of whistleblowers, the risk analysis methodology and the activities necessary for the proactive detection of corruption offences by the authorities are also lacking. The available data and assessments indicate that authorities rarely conduct specifically risk-based, independently initiated investigations in corruption cases, and the number of procedures initiated following reports is also limited.

- The practice of criminal law enforcement against corruption offences is not considered sufficiently effective according to several international and domestic assessments: a relatively small number of corruption cases proceed to indictment and ultimately result in a final court ruling, a significant portion of investigations are discontinued, and the rate of indictments is low. The absence of a genuine risk of adverse legal consequences, combined with the low likelihood of being held accountable, obviously does not exert a sufficient deterrent effect against corrupt behaviours.

- There is generally little or no identifiable personal commitment on behalf of the decision-makers and top executives of individual organisations to the practical implementation of integrity principles. It is common among leaders to regard integrity management and anti-corruption functions primarily as administrative obligations, which, in their opinion, undermine the efficiency of daily operations. At the same time, there is also a risk in several organisations that managerial decision-making is not based solely on professional and legal considerations but also on informal, political interference.

Detecting such directives, often based on informal political connections, is in most cases only possible through specialised procedures and a set of tools, such as those available to the National Protective Service.

- For civil society organisations engaged in uncovering corruption, an additional difficulty is that, according to their experience, the practice of accessing public interest data is cumbersome. State agencies often do not demonstrate openness to substantive dialogue or structured cooperation, although the Strategy itself identifies the transparency of state operations and the reinforcement of trust among civil actors as fundamentally important (Point 5.1).

- In addition to the above, it is worth raising the issue that neither in public discourse nor in the Strategy is there a clear definition of corruption, thus it would be necessary to attempt to define a comprehensive concept that covers and encompasses all corrupt activities, possibly within the framework of the Strategy.

In summary, it can be stated that a significant part of the existing anti-corruption measures are primarily implemented at the regulatory and documentation levels. Numerous organisations formally "document" compliance with the conditions prescribed by law and prepare the necessary policies, minutes and reports; however, in many cases, these measures are not accompanied by any substantive changes to organisational processes or any actual reduction in corruption risks. Some illustrative examples of this may include the integrity reports published by the National Communications Office ("NCO") since 2016,[27] which clearly show that the organisation treats these tasks merely as documentation requirements, while substantive anti-corruption activities do not appear to be carried out within the Office.

Recommendation No 56 – Assessing the effectiveness of the integrity protection system

The Authority recommends that the Government carry out a detailed impact assessment in respect of the practical implementation of the requirements set out in Government Decree No 50/2013 of 25 February 2013 and Government Decree No 339/2019 of 23 December 2019. The impact assessment should cover the following points:

- the extent to which the integrity management and internal control requirements prescribed by the regulations are actually embedded in the

[27] https://korrupciomegelozes.kormany.hu/allamigazgatasi-szervek-integritasjelentesei?nemzeti-kommunikacios-hivatal

functioning of the organisations;

- the extent to which the required documentation obligations (regulations, reports, integrity reports) contribute to the reduction of corruption risks;
- the ways in which the resources, training programmes and professional support available to integrity and compliance advisors can be improved;
- the extent to which the institutional guarantees for the protection of whistleblowers can be considered effective in practice;
- and what further targeted measures are needed to ensure that integrity protection is not merely a matter of formal compliance but serves as a tool that has a substantive impact on the functioning of the public procurement system.

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3. Assessment of the control system for the use of European Union funds

3.1 Summary

The chapter evaluates the control system for the use of European Union funds in 2025, with particular emphasis on the management of risks related to corruption, fraud, and conflicts of interest. The objective of the review is to assess the implementation of the recommendations set out in the integrity reports of previous years (2022–2024), identify the risks inherent in the operation of the institutional system, and formulate proposals to enhance the effectiveness of control mechanisms.

Key findings

The Authority's recommendations related to the funding system received a mixed response from the government. Although improvements can be observed in certain areas (e.g. most of the recommendations set out in the 2023 Annual Analytical Integrity Report were accepted), the rejection rate of the recommendations in the 2024 Annual Analytical Integrity Report increased again. This suggests that although the system shows some openness to addressing the identified problems, improvements are not consistent, and the measures taken often do not result in substantive structural changes. Particularly in the areas of control mechanisms and the regulatory environment, shortcomings persist that pose long-term risks.

Regulation is unclear in several cases, and the implementation of existing rules is inconsistent. A good example of this is the handling of requests for additional funding, where the involvement of an independent expert witness would be justified, but the regulatory framework and practice do not always allow for this. Similar problems arise in the assessment of market prices, the verification of guarantees, and the implementation of sanctions for irregularities, where controls are often formal or insufficiently robust.

The transformation of the institutional system for development policy represents an important change, especially the centralisation achieved through the Common Service Directorate, controlled by the National Development Centre. Centralisation theoretically enables more consistent functioning and more efficient controls. However, in practice, whether it actually improves efficiency remains uncertain. Due to the differing professional

specificities of the various operational programmes, a centralised organisation may become overloaded, creating a risk that the number of on-site audits may decrease and their quality may deteriorate. Furthermore, the insular operation of the specific parts of the institutional system is an obstacle to creating consistent controls.

One of the most significant obstacles to the Authority's operations is the lack of access to information. The report provides a detailed account of the lack of direct access to key databases, such as the Integrated Administration and Control System (IACS) and the Management Information System (VIR). As a result, the Authority's investigations rely to a large extent on data provided by other bodies. This leads to delays in procedures, late identification of risks, and in certain cases, action being rendered impossible. Data provision is often incomplete or delayed, while the Authority lacks adequate tools to enforce compliance.

The lack of transparency is particularly evident in the case of rural development funds. The report points out that the considerations behind the decision-making in the use of national supplementary TOP-UP funds are unclear. This not only makes auditability more difficult but also makes it more difficult to determine whether the matter falls within the Authority's competence.

The report places significant emphasis on conflict of interest and independence risks. According to the assessment experiences, these problems regularly arise, especially in LEADER programmes operating at the local level. There are clear violations when there is a direct connection between the decision-makers and the beneficiaries, but it is also common for there to be merely the objective appearance of a conflict of interest. The lack of contractor independence is a recurrent issue, which may distort competition and increase the risk of abuse.

The application of irregularity proceedings also presents a mixed picture: various managing authorities tend to adopt different decisions in the case of identical or similar infringements. This not only undermines legal certainty but also increases the risk of corruption arising from decisions based on individual assessments. The report emphasises that although abuse cannot be proven in every case, inconsistent application of the law can itself pose a systemic risk.

In reviewing 2025, the chapter concludes that the control system is broadly operational; however, significant improvements are needed in several key areas, including data access (IACS, VIR), transparency, the consistent application of the law, and the enforcement of conflict of interest rules. Furthermore, the Authority considers it important that its

recommendations and proposals concerning the control system made in the previous year be taken into account and reconsidered. The implementation of the proposed measures can make a significant contribution to ensuring the integrity of the use of European Union funds, preventing abuse, and strengthening the responsible management of public funds.

3.2 The impact of the Authority's previous annual analytical integrity reports on the rules governing the use of European Union funds

In this chapter of the Report, the Authority provides an overview of the results of the recommendations made in its integrity reports for 2022, 2023 and 2024. It thereby evaluates the effectiveness of the control system for the use of European Union funds in identifying and effectively preventing risks of corruption, fraud and conflicts of interest, as well as in detecting and remedying such cases. Pursuant to Section 13 of the Integrity Authority Act, the Government shall, within three months of the publication of the annual analytical integrity report, present its position on the findings in a response addressed to the Authority.

The table below summarises the recommendations on the control system set out in the 2022, 2023 and 2024 Integrity Reports, together with the corresponding responses by the Government.

		The Government's response to the recommendations		
Year	Number of the Authori-ty's recommendations	Agrees	Partially agreed	Disagreed
2022	11	3	3	5
2023	5	4	0	1
2024	13	7	1	5

Table 11: The recommendations on the control system set out in the 2022, 2023 and 2024 Integrity Reports, together with the corresponding responses by the Government

3.2.1 The 2022 Annual Analytical Integrity Report

The Government's response to and position on the 2022 Annual Analytical Integrity Report indicate agreement with three, partial agreement with additional three, and disagreement with five out of 11 recommendations concerning the control systems. The Authority explained these responses and its position on them in its 2023 Annual Analytical Integrity Report.

In its 2022 Annual Analytical Integrity Report, the Authority made a general recommendation concerning audit trails. The Authority's specific findings on audit trails were included in Annex 3 to the 2022 Annual Analytical Integrity Report, arranged by audit area and the corresponding finding. In relation to the findings regarding audit trails, the[28] Regulatory Division of the Ministry of Public Administration and Regional Development (MPARD) for Development Policy contacted the Authority, seeking cooperation to discuss and understand the findings. Discussions were held between the Authority and the Regulatory Division of the MPARD for Development Policy, after which the Authority also handed over the analyses supporting the findings, which were prepared for each operational programme.

For the purposes of preparing its 2025 Annual Analytical Integrity Report, the Authority requested data from the Directorate of Internal Audit and Integrity ("DIAI") concerning the audit trails used by all managing authorities, all intermediate bodies and the Common Service Directorate in auditing the use of European Union funds.

Following receipt of the requested data, the Authority compared the audit trails with its previously issued recommendations and findings. The Authority concluded that its recommendations had been duly considered and incorporated into the audit trails, as appropriate.

3.2.2 The 2023 Annual Analytical Integrity Report

The Government's response to and position on the 2023 Annual Analytical Integrity Report indicated agreement with four and disagreement with one out of five proposals concerning the control systems. The Authority elaborated on these responses and its position on them in its 2024 Annual Analytical Integrity Report.

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[28] *According to Government Decree No 90/2026 of 13 May 2026 on the functions and powers of Government members, the Ministry of Rural and Regional Development is also responsible for tasks related to the use of European Union funds.*

3.2.3 The 2024 Annual Analytical Integrity Report

During the follow-up to the 2024 Annual Analytical Integrity Report, the Authority observed an increase in the number of rejected recommendations. In its response to and position on the proposals concerning the funding system set out in the 2024 Annual Analytical Integrity Report, the Government disagreed with five of the 13 recommendations relating to control systems. Based on the types of responses received, the 2024 recommendations and the corresponding responses can be grouped as follows:

- The Government partially agreed with the recommendation: **1** (Recommendation No 32)

- The Government agreed with the objective of the recommendation but did not consider any further measures necessary: **7** (Recommendation No 33, 34, 35, 36, 38, 39, 40)

    - In the case of **three** of these recommendations, the Government disregarded some of the suggestions included in the recommendations without providing the Authority with a position on them (Recommendations 33, 38 and 40)

- The Government disagreed with the recommendation: **5** (Recommendations No 30, 31, 37, 41, 42)

In addition to the presented classification, the Authority's recommendations formulated on the basis of the investigation experience for 2024 can be categorised by focusing on specific functions of the control system for European Union funds, as follows:

- recommendations based on experience concerning the regulatory environment,

- recommendations based on experience concerning control mechanisms,

- recommendations based on experience with project implementation.

Recommendations related to experience concerning the regulatory environment

Based on its experience with the regulatory environment, the Authority made recommendations concerning the involvement of an independent expert witness in relation to requests for additional project funding (1), the commitment of funds to implement construction projects (2), the acquisition of ownership interests by civil society organisations in determining the scope of beneficiaries (3), and the registration and accounting of events, training sessions and conferences (4).

1. Regarding the involvement of independent expert witnesses in requests for additional project funding, the Authority made four partial recommendations, none of which were accepted by the Government. Nevertheless, the Authority still considers the measures related to the recommendations necessary as follows:

1.1. The Authority recommended clarifying and ensuring the coherence of the regulations governing the involvement of expert witnesses, for example by amending Government Decree No 272/2014 of 5 November 2014 on the rules governing the use of grants from European Union funds ("Government Decree No 272/2014 of 5 November 2014") and Government Decree No 256/2021 of 18 May 2021 on the rules governing the use of grants from certain European Union funds in the 2021–2027 programming period ("Government Decree No 256/2021 of 18 May 2021"), to stipulate that, following the submission of a request for additional funding due to increased costs, the managing authority should be required, rather than merely authorised, to initiate the appointment of an expert witness.

The Authority considers it risky that Government Decree No 272/2014 of 5 November 2014 provides that in the case of a submission of a request for additional funding due to increased costs, the Government has the possibility, based on Section 6/A of Government Decree No 17/2017 of 1 February 2017[29] and pursuant to Section 173 of Government Decree No 256/2021 of 18 May 2021, to depart from the procedural rules of requests for additional funding due to increased costs on a case-by-case basis. (This makes it possible to dispense with demonstrating compliance with the market price as substantiated by an independent expert witness.)

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[29] *Government Decree No 17/2017 of 1 February 2017 on the eligibility of cost increases in certain projects financed from European Union funds.*

1.2 The Authority proposed that the Government, also taking into account the risks identified in relation to eligibility, refrain from deciding on future requests for additional funding due to cost increases without an expert assessment. It is important to note that the Authority has observed instances of decision-making without obtaining expert witness opinions in multiple projects involving the use of EU funds. Accordingly, although the Government stated in its response to the relevant recommendation that the applicable government decrees already stipulate that expert witness opinions must be obtained, the Authority considers, also based on its practical experience, that this requirement is not always complied with, rendering the related decision-making process unlawful. For the reasons set out above, the Authority recommends reviewing the previous practice to ensure full compliance with the applicable government decrees.

1.3 The Authority recommended that, when assessing requests, the Coordination Committee for Development Policy (CCDP), which serves as the Government's preparatory body for development policy, should not allow any proposal to be submitted to the Government where, contrary to the provisions of the decree, no expert witness opinion is available. Although the CCDP only makes recommendations and provides opinions on proposals, pursuant to points 54(2)(d)[30] and 55(1)[31] of the Government's rules of procedure, it could, in line with the Authority's position, verify whether an expert witness's opinion is available.

1.4 To curb requests for additional funding, the Authority recommended 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.

2 The Authority recommended 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 construction projects are submitted with a level of preparation that enables timely and proper implementation. The Government did not agree with the recommendation but did not provide a substantive response. It merely stated that *"during the implementation of specific programmes and projects, the need to revise the amount specified in the referenced provision did not*

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[30] *The CCDP makes recommendation for decisions.*

[31] *A proposal cannot be placed on the Government's agenda without first having been considered by the CCDP.*

arise, meaning that the Government had correctly assessed the limit to be set out in the decree on the basis of the available professional experience".

Based on the Authority's previous experience with system audits, and taking into account the number of instances and the amount of additional funding provided during the 2014–2020 programming period, the amount specified in the Government Decree is considered too high. Therefore, it is still recommended that the amount stipulated in Section 123(1) of Government Decree No 256/2021 of 18 May 2021 be reviewed, taking into account the potential increase in costs and the number of instances of delays that may arise during the new programming period.

3 In the case of civil society organisations acquiring ownership interests, the Authority considered three types of safeguards to be necessary. These should be explicitly set out in the respective call for applications where real estate is purchased using EU funds under the projects. Out of the three safeguards specified, the Authority continues to maintain two. In relation to these, the Minister for Public Administration and Regional Development ("MPARD minister") indicated that it would conduct an investigation and take measures, as necessary, with the involvement of the National Development Centre ("NDC"), regarding the activity of civil society organisation and the creation of a consortium, through the formulation of proposals and implementing changes, where necessary.

If the civil society organisation has actually been carrying out the activity specified in the project for a longer period (10–20 years), this should be taken into account by awarding additional points during the assessment of the funding application. The Authority also recommended that the owner of the real estate purchased under the project be the local government or a municipal association, instead of the civil society organisation. As the owner, the local government should ensure, by way of a contract, that the civil society organisation is granted the right to possess and use the property, whether by way of a lease or under another legal title. The purpose of the consortium is to ensure that the results of the project can be preserved even after the maintenance period though the local government ownership. This promotes the long-term utilisation of EU funds by ensuring that community interests are upheld.

As of the preparation of this report, the Authority had not received any further information from the MPARD Minister regarding the ministerial measure concerning the award criteria described above and the formation of the consortium.

4 The Authority recommended 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. In this regard, the Government informed the Authority that the implementation of the necessary development is already in progress, which, beyond meeting regulatory requirements, contributes to the planning and performance of a more efficient on-site audit of events and training courses. As of the preparation of this report, the Authority had not identified any relevant information or findings relating to the development referred to above.

The Authority also recommended 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. No information about the Government's position on this recommendation was received by the Authority.

Recommendations regarding experience concerning control mechanisms:

Regarding experience with control mechanisms, the Authority made recommendations on the market price assessment conducted by managing authorities (5), the exclusion applicable in the area of irregularity management (6), the expansion of the ARACHNE system (7), guarantee declarations and bank guarantees (8), as well as on LEADER funding (9).

5 The Authority recommended that managing authorities establish a set of assessment criteria (e.g. a checklist) built into the control process, which could be applicable to projects implemented under a given operational programme and subject to public procurement, in order to determine whether the established market price needs to be reviewed by the managing authority. The Government agree with the objective of the recommendation but did not consider any further measures necessary:

The Authority's experience is that managing authorities consider the prices of items procured under public procurement procedures to be in line with arm's length prices and, as a rule, do not examine this separately when reviewing expenditure, although they could do so in view of point III. 6.2. of Schedule 6 of Government Decree No 272/2014 of 5 November 2014. The purpose of the recommendation made by the Authority is to ensure that managing authorities always examine or take into consideration (with the

help of a checklist) the prices set out in any supplier contracts concluded under public procurement procedures. The scrutiny should be suitable for ascertaining if the review of the market price set out in the public procurement procedure by the managing authority is necessary, having regard to upholding the principle of responsible management of public funds, pursuant to Section 2(4) of the PPA.

The Government agreed with the objective of the recommendation but did not consider any further measures necessary. However, based on its experience from the investigations it has conducted, the Authority maintains its recommendation, adding that the market price should be checked and assessed before the commencement of the public procurement procedure, when determining the estimated value and the available funding. The reason for this is that at a later stage, it is extremely difficult to declare a properly conducted public procurement process invalid on the grounds of overpricing. The Authority's position is that it may be justified to establish the set of criteria built into the control process recommended for managing authorities, both when verifying expenditure and when determining the estimated value. These new control measures may help align the available budget with market prices, serving not only follow-up but also preventive purposes.

6 Within the topic of exclusion applicable in the area of irregularity management, the Authority made four partial recommendations, with which the Government agreed but did not consider any further measures necessary. The Authority took note of the Government's position and justification, but continues to stand by its recommendations with the following – clarified – content:

6.1 The Authority maintains its position that in cases of final conviction for budgetary fraud related to European Union funds, the review of the irregularity decision is justified, involving reclassification from IRQ3 to IRQ5. Furthermore, as part of such a review, it is also justified for the managing authority to consider applying the exclusion measure. In this regard, the Government should take steps to ensure that managing authorities always consider the circumstances giving rise to exclusion (IRQ3 and IRQ5), and incorporate a control step / control point related to this into their procedural process. More frequent application of the exclusion measure could reduce the number of instances of fraud and thereby contribute to fraud prevention.

6.2 Furthermore, the Authority recommends that, with due regard to the principle of sound financial management of European Union funds, managing authorities establish and implement appropriate control mechanisms and risk management measures where the successful implementation or completion of a project is at risk due to circumstances

attributable to the beneficiary. Managing authorities should manage all of this with priority and in a uniform manner, especially in cases where the beneficiary has projects managed by multiple or different managing authorities.

7 The Authority recommended 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. The Government agreed with the objective of the recommendation but did not consider any further measures necessary, since the ARACHNE system was developed by the European Commission and, therefore, cannot be enhanced or further developed at Member State level. The Authority took note of the Government's justification.

Regarding the Government's justification, the Authority considers it important to note that, for the purposes of its own risk analysis, it is developing a database of economic operators involved in irregularities concerning the use of European Union funds. This is intended to support the development of a flagging mechanism capable of capturing risks associated with specific economic operators by incorporating publicly available information and applying red-flag indicators.

8 In a recommendation, the Authority pointed out 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).

The Authority's findings 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 the guarantees were to be called. These facts pose extremely serious risks to the efficient and effective use of European Union funds. The Authority asserts that these risk factors must be taken into account by managing authorities or intermediate bodies when reviewing the content of the guarantee declarations, to ensure that project guarantees are not assessed solely on formal grounds.

The Government did not agree with the above recommendation; however, the Authority continues to maintain its recommendation in view of point 89.1 of Chapter IV of Annex 1 to Government Decree No 272/2014 of 5 November 2014. It is also necessary to note that if, on the

basis of the relevant information, a managing authority can determine the list of guarantors whose guarantee it accepts, it must also examine their solvency. The Authority's experience is that the operation of a guarantee provider had a distinctly detrimental effect on the implementation of the Rural Development Programme, although a complex fraud involving several billion forints could have been prevented simply by assessing the financial viability of the guarantee provider [or even by complying with the detailed rules on the provision of guarantees set out in Government Decree No 272/2014 of 5 November 2014].

9 Within the topic of LEADER funding, the Government agreed with the objective of the four partial recommendations of the Authority but did not consider any further measures necessary. The Authority does not agree with the Government's position and stands by its earlier recommendations as follows.

9.1 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 local action groups ("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 2023–2027 programming period, the Authority deems it particularly important that the managing authority check, in respect of the LEADER intervention, the conflict of interest declarations and declarations of interest submitted by LAG members in accordance with Section 5(3a) of Government Decree No 601/2022 of 28 December 2022,[32] with the aim of filtering out the problematic projects described earlier. It is important to note that the Authority found in several of its investigation procedures that conflict of interest situations could have been identified and avoided through the substantive review of these declarations, and that these situations subsequently led to irregularity proceedings and recoveries.

9.2 The Authority recommends that the Rural Development Programme Managing Authority should also assess the content of the grant applications submitted by LAGs with a positive recommendation, and, if necessary, request applicants to remedy any shortcomings. Several of the Authority's investigations have demonstrated that LAGs do not comply with the requirements set out in the calls they prepare and forward ineligible applications to managing authorities and intermediate bodies, making it necessary to incorporate a control process into the system. One possible solution would be to engage KPMG, which performs audit functions, to carry out sample-based audits of LAG projects.

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[32] *Government Decree No 601/2022 of 28 December 2022 on the organisational and institutional framework for implementing the Common Agricultural Policy (CAP) and national agricultural subsidies.*

9.3 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. Substantive information on LAG RDP projects continues to be unavailable on the palyazat.gov.hu website. Furthermore, the project search function on the Common Agricultural Policy ("CAP") website does not include LAG RDP projects either (but only projects implemented under the CAP).

9.4 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. The Authority also highlights that no response was received from the Government concerning the Authority's recommendation relating to the oversight of LAGs' compliance with their communication obligations.

Recommendations related to experience concerning project implementation

As regards the experiences related to project implementation, the Authority made recommendations on the expansion of the inspections of project implementation sites (10), the risks associated with the outsourcing of implementation, outsourcing to suppliers and implementation by subcontractors (11), contradictory decisions by managing authorities in relation to contract amendment requests with identical subject matters (12), as well as on self-initiated project transfers and beneficiary changes (13).

10 As regards the expansion of inspections of project implementation sites, the Authority made four partial recommendations, the objectives of which the Government agreed with but did not consider any further measures necessary.

The Authority made recommendations regarding the frequency of occurrence of specific project implementation sites, the control aspects considered during the assessment of project implementation sites, as well as the implementation sites that are not specified in the project data sheet or communicated to the managing authorities but play a significant role in project implementation (transportation, storage, utilisation).

Overall, the Authority considered the control mechanisms presented by the Government to be acceptable and therefore took note of the Government's position, which was formulated along the same lines.

11 In terms of the risks associated with outsourcing implementation, the Authority made five partial recommendations concerning, on the one hand, outsourcing to the supplier (11.1–3.), and on the other hand, subcontracted implementation (11.4–5.). The Government agreed with the objectives of these recommendations but did not consider any further measures necessary.

11.1–2 The Authority's position is that managing authorities should, as a preventive measure, introduce stricter rules and restrictions in the calls for applications. The objective is to ensure that beneficiaries implement feasible, effective, and successful R&D projects. The Authority recommends that the respective calls for applications state, as a general rule, that material costs related to professional implementation should be accounted for as costs incurred by the applicant rather than by the R&D service provider. If the service provider intends to account for material costs, it must always indicate this separately in its application. Based on the government response, the Authority considers the restrictions on material costs to be acceptable.

11.3 Furthermore, the Authority recommended amending the calls for applications to include applicants who do not meet the risk criteria among those ineligible for funding. No response was received from the Government concerning the subtopic of expanding the scope of those ineligible for funding in calls for applications.

11.4 As regards the timing of identifying and checking subcontractors engaged in a specific project, the Authority recommended 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. In its response, the Government did not form a position regarding the timing of the identification and verification of subcontractors.

11.5 Furthermore, the Authority believes that it is warranted to potentially supplement the relevant calls for applications with minimum requirements that focus on verifying the independence and suitability of subcontractors. According to the Government's response, the responsible managing authority adopted the methodology for checking market prices and supplier suitability in July 2025, with the aim of establishing contractor independence and suitability as key control criteria. The Authority assessed the methodology as appropriate.

12 The Authority recommended that managing authorities provide detailed justification 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.

The Government did not agree with the recommendation. The Authority took note of this and considered the control mechanisms presented by the Government to be acceptable. Nevertheless, the Authority's position is that contradictory decisions concerning contract amendments with identical content (first rejecting and subsequently accepting them) constitute, in themselves, a procedural risk on the part of managing authorities and should therefore be handled with particular care.

13 Within the context of self-initiated project transfers (beneficiary change category), the Authority had made three partial recommendations, the objectives of which the Government did not agree with.

13.1 The Authority considers a decision-making mechanism whereby funds unlocked and released from a project are reallocated, rather than transferred to another market participant, to be more effective. The essence of this mechanism is that the initial beneficiary's grant agreement is terminated, following which the unlocked funds are allocated to another project that was previously assessed as eligible for support but could not be supported due to insufficient available funding. Selection is based on the scores and rankings established during the decision-preparation process.

The Authority took note of the Government's position on reserve lists but nevertheless maintains its recommendation. According to its justification, reserve lists broaden the pool of potential project owners, as they enable selection from a shortlist of candidates that have been preliminarily assessed positively. This increases the chances of implementing successful projects, the ranking established on the basis of the scores ensures objective and fair decision-making.

In its justification, the Government further explained that, overall, the reallocation of the funds concerned, the rejection of project transfers, the unlocking of committed funds (claims management), the submission and evaluation of new funding applications, as well as any potential amendments to calls for applications would place a significant and time-consuming administrative burden on managing authorities. At the same time, the Authority's position is that these difficulties, including additional responsibilities, cannot be compared with the objective pursued by the measures recommended to address the fraud and associated risks that frequently arise in connection with

self-initiated project transfers, also taking into account the principle of sound and responsible financial management.

13.2 In relation to self-initiated project transfers, the Authority considers it warranted to review and supplement the existing internal procedures governing such project transfers, both those approved to date and those currently ongoing, with particular emphasis on precisely defining the respective levels of control. This entails a thorough definition of who checks what, when, and, more specifically, how. The Authority received no response from the Government regarding the revision and amendment of internal procedures.

13.3 The Authority maintains that in order 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 format. The Authority did not receive any Government position regarding the establishment of filterable subcategories for contract modifications within the EUPR platform.

3.3 Key changes to the institutional system for development policy – the NDC's areas of specialisation – control powers and their changes

In its 2024 Annual Analytical Integrity Report, the Authority presented the major changes in the 2014–2020 programming period, affecting the institutional system for development policy, including the establishment of the NDC, as part of its analysis of the amendments to Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021.

A department established within the NDC, the Common Service Directorate ("NDC CSD")[33], performs multiple functions under Section 48 of NDC's Bylaws ("Bylaws"), out of which particular mention should be made of the following:

- alignment of European Union and domestic development policies,
- developing audit trails, procedures,[34] guidelines,[35] methodologies,[36] rules of procedure[37] and templates,
- coordinating IT developments in the field of development policy,
- operation of a customer service,
- preparation and conduct of on-site audits and inspections; preparation of on-site audit documentation; continuous and structured feedback on audit findings and experiences; reporting cases of suspected irregularities,
- preventing and addressing systemic irregularities.

As regards the functions of the CSD, it can be concluded that a degree of centralisation has taken place in this area of the institutional system, which, on the one hand, raises questions of efficiency, for example in relation to on-site audits, but, on the other hand, also provides an opportunity to fully capitalise on synergies.

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[33] Directive No 25/2024 of 31 July 2024 of the Ministry of Public Administration and Regional Development on the Bylaws of the National Development Centre (in force between 18 April 2024 and 31 December 2025).
Directive No 19/2025 of 19 December 2025 of the Ministry of Public Administration and Regional Development on the Bylaws of the National Development Centre (In force since 2 January 2026).
[34] For example, the procedure governing the maintenance period or the general procedure for on-site inspections.
[35] For example, Standardised Guidance on Financial Sampling, ARACHNE guidance.
[36] For example, asset sampling methodology, ARACHNE methodological guidance aid, on-site sampling methodology, risk analysis methodology.
[37] For example, rules of procedure for the quality assurance and publication of calls for applications for cohesion funds.

3.3.1 Common Service Directorate (CSD)

On-site audits

From 1 August 2024, the NDC CSD and its main departments and divisions have carried out the functions related to on-site audits. In accordance with Section 48 of the NDC Bylaws, the CSD is responsible for preparing, conducting, and concluding on-site audits and inspections; preparing related documentation; providing continuous and structured feedback on the findings and experiences gained from on-site audits and inspections; reporting cases of suspected irregularities; and supporting EU and domestic audits.

In practice, this means that, since its inception, the NDC CSD has been performing functions previously carried out by the individual managing authorities, such as, in addition to those listed above, developing the risk analysis methodology applicable to on-site audits, conducting risk analyses for on-site audits, preparing annual audit plans, and developing the necessary document templates. In addition, based on the normative methodologies and procedures for conducting on-site audits, and the experience gained from on-site audits, it puts forward recommendations for the further development of on-site audit practices, and also initiates development tasks concerning the EUPR functionalities related to on-site audits.

As a result of the centralisation of functions and organisational arrangements, on-site audits and other functions related to operational programmes previously managed separately by the individual managing authorities now fall within the remit of the NDC CSD. Consequently, the NDC CSD is responsible for conducting on-site audits for all operational programmes, except for the RDP, CAP, HFOP, HFOP Plus and DROP Plus (Digital Renewal Operational Programme Plus), including those under the 2014–2020 and 2021–2027 programming periods and the RRF[38]. It should be noted that these operational programmes differ significantly in terms of their scope and specific characteristics; their auditing may therefore require specialised expertise in certain cases, raising questions of whether the centralisation of these tasks in fact contributes to effective auditing.

Based on the experience gained from investigations, it can be concluded that on-site audits are an effective tool, significantly contributing to the early identification of

[38] *Recovery and Resilience Facility.*

abuse, the actual implementation of projects, the efficient use of funding, and the proper maintenance of the project and the assets created under the project. For this reason, the Authority's position is that particular emphasis should be placed on audit activities and that the potential inherent in non-document-based audits should be fully exploited to facilitate and monitor project implementation and ensure the efficient and responsible use of public funds.

The Authority's position is that it remains questionable whether centralisation has resulted in actual efficiency gains, as the significant increase in the target population for sampling may ultimately lead to an overall decrease in the number of samples subject to on-site audits when considered at the level of individual operational programmes. This would mean that, due to their workload, on-site auditors may be able to conduct fewer on-site audits than under the previous structure. Furthermore, as a result of the organisational changes, the specialised nature and significant variation among the operational programmes of the 2014–2020 and 2021–2027 programming periods may also increase workforce allocation requirements in this area.

Other European Union programmes

As already discussed above, several strategically important operational programmes involving the use of European Union funds fall outside the remit of the NDC CSD's centralised organisation. The coordination, on-site audits and other functions related to the RDP and CAP are carried out by the Deputy State Secretariat of the Ministry of Agriculture for the Implementation of the Common Agricultural Policy ("RDP Managing Authority")[39], for HFOP and HFOP Plus by Department of the Ministry of Agriculture for Fisheries Funds ("HFOP Managing Authority"), and in the case of DROP Plus by Deputy State Secretariat of the Ministry of Energy for the Implementation of European Union Development Programmes ("DROP Managing Authority").

The separation of the areas listed above may be warranted and understandable, given the distinct legislative environment governing rural development. However, according to

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[39] *According to Government Decree No 90/2026 of 13 May 2026 on the functions and powers of Government members, the tasks related to agricultural and rural development grants fall within the remit of both the Ministry of Agriculture and Food Economy and the Ministry of Rural and Regional Development.*

the information letter sent to the Authority by the RDP Managing Authority, as part of its cooperation with other managing authorities, the RDP Managing Authority participates in the monthly meetings of the audit, simplification, communication and ARACHNE task forces operated by the NDC. The consistent application of audit practices is ensured through the development of common positions at task force meetings, which also provide an opportunity for managing authorities to share their audit experience. The RDP Managing Authority shares audit experience with stakeholders at Monitoring Committee meetings in the form of reports on the experience gained during the preceding period. In preparing these reports, the RDP Managing Authority follows the guidelines issued by the NDC Central Coordination Unit.

It should also be noted that although the managing authority functions for DROP Plus are performed by the DROP Managing Authority outside the NDC, the professional coordination of programme implementation is carried out by the NDC in accordance with Government Decree No 256/2021 of 18 May 2021, as stated in the information letter by the DROP Managing Authority. Nevertheless, in response to the Authority's data request, the DROP Managing Authority attached the relevant documents approved pursuant to the instructions of the head of the DROP Managing Authority concerning internal procedures, audit methodologies and audit trails, manuals, audit plans and schedules, as well as risk analysis, including standard risk analysis methodologies for on-site audits and supporting accounting documents.

In light of the above, the question arises as to whether this type of structure for targeted unification and centralisation is truly effective and transparent in terms of the control of the use of European Union funding and the successful implementation of related projects, with particular regard to the organisational and operational separation of the RDP, CAP, HFOP, HFOP Plus, and DROP Plus programmes.

Recommendation No 57 – Revision of the powers of the Common Service Directorate

The Authority recommends that in order to achieve the highest possible level of the intended standardisation and transparency in the control of the use of European Union funds, the Government consider revising the structure presented above, with particular emphasis on the organisational and operational separation of the RDP, CAP, HFOP, HFOP Plus and DROP Plus programmes, as well as the centralisation implemented in on-site audits.

3.3.2 Communications Department of the Strategic Directorate

Point 10.4 of the NDC Bylaws stipulates the functions of the Communications Department of the Strategic Directorate ("Communications Department"), according to which its responsibilities cover communication within the development policy system (1), organisational communication of the NDC (2), the performance of functional tasks (3), as well as the review of proposals and reports concerning its tasks related to legislation (4).

In view of the NDC's data provision responsibility and point 10.4.3 f) of its Bylaws, the Communications Department performs media monitoring and analysis tasks falling within the NDC's remit as part of its functional responsibilities. Within this framework, the Communications Department conducts regular thematic media monitoring and sends two daily news summaries by email to recipients on a distribution list, with continuous media monitoring carried out between the two daily summaries. Based on the information provided by the NDC, the thematic focus of the media monitoring comprises news on cohesion policy, European Union development policy, as well as other relevant European Union news.

According to the NDC's reply letter, any findings requiring further action will be forwarded separately to the relevant professional areas. The recipient group (distribution list) comprises more than 200 staff members: senior executives, heads of departments and divisions, and staff members whose work relies on the products of the media monitoring activity. Additional staff members may also request to be added to the recipient list.

Furthermore, as part of the Department's media monitoring activities, it reviews thematic media summaries sent by OBSERVER Media Monitoring and Research Kft. by email, conducts keyword searches on the mediamonitor-observer.hu website, and monitors online, print and electronic media outlets, the YouTube video-sharing platform, as well as television programmes – particularly news broadcasts and interviews – and radio content. The Communications Department monitors news and press releases published on the official websites of the European Commission, the European Council, and the European Parliament. It also conducts keyword searches on the Facebook social media platform and keeps track of posts by key political actors. As part of its media monitoring activities, the Department conducts real-time monitoring of government information sessions and the plenary meetings of the National Assembly.

However, the Authority did not receive any relevant documentation or methodology under the NDC's data provision regarding how, and based on which criteria and decision-making

mechanisms the Communications Department shares and forwards the suspicions, risks, and findings identified during the listed activities with the specialised departments concerned (e.g. irregularity suspicion management, initiation of on-site inspections or on-site audits at CSD). Furthermore, no information was provided as to whether the competent specialised department takes action to audit the forwarded problematic project based on the given notification.

Recommendation No 58 – Media monitoring and analysis practices by the Communications Department of the NDC Strategic Directorate

In light of the above, the Authority recommends that the Communications Department of the NDC Strategic Directorate kindly prepare a report concerning the suspicions, risks, and findings identified through its media monitoring and analysis activities, and provide the Authority with the relevant information. The report must present the arrangements for ensuring that the identified suspicions, risks and findings are communicated to the competent irregularity suspicion management or on-site audit function. Furthermore, the report shall include an itemised statement regarding the number of irregularity proceedings and on-site audits initiated as a result of the media monitoring conducted by the Communications Department.

3.4 Limitations on the Integrity Authority's control activities

3.4.1 Presentation of the limitations and difficulties associated with the performance of the Integrity Authority's investigative functions

Pursuant to Section 11(d) of the Integrity Authority Act, through the preparation of the report, the Authority conducts an assessment of the control system responsible for controlling the use of European Union funds in identifying and effectively preventing risks of corruption, fraud and conflicts of interest, as well as uncovering and remedying such cases;

As part of its assessment of control systems, the Authority considers it particularly important to identify the obstacles and limiting factors encountered in performing the functions and exercising the powers conferred on it under the Integrity Authority Act. As

an institution itself performing a control function, the Authority contributes to upholding the integrity of the institutional system established for the utilisation of European Union funds. Therefore, in its 2025 report, it considers it necessary to present the difficulties and limitations encountered in the discharge of its functions.

The Authority's difficulties lie, on the one hand, in the fact that it does not have automatic access to several key databases, thus relying on the cooperation and data provision of other bodies. This fragmentation of information access limits the ability to identify complex integrity risks through both preventive and detective controls. An additional difficulty for the Authority is the inconsistent or inadequate quality of the data provided, including incomplete data, as well as the lack of effective means to impose sanctions or other legal consequences for failure to comply with the obligation to provide data and information. These circumstances can, in some cases, significantly undermine the effectiveness of the enquiries and data requests initiated by the Authority.

A) Key databases and systems:

Integrated Administration and Control System (IACS)

The Integrated Administration and Control System ("IACS") is a technical and administrative framework used by the Member States of the European Union, including Hungary, for the efficient and transparent management and control of funds provided under the Common Agricultural Policy ("CAP").[40] The IACS provides comprehensive IT support for the disbursement of European Union agricultural and rural development funds, covering the entire process from the submission of applications through all stages of administration, including the assessment of satellite-based and GIS inspections, the processing of payments and comprehensive accounting.

In addition to the management of funding applications, the IACS includes the identification of farmers, the parcel identification system for area-based subsidies (Agricultural Land Parcel Register, abbreviated as MePAR), and the livestock register. The MDM (Master Data

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[40] *Managing payments – Agriculture and rural development – European Commission, downloaded on: 6 May 2026*

Management) system integrated with the IACS provides a database containing a comprehensive register of clients, including risk classifications based on statistical analysis, as well as the geospatial and numerical characteristics of locations[41] relevant to those clients. The efficiency and speed of communication between clients and institutional users of the IACS are guaranteed by the mobileGAZDA application.[42]

The operation and development functions of the presented systems are carried out in Hungary by the Hungarian State Treasury.

The Authority's position is that access to the presented system (IACS) is crucial for the identification of rural development grants involving European Union funding, as well as for the effective and proper monitoring and control of their utilisation. Given that the Authority currently has no access to the IT framework described above, its examination of rural development projects is limited to reviewing the data provided by the RDP Managing Authority.

In view of Commission Implementing Regulation (EU) 2022/128 of 21 December 2021,[43] as well as Regulation (EU) 2021/2116 of the European Parliament and the Council[44], with regard to the rural development funding provided to a Member State under the CAP, the Member State is required to appoint an independent certification body to scrutinise the paying agencies and coordinating bodies.

The main functions of the certification body include issuing, on an annual basis and in accordance with auditing standards, an opinion for the Commission on the legality of expenditures, as well as an annual report containing findings related to the accreditation and operational oversight of the paying agency. These functions are performed in Hungary by KPMG Hungária Kft. ("KPMG"), a private audit body which, based on the information available to the Authority, has access to the aforementioned information technology framework (IACS) for the purposes of carrying out its functions.

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[41] Plots, buildings, facilities, addresses.

[42] Source: Magyar Államkincstár | Magyar | Ulyssys (Hungarian State Treasury), downloaded on: 6 May 2026

[43] Commission Implementing Regulation (EU) 2022/128 of 21 December 2021 laying down rules for the application of Regulation (EU) 2021/2116 of the European Parliament and of the Council on paying agencies and other bodies, financial management, clearance of accounts, checks, securities and transparency.

[44] Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013.

Recommendation No 59 – Access to the Integrated Administration and Control System

In view of the Authority's audit and investigative responsibilities, the Authority recommends being granted access to the IACS on terms similar to those applicable to KPMG, in order to ensure the effective, professional and timely discharge of its functions as defined in the Integrity Authority Act.

Management Information System (VIR)

FAIR (Development Policy Database and Information System) is Hungary's centralised, unified IT system for managing EU and domestic development funds, regulated by Government Decree No 60/2014 of 6 March 2014 on the central monitoring and registration of developments financed from grants, ensuring the traceability of development policy funds.

The primary objective of FAIR is to simplify application processes, speed up administration, and facilitate more transparent, "applicant-friendly" project management through a single-window system. Its main functions include providing support for the submission of applications (Electronic Applicant Information and Communication System, or "EPTK" for short), the comprehensive monitoring of the lifecycle of submitted applications (System of European Union Programmes, or "EUPR" for short), as well serving as a register of public procurement procedure (Electronic Public Procurement System).

User registration and system access take place via the FAIR SSO platform.

Within the FAIR system, the VIR (Management Information System) is the platform for institutional users of the application management system. The primary objective of the VIR within FAIR is to provide decision-makers and institutional users with fast, structured, electronically accessible information and support based on the data stored in the FAIR system, which simultaneously ensures the management of application data for both the 2014–2020 and 2021–2027 European Union programming periods. The significance of the VIR, operating as a subsystem of the FAIR system, lies in the fact that the data extracted from the platform form the basis for managerial decision-making on the institutional side.

The Authority's position is that access to the aforementioned system (VIR) is crucial for identifying irregularities, fraud, and other forms of abuse related to projects involving European Union funding within the FAIR environment and for taking effective, timely and appropriate action in response. The data extractable from the VIR not only inform

institutional decision-making but can also, through specific functions – such as filtering functions – generate queries that significantly contribute to the efficiency and effectiveness of the Authority's risk analysis activities.

Recommendation No 60 – Access to the Management Information System

In view of the Authority's audit and investigative responsibilities, the Authority recommends being granted access to the VIR on terms similar to those applicable to managing authorities' access to the FAIR system, in order to ensure the effective, professional and timely discharge of its functions as defined in the Integrity Authority Act.

B) Issues related to data provision:

In accordance with Section 18(1) of the Integrity Authority Act, the Authority may, in the course of an investigation and for the purposes of performing its functions, request data from any person or organisation involved in the specific matter, in connection with its functions and powers. Pursuant to Section 18(3)(a) and (b) of the Integrity Authority Act, the Authority, as an evidentiary measure in the course of its investigation – as defined by law – may access and make copies of all data related to the case under investigation processed by the investigated controller, and inspect and request copies of all such documents, including documents stored on an electronic data-storage medium, as well as request written and oral information from the investigated controller or any co-worker of the investigated controller. Pursuant to Section 18(6) of the Integrity Authority Act, the investigated controller and any other organisation or person affected by the procedural act is required to comply with the data request of the Authority under Subsection (1) within the deadline set by the Authority, which may not exceed 60 days. In the cases referred to in Subsection(3)(b) and (c), the deadline set by the Authority may not be shorter than fifteen days.

Quality and timeliness of data provision

The EUPR, operating as a subsystem of the previously presented FAIR system, is the internal, closed IT platform of the development policy institutional system. It does not serve as the registration and administration system for rural development grants financed from European Union funds; this function is performed by the previously described IACS platform.

Given this separation of the domestic administration of EU funds, without external assistance, the Authority can only obtain substantive information and documents relating to the project lifecycle stages of projects supported under operational programmes that do not involve rural development funds.

For the above reasons, project information related to rural development grants – beyond the basic data available on the palyazat.gov.hu website – can only be accessed by the Authority through data provision processes pursuant to Section 18 of the Integrity Authority Act, which often involve multiple rounds and are not smooth from several perspectives.

In the case of requests involving large volumes of data, a recurring issue is that the manual collection of data by the managing authority is time-consuming. This is not effective from either an institutional or a control standpoint. Frequent requests for deadline extensions and delayed data provision further prolong the Authority's administrative processes. This delays the detection of infringements in rural development projects. In certain cases, because of delays, the investigation may become moot, for example, if the maintenance period expires in the meantime.

On the other hand, the limited scope of data available to the Authority via data requests in relation to rural development grants yields less targeted data provision concerning specific project(s). While the modular structure[45] of the EUPR platform enables access to substantive information relating to specific projects, in the case of the IACS, the Authority's limited understanding of its current structure and configuration, due to the lack of access to the system, results in a less readily usable body of documentation.

Projects of enterprises supported within calls announced and implemented by local action groups (LAGs) representing the interests of the community at the local level, based on a LEADER strategy, provide a good example. These projects are listed on the palyazat.gov.hu website with only minimal information (name of the beneficiary, total project cost, amount of the grant), and the LAGs do not always publish the results of the projects, or do not do so in a timely or sufficiently accurate manner.

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[45] *Preparation of decisions (authorisation checks, substantive evaluation), contract conclusion and contract amendments (notifications of changes), financial settlements (advance payment requests, interim and final payment claims), professional reports, on-site audits, accounts receivable, irregularity proceedings, maintenance reports, as well as the handling of objections (first and second instance legal remedies).*

In accordance with Article 34 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council[46], LAG responsibilities include not only the development of calls for proposals based on local capacities but also their publication on the website[47] operated by the Hungarian State Treasury ("HST"). Furthermore, Section 2 of Annex XII (Information and Communication, and Measures to Enhance Public Visibility) to Regulation (EU) No 1303/2013 stipulates as a general provision that the member state, the managing authority, and the beneficiaries shall take the steps necessary to provide information to, and communicate with, the public on operations supported by operational programmes. Furthermore, pursuant to the provisions of the guidance on information obligations set out in the CAP Strategic Plan, LAGs are required to take into account the content of their local development strategy, particularly the elements set out in the communication plan, in all documents intended for public dissemination.

In view of the above, the Authority's position is that the communication obligations of the Member State, the managing authority, the beneficiary, and the LAG in relation to LEADER projects cannot be fulfilled merely by publishing basic project information on the palyazat.gov.hu website, making LEADER calls for applications available for download on the HST subpage and requiring beneficiaries to provide project information to the public by placing an information board at the project implementation site. Furthermore, in the opinion of the Authority, the Supported projects search page, ensuring the public disclosure of grants provided under the CAP is incomplete, as it does not include any previous or ongoing rural development projects, or rural development projects currently in the maintenance period.

Therefore, the Authority maintains its position that in order to ensure full transparency in the use of funding for LEADER projects, LAGs should duly operate the necessary information platform. Furthermore, irrespective of the programming period, substantive and up-to-date information on LEADER projects should be made publicly available on both the palyazat.gov.hu and kap.gov.hu websites.

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[46] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

[47] https://e-kerelem.mvh.allamkincstar.gov.hu/enter/leaderbongeszo/leaderBongeszo.xhtml, downloaded on: 7 May 2026

Recommendation No 61 – Ensuring the public availability of information on LEADER projects

Recommendation No 61.1

In order to ensure the transparency and visibility of LEADER projects supported by LAGs, the Authority recommends that LAGs be required to operate a website dedicated to the European Union funds they manage and to publish up-to-date and relevant information on all beneficiary economic operators, including reports on project results, on their respective websites.

Recommendation No 61.2

The Authority recommends that, irrespective of the programming period, the palyazat.gov.hu and kap.gov.hu websites also include information and notifications relating to LEADER projects equivalent to those provided for other rural development projects, in order to ensure the public availability of such information.

Failure to provide data, absence of legal consequences

The Authority's position is that the underlying reason for inaccurate, incomplete or delayed data provision, as well as occasional failures to provide data, primarily lies in the absence of enforcement mechanisms to ensure compliance with the organisation's data requests. As stated in the introduction of the chapter, pursuant to Section 18(6) of the Integrity Authority Act, the Authority, within the framework of its investigation procedure, may set a maximum deadline of 60 days for data requests to the organisation concerned, and the imposition of a deadline shorter than 15 days is possible only in limited cases.

The Authority's position is that the absence of a legal consequence for failure to meet the deadline specified in the Integrity Authority Act constitutes a circumstance that hinders the effective and timely completion of investigations. Delays by organisations contacted for the provision of data constitute a general issue in the Authority's procedures which, in addition to hindering investigative work, may result in the failure to impose sanctions for violations identified in relation to EU funds, thereby undermining the principle of sound financial management of public funds.

Overall, it can be concluded that the lenient approach to deadlines and the absence of sanctions for non-compliance place the Authority in a vulnerable position when

managing its data requests, while the success of obtaining the requested information, as well as the duration of the Authority's intervention, often depends on the willingness of the contacted body to cooperate.

3.4.2 The background and presentation of the national supplementary funding (TOP-UP) under the Rural Development Programme

Rural Development Programme and Common Agricultural Policy

Rural development is a priority area both in Hungary and in Europe. Its significance is evident from multiple perspectives, given its particularly significant impact on both the social and economic spheres. Its particular relevance justifies the allocation of substantial funding to this area, from both domestic and European Union sources.

In Hungary, during the 2014–2020 programming period and the transitional period from 2021 to 2023, the Rural Development Programme ("RDP") contributed to strengthening the agricultural sector and improving the situation of people living in rural areas. Its key objectives included the support of micro, small and medium-sized enterprises operating in the agricultural and food sectors, promoting innovation and technological modernisation in labour-intensive sectors, fostering environmentally sustainable and climate-friendly agriculture, strengthening the capacity of rural areas to retain their population, and – as a priority objective – supporting local initiatives through Local Action Groups ("LAGs") operating under the LEADER programme.

The RDP belongs to the second pillar of the European Union's Common Agricultural Policy ("CAP"), which originally consisted of 83% EU and 17% domestic co-financing (funding envelope: HUF 1,295.3 billion, until the end of 2020). The RDP is implemented under shared management, meaning that, in the case of programmes financed from the European Union budget, Member States are responsible for maintaining the relevant funding systems and taking measures such as defining the scope of projects eligible for funding, designing specific funding instruments, and allocating funding among beneficiaries. Member States are also responsible for monitoring and controlling the implementation of the programmes.

Subsequently, in 2021, the Government of Hungary increased the rate of domestic co-financing for rural development funds to 80% for the 2021–2027 period, thereby providing an additional HUF 2,294 billion to rural development. Following the increase in funds, on 7 November 2022, the European Commission also adopted the CAP Strategic Plan for the 2023–2027 period (funding envelope: HUF 5,377 billion). Fifty-four percent of the funding envelope, amounting to HUF 2,891 billion, is allocated to rural development, including the development of agricultural investments, the food industry, and rural infrastructure. The remaining HUF 2,485 billion is allocated to direct agricultural sector support.[48]

Overall, the substantial amount of European Union and domestic funding allocated to rural development also demonstrates the sector's significant importance. In this context, it should be noted that – in accordance with the programme documents adopted by the European Commission – domestic decision-makers and institutions responsible for the development of calls for applications possess the appropriate authorisation to establish an application structure that genuinely serves rural development. Calls for applications must respond to social needs and be genuinely relevant, effective, and developed with an appropriate framework of conditions. This ensures that genuinely needed, socially and economically beneficial, high-quality projects are implemented in rural development.

The Authority's standpoint is that the institutional system responsible for developing calls for applications – including the organisations responsible for the relevant policy area – must participate in the design, preparation, and publication of calls that primarily do not facilitate the achievement of the absorption target or the easy drawdown of funds, but rather place greater emphasis on effectiveness. The effectiveness of the RDP can be measured, among other things, by increases in the competitiveness of rural areas, the agricultural sector, and the food sector. Although results may only be achieved and become visible and measurable over the longer term, which may ultimately hinder absorption, the Authority nevertheless considers it justified to pursue a more responsible use of public funds than has been the case to date.

In view of the above, it is necessary to emphasise that while encouraging the development of economically and financially viable projects of a high professional standard and the implementation of project ideas that genuinely merit funding, it is also recommended that the conditions of the calls be aligned with the objective of achieving effective

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[48] https://www.palyazat.gov.hu/programok/videkfejlesztesi-program
https://www.palyazat.gov.hu/programok/kozos-agrarpolitika

outcomes. It can generally be stated that, in the case of several calls, grant applicants are required to meet only a few basic standards to fulfil the eligibility requirements and, under the substantive assessment criteria, to attain the minimum score required for the project to be eligible for funding. These circumstances contribute to the easy accessibility of funds. Furthermore, apart from the maintenance of the project and compliance with the governing rules applying to the maintenance period, the calls for proposals do not always contain additional obligations that would encourage the beneficiary to implement a professionally well-designed and effective project.

TOP-UP national supplementary funding in the Rural Development Programme

As outlined above, pursuant to the Government's decision, an increase in domestic co-financing alongside European Union funding was necessary in the field of rural development, resulting in a significant increase in the funding envelope available for rural development.

It is important to note that European Union legislation provides Member States with the legal possibility to offer national supplementary funding. According to Article 82 of Regulation (EU) 1305/2013 of the European Parliament and of the Council[49], "Payments made by Member States in relation to operations falling within the scope of Article 42 of the TFEU and intended to provide additional financing for rural development for which Union support is granted at any time during the programming period, shall be included by Member States in the rural development programme as provided for in paragraph 1(j) of Article 8 and, where they comply with the criteria under this Regulation, shall be approved by the Commission." Furthermore, the Government, in Government Decision No 1003/2021 of 11 January 2021 on the Renewal of Rural Hungary, on the Preservation of the Competitiveness of the Hungarian Agriculture and Food Industry and the Level of Support for Farmers in the Period 2021-2027), provided for 80% national co-financing.

As part of its data provision, the Deputy State Secretariat of the Ministry of Agriculture for the Implementation of the Common Agricultural Policy ("RDP Managing Authority") informed the Authority that after establishing the legal and financial framework for the Government

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[49] *Regulation (EU) No 1305/2013 of the European Parliament and of the Council 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.*

Decision, it decided to introduce the RDP TOP-UP as a form of national supplementary funding. To ensure the applicability of the funding type, the RDP Managing Authority revised the Rural Development Programme. The first amendment to the RDP in 2021 introduced an increased amount of national supplementary funding available for certain measures, which was reflected in RDP version 9.3. The European Commission, by its Implementing Decision C(2021)8872[50] of 1 December 2021, approved the 9th amendment to the RDP, establishing the possibility of utilising RDP TOP-UP funds. The programme amendment provided for the inclusion of RDP TOP-UP funds in the RDP's financial resources and determined the respective amounts available for specific measures and sub-measures.

The rules for the use of the RDP TOP-UP funds are identical to those for the use of EU funds, and the institutional background is also the same. The RDP Managing Authority and the RDP Intermediate Body (Hungarian State Treasury) perform the same functions under the same procedural framework, with the exception that there is no obligation to submit financial accounts to the European Commission following the use of the funds.

Based on the information provided by the RDP Managing Authority, at the time of submitting the funding application, the application submitted by the grant applicant concerns the professional content and eligibility of the project. Therefore, at this stage, the RDP Managing Authority does not yet determine whether the project will be financed using European Union funds and, if so, to what extent, or whether it will be financed solely from domestic funds. Project financing is planned through the decision-making mechanism of the RDP Managing Authority's Resource Management Department, rather than during the development of the calls, as is the case with other operational programmes, or after the need for funding arises, when the beneficiary submits an application.

In connection with the above, the Authority examined the process description and flowchart of the Resource Management Department's functioning, submitted during the data provision by the RDP Managing Authority, which provide a general description of the decision-making process. The documents provided to the Authority do not specify a clear set of criteria applied in the decision-making process by the Resource Management Department concerning the aspects and reasons on the basis of which

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[50] *Implementing decision of the European Commission (1 December 2021) on the approval of the amendment of Hungary's rural development programme concerning the grant provided from the European Agricultural Fund for Rural Development and on the amendment of Implementing Decision C(2015) 5528 of 10 August 2015, which the RDP Managing Authority made available to the Authority as part of its data provision.*

the source of financing for a specific project is determined, as project financing may be provided either entirely from domestic funding or through co-financing. Furthermore, the proportions of domestic and European Union funding applicable to co-financing are also unknown. The Authority's position is that the situation described above undermines transparency, and, in the absence of a clear and adequately defined regulatory framework and set of criteria, responsible decision-making regarding the allocation of the funding to a given funding envelope may also be compromised in certain cases.

Based on the RDP Managing Authority's funding management audit trail, it was concluded that there is only one control point for the control of the funding decision, at the very end of the decision-making process. The control point is assigned to a high level of responsibility (approval by the Deputy State Secretary responsible for the implementation of the Rural Development Programmes), but there is also a risk that this control point does not represent the control activity through which the actual control is performed. In view of this, the Authority considers it indispensable to increase the level of detail of the control process and to incorporate new controls (control points) in order to enhance auditability and ensure adequate substantiation.

The lack of transparency is further exacerbated by the absence of information in the calls on the composition of the available budget in terms of the rural development priorities targeting the use of funding from the European Agricultural Fund for Rural Development ("EAFRD") and RDP TOP-UP funding, as well as the focus area objectives derived from those priorities. Furthermore, it is not evident from the grant-supported project search page on the palyazat.gov.hu website what funding source is used to finance a specific project. The search page lists only the EAFRD as the financing fund, thereby failing to meet the information and publicity requirements and the requirements concerning the public availability of information.

Furthermore, when issuing granting decisions, the RDP Managing Authority uses the same template for grants financed from RDP TOP-UP funding and those financed through co-financing. Consequently, the source of the project funding cannot be established from this document either.

The Authority thinks that the details of the allocation of funds available for rural development in a specific project or call for application is an important aspect to be examined, as this determines whether the body in question has the relevant mandate and powers. According to the Integrity Authority Act, if the financing of a project was not planned to involve any European Union funding and no project withdrawal has occurred, the Authority does not

have competence. In this regard, the Authority has no competence over projects financed from the RDP TOP-UP funding. However, clearly distinguishing these projects from those financed from RDP and CAP funding is of paramount importance for assessing the control system governing the use of European Union funds, as well as for carrying out the functions of identifying and effectively preventing the risks of corruption, fraud and conflicts of interest.

The difficulty for the Authority in distinguishing the RDP TOP-UP funds and, more generally, in auditing RDP projects primarily lies in the fact that the administration of projects financed from rural development funding (RDP and CAP) takes place within the IACS, to which the Authority does not have access. Thus, the Authority can only determine or exclude its own competence in relation to a given project on the basis of the data and information provided by the RDP Managing Authority. On the other hand, when the Authority has the relevant competence, it can also conduct the scrutiny of the projects concerned based on the data provision from the RDP Managing Authority.

On 20 February 2026, the Authority requested, among other things, from the RDP Managing Authority a list of projects financed from RDP TOP-UP funding, with particular emphasis on projects that had initially been financed from European Union funds, in order to clarify the Authority's competence in relation to specific projects. The Authority sent a reminder letter to the RDP Managing Authority on 31 March 2026 to ensure the fulfilment of the data provision, and, following the incomplete submission of the requested documents, it also sent an additional letter to the RDP Managing Authority on 16 April 2026 concerning the supplementary information. However, the Authority has not received the list of projects involving RDP TOP-UP funding from the competent body by the time of writing the report (end of May 2026).

Recommendation No 62 – Revising the development of rural development calls for application

The Authority recommends that in the future, rural development calls be designed in accordance with programme documents approved by the European Commission, which genuinely and effectively aim at rural development, respond to social needs, are necessary and efficient, and possess an appropriate framework of conditions and standards.

It is recommended that the implementation of economically and financially viable project ideas of high professional quality that genuinely merit funding be encouraged. Accordingly, the Authority recommends that the eligibility criteria and the substantive assessment criteria be revised in line with this principle.

Recommendation No 63 – The transparency of resource management decisions

The Authority recommends that the RDP Managing Authority establish a procedural framework, including a set of criteria and a decision template to be completed in parallel with the Resource Management Department's entry of the record, which would provide a clear and verifiable record of the rationale for the decision, in particular regarding the financing structure of a specific project (RDP TOP-UP/co-financing and the respective proportions).

3.5 The regulatory environment and practice of managing conflicts of interest

3.5.1 Regulations (EU, Euratom) No 2018/1046 and 2024/2509 of the European Parliament and of the Council and the notice of the European Commission (2021/C 121/01)

Chapter 3 of the European Commission notice 2021/C 121/01[51] ("Commission Notice"), entitled "The concept and obligations regarding avoidance of conflicts of interest", derives the concept of conflict of interest from the 2012 and 2018 Financial Regulations. Pursuant to Article 57(2) of the 2012 Financial Regulation, "For the purposes of paragraph 1, a conflict of interests exists where the impartial and objective exercise of the functions of a financial actor or other person, as referred to in paragraph 1, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient". Article 61(3) of the 2018 Financial Regulation contains a similar definition, according to which "For the purposes of paragraph 1, a conflict of interests exists where the impartial and objective exercise of the functions of a financial actor or other person, as referred to in paragraph 1, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest."

[51] *Commission Notice Guidance on the avoidance and management of conflicts of interest under Financial Regulation No 2021/C 121/01.*

The Commission Notice, with regard to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council[52] ("2018 FR"), addresses, among other things, ethical issues of a non-financial nature, measures aimed at avoiding and managing conflicts of interest, as well as awareness-raising, in addition to a detailed presentation of the concept of conflict of interest. Furthermore, Article 61 of Regulation (EU, Euratom) No 2024/2509 of the European Parliament and of the Council[53] ("2024 FR") also sets out the fundamentals of the concept of conflict of interest, similarly to the use of terminology in the 2018 FR.

Pursuant to Article 61(1) of the 2018 FR, financial actors and other persons involved in budget implementation under direct, indirect and shared management, including preparatory thereto, audit or control – including, among others, national authorities at any level – shall not act in a manner that conflicts their own interests with those of the Union. This does not merely entail the prohibition of actual conflicts of interest, but also requires the parties involved to take steps to prevent such situations from arising. Accordingly, the Commission Notice also sets out that a conflict of interest exists even if there is an objective doubt regarding the impartiality or independence of the stakeholder or organisation.[54]

The objective of Article 61(1) of the 2018 FR is prevention, aiming to prevent conflict of interest situations concerning the stakeholders and to ensure the proper management of any arising objective conflicts of interest. Article 61(2) stipulates as a requirement the identification of conflict of interest risks, followed by the confirmation of the existence of the conflict of interest and the taking of appropriate action. The essence of the requirement for active institutional action set out in Subsection (2) is that if a suspicion of a conflict of interest arises concerning a given person, and their competent superior establishes the existence of the conflict of interest, the person concerned must be excluded from handling the matter in question, and further appropriate measures must be taken in order to ensure compliance with the law.

The Commission Notice also includes those scenarios which are presumably not considered conflicts of interest. An example of this is where the individual is involved

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[52] 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

[53] Regulation (EU, Euratom) No 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

[54] 3.2.3 Subsection 2 of "Situations which may objectively be perceived as a conflict of interests".

only as a member of the public or of a broad group of persons, or where the functions performed by the individual in the implementation of the European Union budget relate to decisions of a general nature and are based on objective criteria applicable to the entire economy or to a very wide range of potential beneficiaries.[55]

In summary, it can be established that, at EU level, the concept of conflict of interest, taking into account the content of the Commission Notice, fundamentally pertains to situations involving a decision-maker and a beneficiary that affect the trust placed in the independence, impartiality and objectivity of the person or organisation concerned.

3.5.2 Presentation of the governing domestic regulatory environment concerning conflicts of interest and the lack of independence

The main provisions concerning conflict of interest in Government Decree No 272/2014 of 5 November 2014, Government Decree No 256/2021 of 18 May 2021, and Government Decree No 601/2022 of 28 December 2022

Government Decrees No 272/2014 of 5 November 2014 and No 256/2021 of 18 May 2021 adopt the regulatory approach to conflicts of interest set out in the European Union legislation presented above. Section 38/B of Government Decree No 272/2014 of 5 November 2014 and Section 43/A of Government Decree No 256/2021 of 18 May 2021 provide that the conflict of interest rules set out in the government decrees shall be interpreted and applied in accordance with the conflict of interest rules defined in the 2024 Financial Regulation, the Commission Notice, and legislation governing the legal status of staff members of the institutional system for development policy.

Section 5(9) of Government Decree No 601/2022 of 28 December 2022 on the organisational and institutional framework for implementing the Common Agricultural Policy (CAP) and national agricultural subsidies ("Government Decree No 601/2022 of 28 December 2022") stipulates the interpretation and application in accordance with the conflict of interest rules of the Commission Notice concerning the rules set out in Subsections (1) to (8).

Section 39(1) of Government Decree No 272/2014 of 5 November 2014 sets out in detail the grounds for conflicts of interest. Accordingly, the following persons may not be involved

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[55] *3.2.1 Definition of the concept of conflict of interest.*

in the preparation or adoption of the grant decision concerning, a grant: the person who submitted the grant application; any person who participated in the preparation of the grant application or the drafting of the submitted documents; the project implementing entity; and any person who has an ownership, management or supervisory relationship, or has a family relationship with the organisation(s) or person(s) concerned within the meaning of the Civil Code. According to Section 39(1b), a conflict of interest may be established even if there is a risk or an objective appearance of any grounds for conflicts of interest referred to in Article 61(3) of the 2024 Financial Regulation.

Section 44(1) of Government Decree No 256/2021 of 18 May 2021 sets out the grounds for conflicts of interest, according to which the grant applicant; any person holding ownership, managerial, representative, supervisory, or auditing functions therein; any person in an economic or personal relationship, or any person having a family relationship with the grant applicant within the meaning of the Civil Code;[56] and any person from whom an impartial assessment of the matter cannot reasonably be expected for other reasons may not participate in the preparation and adoption of the grant decision. Section 44(1a) also refers, in relation to the establishment of a conflict of interest, to the existence of any risk or objective appearance of grounds for a conflict of interest within the meaning of Article 61(3) of the 2024 Financial Regulation.

Alongside Government Decree No 256/2021 of 18 May 2021, Section 5(1) of Government Decree No 601/2022 of 26 December 2022 sets out the conflict of interest situations concerning agricultural subsidies (CAP funds).

The main provisions concerning contractor independence in Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021

Contractor independence, or the lack thereof, constitutes a category of conflict of interest situations that may arise in the context of relationships between bidders themselves, as well as between the beneficiary and the bidder. In the case of EU-funded projects, circumstances giving rise to a suspicion of irregularity may arise primarily during the decision-making preparation stage of a procurement procedure (submission of bids or indicative bids) and, during implementation, in the contract amendment stage (change of supplier) and in the accounting and financing stage (subcontractor performance).

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[56] *Temporal scope: one year prior to the submission of the funding application.*

Point 2.3.2.5 of Chapter 2, titled General Rules of Eligibility, of Annex 5 to Government Decree No 272/2014 of 5 November 2014 stipulates that "if the managing authority requires grant applicants and beneficiaries to provide price quotations to verify the arm's length price, the quotations must be obtained from at least three bidders that are independent of one another and of the beneficiary." Section 215(2)(b) of Government Decree No 256/2021 of 18 May 2021 stipulates that the market price may be determined on the basis of at least three valid proposals received in response to a request for proposals from potential contractors who are independent of each other and of the beneficiary, and are capable of performing the contract.

According to point 2.3.2.5b of Government Decree No 272/2014 of 5 November 2014, the bidder is not independent:

- if the grant applicant or beneficiary, or its owner (managing or supervisory body), a member of thereof, or a person authorised to make statements on behalf of and represent the organisation, or a relative of any of these individuals within the meaning of point 2 of section 8:1(1) of the Civil Code, exercises ownership, maintenance, asset management, management, representation, employer or appointment rights;

- or, conversely, that originates from a supplier whose owner (managing or supervisory body), a member thereof, a person authorised to make statements on behalf of and represent the organisation, or a relative of any of these persons within the meaning of point 2 of Section 8:1(1) of the Civil Code, exercises ownership, maintenance, asset management, management, representation, employer or appointment rights in the organisation of the beneficiary or in the organisation of another bidder;

- and, if it is considered a partner or affiliated company of the grant applicant, the beneficiary, or another bidder.

By means of the provisions of the government decrees referred to above, the legislature seeks to prevent grant applicants or beneficiaries from using the grant to benefit enterprises owned by them or otherwise within their sphere of interest, or from selecting contractors in a manner that distorts competition in the market. Furthermore, in order to prevent a lack of independence on the part of beneficiaries and contractors, and to ensure the proper use of European Union funds, it contains additional provisions at the level of calls for proposals, contracts and financing agreements.

Extract of the conflict of interest rules set out in Act CLXXXI of 2007 (“Subsidy Transparency Act”) in relation to European Union funds

Underlying facts

In connection with LEADER funding, it has been noted that members of local evaluation committees responsible for assessing applications, or their close relatives or business entities owned by them, submit applications in response to calls published by local action groups and, in several cases, subsequently appear as beneficiaries. In several instances, the provisions of Act CLXXXI of 2007 on the Transparency of Subsidies Awarded from Public Funds (“Subsidy Transparency Act”), which aims to prevent conflict of interest situations and ensure their transparent management, were not applied.

Background

The Authority examined the issue of conflict of interest in relation to local LEADER developments supported by EAFRD funding within the framework of Community-Led Local Development, as defined in Article 32 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council. Community-Led Local Developments are developed and carried out by local action groups in accordance with Article 34(1). The functions of local action groups include, pursuant to Article 34(2)(b) of Regulation (EU) 1303/2013 of the European Parliament and of the Council, “drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest (...).

The Authority identified a significant risk in relation to local action groups’ (“LAGs”) performance of their conflict of interest-related duties, as stipulated in the Regulation. The circumstance considered to give rise to a risk relates to the decision-making of the local evaluation committee (“LEC”), operating within the framework of the LAGs, on funding applications.

According to Section 2(1)(bb) of the Subsidy Transparency Act, a natural person is considered to be involved in the decision-preparation if they have the right to make proposals or provide opinions in the procedure for adopting the grant decision, or are a member of a body possessing such rights.

In view of the fact that the members of the LEC, pursuant to Section 72/A(9) of Government Decree No 272/2014 of 5 November 2014, make proposals to approve or reject local funding applications, they are therefore regarded as natural persons involved in the decision-preparation process.

This is in accordance with the reasoning attached to Section 2 of the Subsidy Transparency Act, which states that the individuals involved in the decision-preparation process and the decision-makers are considered participants in the application procedure and to have an influence on the decision to award the grant, even if they do not necessarily take the decision themselves or have sole decision-making powers.

Pursuant to Section 6(1) of the Subsidy Transparency Act, the following may not act as an applicant or be awarded a grant:

a) a participant in the decision-preparation phase or a decision-maker in the application procedure;

(c) a close relative of a person referred to in points *(a)–(b);*

(d) a company owned by a person specified in points *(a)–(c);*

e) a company, foundation, association, church legal entity or trade union, or an organisational unit thereof with legal personality, in which a person falling under points *a)–c)* is an executive, a member or officer of the foundation's managing body, or a member of the administrative or representative body of the association, church legal entity or trade union.

Therefore, pursuant to points (a), (c), (d) and (e) of Section 6(1) of the Subsidy Transparency Act, a member of a LAG LEC who participates in the preparation of a decision, as well as their close relatives and companies, or other legal entities owned by such persons, may not apply for or receive a grant.

Pursuant to Section 8(1) of the Subsidy Transparency Act, applicants are obliged, simultaneously with the submission of the application, to initiate the publication of such a circumstance on the website. In the Authority's view, if any of the circumstances listed in Section 6(1) apply, and Section 8(1) – specifically, the initiation of publication within the deadline – has not been applied in such a case, the applicant may not receive a grant, as stipulated in Section 8(3).

The Authority considers it extremely risky that the managing authority does not verify the existence of conflicts of interest in relation to LAG LEC members or their relatives, or in relation to applicants that are organisations, companies or other legal entities owned by LAG LEC members or their relatives, as required under Section 6(1) of the Subsidy Transparency Act.

In contrast to the conflict of interest rules set out in Government Decrees No 272/2014 of 5 November 2014, No 256/2021 of 18 May 2021, and No 601/2022 of 28 December 2022, the Subsidy Transparency Act applies detailed procedural rules concerning those involved in the preparation of decisions.

Recommendation No 64

Recommendation No 64.1 – Practical implementation of the provisions of Act CLXXXI of 2007 on the transparency of subsidies awarded from public funds

In order to ensure the application of the provisions referred to in the Subsidy Transparency Act, the Authority recommends that the National Managing Authority responsible for the proper implementation of CAP funds introduce a control mechanism capable of identifying and preventing conflicts of interest specified in the underlying facts section.

Recommendation No 64.2 is a supplement to government Decree No 601/2022 of 28 December 2022 on the organisational and institutional framework for implementing the Common Agricultural Policy (CAP) and national agricultural subsidies

It is recommended that these conflict of interest situations be addressed, at least by way of cross-references, in Government Decree No 601/2022 of 28 December 2022 on the organisational and institutional framework for the implementation of the Common Agricultural Policy (CAP) and national agricultural subsidies.

3.5.3 Conflicts of interest and lack of independence in the light of investigation experience

In the course of its investigations, the Authority encountered both the conflict of interest situations presented above and issues concerning supplier independence. In the Authority's view, a distinction can be made, both in relation to conflicts of interest between the decision-maker and the beneficiary or contractor and to lack of

independence between the beneficiary and the contractor or between contractors themselves, between cases where the existence of grounds for a conflict of interest can be clearly established on the basis of the European Union and domestic regulatory framework and those where only an objective appearance of a conflict of interest or a lack of independence exists. The following provides a brief overview of the conflict of interest situations, grounds for conflicts of interest and supplier independence issues identified by the Authority in these categories.

Conflicts of interest between the institutional framework (at any level of decision-making) and the beneficiary or the supplier(s)

The existence of grounds for conflicts of interest

In the course of an investigation conducted by the Authority concerning a LEADER project of a municipality, it was found that the leader of one of the successful applicants was also a staff member of the working body of the organisation responsible for the preparation of the application decision (LAG), which, in the opinion of the Authority, created a conflict of interest pursuant to Section 39(1) of Government Decree No 272/2014 of 5 November 2014 and Section 6(1)(a) of the Subsidy Transparency Act.

The objective appearance of conflicts of interest

In the course of its investigations, the Authority encountered a case involving a decision-maker acting in relation to an amendment to a project's granting decision, where, with regard to points b) and f) of Section 39(1) of Government Decree No 272/2014 of 5 November, there may have been a risk that grounds for a conflict of interest existed or that an objective appearance thereof arose, as the person signing the amendment documents had previously been a member of the beneficiary's supervisory board. The Authority's position is reinforced by Article 61(3) of the 2018 Financial Regulation, as well as by points 3.2.3 and 3.2.4 of the Commission Notice and example 4 in its Annex I.

In an investigation conducted by the Authority concerning a LAG, it was found among the supported projects of a LEADER call that there was a personal tie between several beneficiaries and a member of the supervisory board of the LAG. It is true that a member

of the LAG supervisory board does not directly participate in the decision-preparation concerning LAG projects – in accordance with LAG's Bylaws – however, in the opinion of the Authority, pursuant to Section 6(1)(a) of the Subsidy Transparency Act, as well as points 3.2.3 and 3.2.4 of the Commission Notice and example 4 of its Annex I, the objective appearance of a conflict of interest may arise.

The Conflict of Interest subsection of Section 4.2.5, entitled "LEADER Grants", of the 2024 Annual Analytical Integrity Report also presented a category of cases that can be considered typical in relation to LAGs, in which a LAG and the organisation submitting the funding application were in a conflict of interest situation as a result of a breach of the prohibition applying to relatives within the meaning of the Civil Code. Furthermore, there were several cases where the executive officers of LAGs and the persons authorised to represent the applicants turned out to be one and the same individual.

The lack of independence between the beneficiary and the contractor(s)

In another investigation conducted by the Authority concerned a local government, where the deputy mayor and the winning contractor – a sole proprietorship – in a municipality project involving European Union funding were considered close relatives due to their existing marriage. In light of this relationship, the projects in question did not comply with the conditions set out in points 2.3.2.5 and 2.3.2.5b of Chapter 2, General Rules of Eligibility, of Annex 5 to Government Decree No 272/2014 of 5 November 2014.

The Authority identified a similar situation concerning an association, where the managing director of the successful contractor selected for the association's projects involving European Union funding had a close family relationship with the president of the association, as they were siblings.

In addition to family relationships, another common independence issue encountered by the Authority in its investigations is an ownership relationship, as illustrated by cases where the contractor was found to be partly owned by the beneficiary. In relation to this tie, the Authority also established the failure to meet the conditions set out in points 2.3.2.5 and 2.3.2.5b of Chapter 2, General Rules of Eligibility, of Annex 5 to Government Decree No 272/2014 of 5 November 2014.

The lack of independence between contractors

One characteristic observation from the Authority's investigations concerning irregularities, conflicts of interest and the lack of bidder (contractor) independence is that the economic operator submitting the most favourable bid employed another, unsuccessful bidder at the time the bid was submitted. The Authority determined the employment law relationship between the contractors to be irregular due to the failure to meet the independence requirement, based on points 2.3.2.5 and 2.3.2.5b of Chapter 2, General Rules of Eligibility, in Annex 5 of Government Decree No 272/2014 of 5 November 2014.

Another typical example of a lack of contractor independence is a case where the Authority established, on the basis of company information, that the owners of the successful and unsuccessful bidders qualified as affiliated companies through a common economic entity, a circumstance that also constitutes a breach of points 2.3.2.5 and 2.3.2.5b of Chapter 2, "General Rules of Eligibility", of Annex 5 to Government Decree No 272/2014 of 5 November 2014.

The objective appearance of contractor independence

In the course of its investigations, the Authority has also encountered cases where the economic operators providing the price quotations submitted to substantiate the costs of a specific project claimed as eligible expenditure under the CCRD[57] could not be considered independent of the beneficiary due to economic and personal ties. At the same time, the particular call does not require the submission of bids to substantiate the costs classified under the CCRD. Therefore, the bids submitted in relation to items classified under the CCRD, as well as the bidders submitting them, would, in principle, not need to be considered or evaluated.

The Authority's position is that the assessment of contractor independence is currently carried out solely for the purpose of ensuring compliance with the market price, and only in cases where certain items cannot be classified under the CCRD. In the case of costs that can be classified under the CCRD, contractor independence is considered to be ensured through the determination of the applicable cost caps.

In view of the above, the Authority's position is that contractor independence should be examined not only for the purpose of determining the actual market value, but also to ensure fair

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[57] *Construction Cost Reference Database.*

competition and prevent unfair conduct by the economic operators involved in the project, given that numerous opportunities for abuse may arise in the case of construction projects for which the cost estimate is prepared on the basis of the items listed in the CCRD.

In scrutinising the bids submitted to substantiate the cost estimate of the project under examination, the Authority established that, based on publicly available company information, no direct economic or personal ties could be identified between the beneficiary and the bidders. However, based on publicly available company information, business interests identified in the course of the Authority's investigations, and the invoice transaction lists analysed, it can be clearly inferred that the suppliers are not independent of one another, as their enterprises are connected through an intermediary person acting as a front man.

In view of the difficulties in proving connections through intermediary persons, the Authority considers it warranted to revise and expand the government decrees by taking into account the risk indicators listed in point 6.4, "Other Measures", of the Commission Notice.

Recommendation No 65 - Incorporation of the risk indicators of the 2021/C 121/01 Commission Notice into domestic regulations

With reference to the recommendation set forth in the 2023 Annual Analytical Integrity Report, the Authority continues to underline the need for the risk indicators set out in point 6.4 of Commission Notice[58] 2021/C 121/01 to be incorporated into Government Decree No 272/2014 of 5 November 2014, Government Decree No 256/2021 of 18 May 2021, Government Decree No 373/2022 of 30 September 2022 and Government Decree No 601/2022 of 28 December 2022, in order to ensure the effective application of the independence requirement.

Recommendation No 66 – Expanding the assessment of contractor independence

The Authority recommends that the relevant managing authority should examine contractor independence not only for the purpose of determining the actual market value, but also to ensure fair competition and prevent unfair conduct by the economic operators involved in the project, given that numerous opportunities for abuse may arise in the case of construction projects for which the cost estimate is prepared on the basis of the items listed in the CCRD.

[58] *Guidance on the avoidance and management of conflicts of interest under the Financial Regulation.*

3.6 Management and registration of irregularity proceedings in the EUPR

In the course of its investigations, the Authority repeatedly observed that the assessment of identical or nearly identical breaches of the law in decisions closing irregularity proceedings may differ significantly between the managing authorities conducting those proceedings. There was an instance where, following notifications submitted to two different managing authorities concerning the same suspected breach of the law identified by the Authority, one managing authority initiated irregularity proceedings and subsequently adopted an irregularity decision, while the other managing authority decided not to initiate irregularity proceedings.

Such cases occurred despite the fact that, in principle, the same legal framework applied to all managing authorities during the same periods, meaning that the existence – or where applicable, non-existence – and the extent of violations had to be assessed within the same legal framework. These circumstances give rise to a corruption risk whereby individuals capable of influencing the initiation and the conclusion of the procedure, and the content of the decision may make discretionary decisions that confer undue advantages on certain beneficiaries affected by violations. Although the Authority did not identify any specific omission or infringement on the part of the institutional system in this regard, the theoretical possibility of this occurring nevertheless exists.

Beyond the discrepancies and anomalies identified in the course of its investigations, the Authority sought to conduct a more in-depth analysis of data relating to irregularity proceedings during the 2014–2020 and 2021–2027 programming periods, using the tools at its disposal and the information available in the EUPR system, with a view to gaining a more comprehensive understanding of the differences in case handling among the decision-making bodies conducting the proceedings. However, the Authority's efforts were hampered by technical and other obstacles, which further support the conclusion that different mechanisms are in place. The following sections of this chapter provide a detailed discussion of these factors.

3.6.1 Investigation experience

The Authority conducted investigation procedures in seven projects implemented by six beneficiaries. The projects fell under three different operational programmes within the

2014–2020 Partnership Agreement;[59] therefore, three different managing authorities were authorised to audit them. During the investigation, it was established that the construction projects implemented by the beneficiaries and the public procurement procedures related to the procurements had been conducted in accordance with Section 115 of Act CXLIII of 2015 on public procurement ("PPA"), and typically the same five companies had been invited. The successful bidder in the public procurement procedures was the same company, and there was also a similarity in that the difference between the successful bid amount and the estimated value of the procedure was minimal, i.e. less than 1%. In the majority of cases, the public procurement advisor conducting the procedures and the party performing the project management functions were the same.

Following the initiation of the assessment, it was established that the Public Procurement Arbitration Board ("PPAB") had conducted review procedures concerning the public procurement procedures under Section 115 of the Public Procurement Act that were subject to the investigation, taking into account the minimal discrepancy of less than 1% between the winning bid amount and the estimated value. In the decisions concluding the review procedures, the PPAB established that the contracting authorities had violated Section 36(2) of the PPA, with regard to Section 2(1) thereof, as well as Section 9(4) of Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement ("EPPS Decree"), and imposed fines on the contracting authorities.

The Authority, referring to the PPAB decisions, informed the managing authorities of the infringements and requested information on the possibility of initiating irregularity proceedings. In their response letters, the managing authorities stated that, in view of the infringements identified, irregularity proceedings had been initiated in relation to the projects. However, this approach was not universal, as one of the managing authorities did not consider the initiation of irregularity proceedings to be warranted in the case falling within its remit. It can therefore be stated that in cases of identical types of infringements, established by the PPAB, different decisions were made among the managing authorities regarding whether the initiation of irregularity proceedings was necessary or not.

Before submitting its investigation report, the Authority was informed about the conclusion of the initiated irregularity proceedings and the establishment of the occurrence of irregularities. As a legal consequence, the closing decisions imposed

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[59] *Each project was financed from only one operational programme, within the framework of which the relevant calls were published.*

a uniform 5% financial correction for cases falling within the remit of one managing authority, and a 25% financial correction by the other managing authority. In its report, the Authority disputed the extent of the financial corrections specified in the decisions;[60] however, the present report will not address this issue, as its purpose is limited to presenting the differences between the adopted decisions.

Concurrently with the submission of the investigation report, the Authority called upon the managing authority, which had previously not deemed it warranted to conduct proceedings, to initiate irregularity proceedings and also made a proposal to the other two managing authorities to review their decisions in light of the circumstances revealed during the investigation procedure and discussed in the report. The managing authority, which had previously decided not to initiate proceedings, informed the Authority shortly thereafter that, having established that an irregularity had occurred, it had revoked the granting decision concerning the project and required the beneficiary to repay 100% of the grant awarded. Based on the data recorded in the EUPR, the other two managing authorities did not revise their previous decisions nor did they inform the Authority thereof.

In summary, it can be stated that although the suspicious circumstances identified differed somewhat across the projects, the infringement established by the PPAB decision – namely, the improperly managed conflict of interest – and, consequently, the suspicion of a breach of the principle of fair competition were identical in all cases. The legal background[61] applicable to the conduct of irregularity proceedings and the sanctions to be imposed in cases of public procurement violations was also identical;

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[60] *The conduct of the economic operators concerned, in relation to the public procurement procedure, is sufficient for the establishment of breaches of Article 101(1) of the TFEU and Section 11 of the Competition Act, and furthermore, in connection with the same conduct, it can be established that the behaviour of the beneficiary violated the principle of sound financial management, as set out in Article 33 of the FR, the requirement of good faith and fair dealing defined in Section 1.3(1) of the Civil Code, as well as point 2.3.2.11 of Annex 5 to Government Decree No 272/2014 of 5 November 2014.*
Furthermore, taking into account point 2.2.21 of Commission Decision C(2019) 3452, where a conflict of interest that was not disclosed or was inadequately remedied in accordance with Article 24 of Directive 2014/24/EU (or Article 35 of Directive 2014/23/EU or Article 42 of Directive 2014/25/EU) is identified and the bidder concerned was successful in obtaining the contract(s) in question, the financial correction must be set at 100%.

[61] *Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council, Directive (EU) 2017/1371 of the European Parliament and of the Council, Commission Decision C(2019) 3452, Government Decree No 272/2014 of 5 November 2014.*

however, in cases falling within the remit of different managing authorities, different decisions were taken and – consequently – sanctions of varying severity were imposed by the competent authorities in the projects.

3.6.2 The deficiencies of EUPR data

In order to conduct a more comprehensive analysis of the differences experienced in the management and administration of irregularity proceedings, the Authority requested from Új Világ Nonprofit Kft., which operates the EUPR system, the data recorded in the data points to be completed in the EUPR Irregularity module for the 2014–2020 and the current 2021–2027 periods[62] in a spreadsheet format. The Authority did not examine the documents of the irregularity proceedings; therefore, this section will not make any finding as to the lawfulness of the decisions made and corrections implemented, but only regarding the inconsistencies that can be identified based on available data.

A total of 23,358 reports of suspected irregularity were recorded in the EUPR system, with proceedings initiated in 20,216 cases.[63] The first finding regarding the data is the absence of a data field in the EUPR clearly indicating the grounds for dismissing a report of suspected irregularity, that is, the grounds on which a managing authority considers it unnecessary to initiate proceedings. In these cases, the reasoning for the decision on the report of suspected irregularity merely states the outcome of the decision, without setting out the reasons for it.

It can also be established that in several cases where proceedings were conducted, the EUPR classification is "IRQ0 – no irregularity". At the same time, in these cases, the conduct at issue is often presented in detail, and specific breaches of the law are cited, including references to DGAEF reports. In the Authority's opinion, this results in an inconsistent situation.

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[62] *The Authority queried the following data points: Irregularity identification number, Name of the beneficiary, Date of the suspected irregularity report, Date of the decision related to the suspected irregularity report, Initiation of proceedings, Irregular conduct, Classification of the irregularity, Practice of committing the irregularity, Violated EU provision, Violated provision of the Public Procurement Act, Summary of corrective measures, Serial number of related document, Name of related contractor, Identifier of related supplier contract, Amount concerned.*

[63] *First-instance proceedings and review procedures in total.*

Of the nearly 20,000 irregularity proceedings initiated, 15,587 cases were concluded with a decision establishing the occurrence of an irregularity[64], according to EUPR data. The reasoning for the decisions, the identification of the provisions infringed, the corrective measures taken, and the data fields describing how the infringements were committed are characterised by significant discrepancies and inconsistencies in administrative practice. An example of this is the designation of the violated provisions of the Public Procurement Act at the data field level, which was provided by administrators in 2,102 cases; however, based on the textual explanations in the data fields recording the practice of committing irregularities, the number of cases in which a section of the PPA was violated was significantly higher than this figure. Similar deficiencies are observed in the data fields intended for the designation of the infringed EU provisions and period-specific regulations. Such types of data deficiencies – particularly the inaccurate indication of specific legal provisions – considerably complicate the tracking of decisions. Based on the current data fields and their content, it cannot be clearly determined whether identical breaches of the law in different projects resulted in the same correction. The Authority's position is that the uniform and consistent recording of data is crucial. This facilitates the efficient oversight of transparent functioning.

Because of the data gaps described above, the consistency among the corrective measures adopted – whether the same irregular conduct resulted in the same sanction – cannot be fully verified; however, an example is provided by a case observed during the Authority's investigation procedure, where the beneficiaries/contracting authorities violated Section 36(2) of the PPA with regard to Section 2(1) thereof. Among the 38 such irregularity proceedings, the financial correction fields contain values of 5%, 25% or 100%, while some are left blank. This example once again illustrates, on the one hand, the data deficiencies resulting from inadequate administration, and on the other hand, the differing consequences in cases where similar violations of law are established.

3.6.3 Prevention

Beyond the differences between irregularity proceedings, another problem hindering preventive risk analysis has also been identified: although the irregularity module contains data fields such as the name of the supplier concerned by the irregularity, the supplier

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[64] IRQ2 – irregularity, IRQ3 – fraud (suspected) under the Convention, IRQ5 – fraud established by a final and binding decision.

contract number and the serial number of the supporting document, these fields had been completed in only 680 of more than 15,000 closed irregularity cases. The consistent application of this function could play a key role in the identification of further potential irregularities, as the Authority's investigation experience indicates that the majority of irregularities are associated with the contractors involved in the projects. By extracting the names of contractors concerned by irregularities from the EUPR system in an exportable format and cross-referencing them against all supplier contract data recorded in the EUPR, it would be possible to identify projects in which a supplier involved in an irregularity is also party to a supplier contract for which no irregularity proceedings have been initiated, or in relation to which proceedings have been initiated but no irregularity finding has been made.

The recording of the contract, name and tax number of the company affected by the correction in the EUPR could assist in achieving objectives aimed at preventing and avoiding irregularities and also serve as a form of risk analysis. To achieve these objectives, in addition to uploading the data specified above, it would be necessary to register, within the EUPR funding application module, and in a consistent and queryable manner, the data of the bidding companies, submitted by the beneficiaries, enclosed with their funding applications. This would enable the determination of whether a specific successful bidder has previously been involved in irregularity proceedings that resulted in an irregularity finding and the imposition of corrective measures.

The Authority does not wish to assert that every ongoing and future contract of a contractor who has committed a single irregularity requires correction; rather, it merely proposes that this could serve as an indicator for the timely detection and prevention of irregularities, thereby contributing to the enhanced protection of European Union budgetary funds.

3.6.4 Conclusion

The presented cases illustrate that irregularity proceedings are not handled in a uniform manner across different managing authorities, and, in certain instances, varying approaches may be observed in different cases even within individual managing authorities. Therefore, coordinated efforts are recommended to standardise these practices and enhance transparency.

The consistent completion of the data fields in the irregularity module of the EUPR would be crucial for monitoring irregularity cases, detecting further potential cases, and achieving preventive objectives.

The recording of bidding companies in the EUPR in a searchable and queryable format, together with the cross-referencing of these companies against publicly available data on companies involved in irregularities, would facilitate more efficient use of resources by strengthening preventive measures.

Recommendation No 67 – Initiating the cooperation of managing authorities in the handling of irregularity proceedings

The Authority recommends that the managing authorities establish cooperation in the handling of irregularity proceedings in order to develop common principles aimed at standardising the management of such proceedings and enhancing its transparency. In this context, the Authority recommends that administrative practices both within and outside the EUPR should also be harmonised, including the classification of irregularity cases, the inclusion of relevant references to the legal provisions infringed in the appropriate fields, and the recording of enterprises affected by irregularities and linking them to the respective irregularity classifications, in order to support subsequent preventive efforts.

3.7 Detection of collusive practices among certain groups of bidders through the EUPR system

3.7.1 Presentation of the problem

Currently, the bodies responsible for the management and audit of European Union-funded projects – such as Managing Authorities, the National Authority (RRF), or the central coordinating body of the National Development Centre (NDC) – are unable to easily identify irregular procurement and public procurement procedures in which bidders who are not independent **of each other** – or not independent even of the beneficiary – **systematically collude in multiple projects, even across different operational programmes, unlawfully submitting bids in coordination with one another to avoid genuine competition between companies.** As a result, such irregular procedures do not ensure that procurement is carried out at market prices, thereby causing financial losses to the budgets of both Hungary and the European Union.

The investigation of such cases is hindered by the fact that currently there is **no integrated IT system available** to the authorities overseeing procurement and public procurement procedures that would help them detect identical or very similar groups of bidders appearing in procurement procedures.

The detection of the above-mentioned types of irregularities would be significantly facilitated by developing a methodology and system that would enable control bodies to easily identify such groups of bidders across projects and operational programmes and subsequently assess the compliance of the procurement and public procurement procedures concerned.

3.7.2 The Authority's experience regarding the aforementioned issue

A significant proportion of irregular procurement and public procurement procedures involve collusion among a specific group of bidders, with the companies submitting coordinated bids in order to ensure that the bidder designated by them – and possibly by the contracting authority – wins the contract.

The Integrity Authority observed the type of collusive practice described above in more than one-third of its completed investigations in 2025. On this basis, it can be stated that the problem is frequently encountered and significant.

The suspicion of coordinated bidding is often reinforced by the identification of personal connections and strong economic ties between companies. However, in certain cases, even mathematical patterns in the individual items of price quotations, such as the use of identical multipliers for each item, matching metadata, such as the same individual preparing multiple applications, and substantive and formal similarities between individual price quotations, including identical grammatical errors, can facilitate the detection of such practices.

3.7.3 The IT infrastructure of European Union projects

As demonstrated in the previous chapter, the records of European Union projects are maintained electronically, on an electronic platform.

Government Decree No 60/2014 of 6 March 2014 requires the mandatory use of the

EUPR system as the bid management subsystem ensuring the collection, organisation, and provision of data related to programmes and projects financed from the European Structural and Investment Funds during the 2014–2020 and subsequent European Union programming periods.

Pursuant to Section 25/A of Government Decree No 60/2014 of 6 March 2014, the NDC performs its functions related to the EUPR – particularly regarding software development and application operation – with the involvement of **Új Világ Nonprofit Kft.**

It is important to note, also in the context of this chapter, that a separate information system has been established for the projects of rural development programmes, the **IACS**, which is a mandatory IT and administrative system for managing grants financed from the European Agricultural Fund for Rural Development, and which, in terms of its function, is similar to the EUPR.

Currently, the complete documentation of a project is available in the **EUPR and IACS systems** from the submission of the funding application, through the implementation phase, up to the final closure of the project.

At present, the staff of managing authorities have access in the EUPR exclusively to the data and documentation of projects belonging to the operational programme they manage.

3.7.4 Procurement documentation within the EUPR

In the course of a procurement procedure related to a project, the beneficiary is obliged, in practice, to upload the complete documentation of the procurement procedure to the EUPR system when submitting a payment claim. The managing authority or the intermediate body subsequently verifies the documents, as well as the legality and eligibility of the costs as expenditures chargeable to EU funding.

The documentation includes, among other things, the request for bids, the submitted price quotations, the document on the evaluation of the price quotations, the notification of the decision, and the contract concluded with the successful bidder. The documentation is uploaded **in scanned form, most commonly in pdf format,** meaning that the data contained therein (name of the bidder, bid price, etc.) **cannot be filtered or searched** within the system. Given that there are tens of thousands of projects, each with several

thousands of documents uploaded in an unstructured manner, it is impossible to extract comprehensive and substantive information from this volume of data.

Currently, within the EUPR system, only specifically parameterised data, i.e. data entered in a designated field, can be used for database creation and subsequent filtering and analysis. These data are either entered automatically in the appropriate data fields within the system, or entered manually by the staff of the managing authority, intermediate body, or by the beneficiaries themselves.

For the reasons above, it is currently not possible to filter and aggregate most of the fundamental data of procurement procedures, considering that in the EUPR system, under the "supplier contracts" section for a procurement, only the name, tax number of the supplier (i.e., the successful bidder) and the contract value must be indicated in a separate data field, as well as the public procurement contract number in the case of a public procurement procedure.

However, the names and tax numbers of other individuals or organisations submitting price quotations in the procurement or public procurement procedure, as well as the prices quoted in the quotations, do not appear as separate data fields.

3.7.5 Other IT systems

ARACHNE, the risk analysis system developed and supported by the European Commission, is designed to proactively identify fraud and conflict of interest risks associated with EU-funded projects.

The managing authorities are obliged to enter the data specified in Government Decree No 272/2014 of 5 November 2014 and Government Decree No 256/2021 of 18 May 2021 into the system in order to support the risk-based control activities of the managing and control bodies. However, similarly to the EUPR, the ARACHNE system requires only the data of the contractors to be entered. It therefore does not contain data on the other bidders participating in procurement procedures and, consequently, is not suitable for investigating or addressing the issue described in this chapter.

The Electronic Public Procurement System ("EPPS") is a central public procurement database 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 contains all contracting authority and bidder documents generated during public procurement procedures.

The contracting authority – who is most often the beneficiary – can enter the European Union project identification number into the system, thereby making it possible to link these procedures to the given project and – theoretically – filter out the identical bidder groups mentioned above.

This is not possible where the contracting authority conducts the public procurement procedure without knowing which project or projects will finance the contract concluded as a result of the procedure.

According to the above, it is therefore possible in certain cases to generate a database from the EPPS that would assist in detecting collusive practices across multiple projects, or even multiple operational programmes; however, this is only feasible in those public procurement procedures where the project identification number is accurately registered.

However, the EPPS system is not automatically connected to the EUPR and the IACS systems for the control bodies. Currently, the connection between the EUPR and the EPPS is configured so that information is transferred from the EPPS to the EUPR environment only at the explicit initiative of the contracting authority (i.e. upon authorisation of the FAIR data connection). Since the detection of potential irregularities can rely only on data available in the EPPS, it can cover only a limited range of irregularities, which significantly reduces the effectiveness of detecting irregular procurement procedures.

The Authority is not aware of the National Development Centre or the managing authorities operating within its organisation, or the RDP Managing Authority conducting such investigations using the EPPS.

3.7.6 Proposed solution

The detection of the fraudulent method described in this chapter could be made almost automatic by implementing a single IT development within the EUPR – and, concerning EAFRD funding, within the IACS.

On the “supplier contracts” page of the EUPR, a separate data field should be configured to create an interface where the beneficiary, simultaneously with the uploading of the procurement and public procurement procedure documentation, could also record the names, tax numbers, and bid prices of all bidders, while indicating the successful bidder.

In the case of a public procurement procedure divided into several parts, these data must be recorded for each part.

With this development, the EUPR would make it possible to filter and analyse all the participants of all procurement procedures, as well as their co-occurrence.

In cases where the same or nearly the same group of bidders occurs, as described in the chapter, it would be possible to identify them immediately across all the projects concerned through a simple filtering operation.

It is particularly important that the use of the database should not be restricted to a single operational programme, specific time periods, or official notifications. The system should be enabled to carry out automatic checks when a beneficiary enters the data referred to above into the EUPR, in order to determine whether the given bidders or any group thereof have been involved in procurement procedures of other projects. Where warranted by the results of the risk analysis, the managing authority – or, where multiple operational programmes are involved, the designated managing authority or the NDC – should conduct a detailed examination of the procurement and public procurement procedures and, where necessary, initiate irregularity proceedings.

The Authority has conducted several investigations in which the same groups of bidders were found to participate not only in projects financed from rural development funds but also in projects under other operational programmes.

In view of the fact that the IACS functions as a system completely independent of the EUPR, the Authority recommends that the Government establish the conditions under which the two systems will be connected with regard to the Bidders’ Database.

The above solution **has numerous advantages.**

It does not require either budgetary resources or legislation; rather, it is only necessary for the NDC to commission **Új Világ Nonprofit Kft.** to develop the required software and parameterisation in connection with the EUPR. Development and the integration of the two systems may be necessary in the case of the IACS as well.

The system can automatically flag procurement procedures of projects where suspicion of collusive practices arises.

The system is capable of detecting irregular procedures not only within a specific operational programme but also across different programmes – including those related to rural development funds.

The detection of irregularities and thus the protection of domestic and European Union budgetary funds will become much more effective.

Recommendation No 68 – the expansion of the functions of the System of European Union Programmes

Recommendation No 68.1

The Authority recommends that a separate data field should be configured on the "supplier contracts" page of the EUPR to create an interface where the beneficiary, simultaneously with the uploading of the procurement and public procurement procedure documentation, could also record the names, tax numbers, and bid prices of all bidders, while indicating the successful bidder. In the case of a public procurement procedure divided into several parts, these data have to be recorded for each part. The new function should be equipped with filtering and search capabilities on the decision-makers' side.

The Authority considers it important for the system to be capable of conducting an automatic immediate check following data entry by the beneficiary, in order to reveal whether the given bidder or a group thereof has been involved in procurement procedures of other projects. It is recommended to automatically examine whether the flagged bidders were participants in irregularity proceedings related to similar factual circumstances.

Recommendation No 68.2

In view of the separate functioning of the IACS, the Authority recommends that the Government establish the conditions under which the two systems will be connected with regard to the Bidders' Database.

3.8 Presentation of KPMG and the DGAEF

3.8.1 Audits by the audit authority and the certification body in relation to European Union funds

In relation to European Union funding, the audit authority and the certification body are key independent organisations, responsible for audit functions, which have to be established by the member states in accordance with the European Union's legislative framework. They are responsible for ensuring the proper utilisation of European Union funding. In Hungary, audit authority functions are performed by the Directorate General for Audit of European Funds ("DGAEF", "Audit Authority") as an autonomous state administrative body, while certification authority powers are exercised by KPMG Hungária Kft. ("KPMG") as a private audit body.

The DGAEF conducts, among others, the audit of all operational programmes, excluding the RDP and CAP grants, while KPMG performs the audit falling within the remit of the certification authority with regard to the RDP and CAP funds.

Under the 2014–2020 programming period, the DGAEF carries out audit functions in relation to the following funds and programmes:

- the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the Fund for European Aid to the Most Deprived, as well as the European Maritime and Fisheries Fund;
- the Asylum, Migration and Integration Fund;
- the Internal Security Fund;
- the Danube Transnational Programme;
- the Interreg V-A Slovakia-Hungary Cooperation Programme,
- the Interreg V-A Hungary–Croatia Cooperation Programme,
- the Interreg-IPA Hungary-Serbia Cross-border Co-operation Programme;
- the Hungary–Slovakia–Romania–Ukraine ENPI Cross-Border Co-operation Programme.

In addition, the DGAEF carries out audit functions in relation to the use of funds from the Connecting Europe Facility, the Swiss–Hungarian Co-operation Programme, the Norwegian Financial Mechanism, and the EEA Financial Mechanism.

For 2021–2027 programming period, the DGAEF carries out audit functions in connection with—

- the European Regional Development Fund,
- the European Social Fund Plus,
- the Cohesion Fund,
- the European Maritime, Fisheries and Aquaculture Fund,
- the Just Transition Fund,
- the Asylum and Migration Fund,
- with the Internal Security Fund,
- the Border Management and Visa Instrument.

The DGAEF carries out audit functions in relation to the Recovery and Resilience Facility.

3.8.2 Overview of the DGAEF's activities as an auditing body

The DGAEF was established on 1 July 2010, with a mandate to carry out second-control (audits) of certain European Union and other international grants. Its functions and powers are defined by Act XLIV of 2022 on the Directorate-General for Audit of European Funds and Amending Certain Acts Adopted at the Request of the European Commission to Ensure the Successful Conclusion of the Conditionality Procedure.

The functions of the audit authority include the preparation and regular review of audit strategies and annual audit plans, the implementation of system audits and sampling-based audit of projects, the compilation of annual control reports and annual opinions, the review of annual accounts, the preparation of the annual control report and the

issuance of the annual opinion, including their submission to the European Commission, the preparation of final control reports, and the issuance of closure statements.[65]

In the course of the audit conducted by the DGAEF, the audited entity, organisation, as well as any person, including the leaders and employees of any organisation possessing the data, facts, and information necessary to conduct the audit, are obliged to provide such data and cooperate in accordance with the provisions set out in the applicable legislation. The DGAEF auditor carries out audits based on letters of appointment issued by the DGAEF. Following the audits, audit reports are prepared, which may also include findings, conclusions, and recommendations, as necessary. The draft report is sent by the DGAEF to the head of the audited organisation, as well as to those whom the findings or recommendations included in the draft report may concern.

In the context of DGAEF reports, different types of reports can be identified in relation to the various stages of the audit process for European Union funding. These are the Final Control Reports ("FCR"), and the Annual Control Reports ("ACR"), which differ in terms of their timing and coverage. The ACR is the report submitted annually by the DGAEF to the European Commission, summarising the results of system audits and project audits conducted during the year, including the irregularities detected by these audits, thereby ensuring the proper utilisation of European Union funds. The FCR is a report prepared at the end of the programming period, covering the comprehensive audit of projects, financial corrections, and the final closure of irregularities as part of the closure process. It is on the basis of this report that the European Commission approves the closure of a specific operational programme. Overall, within the framework of the DGAEF's responsibilities as an audit authority, the ACR serves to ensure continuous annual audits, while the FCR serves to support the final closure of the operational programme.

3.8.3 Analysis of the DGAEF's 2025 reports

The fundamental differences between the Annual Control Report (ACR) and the Final Control Report (FCR) prepared by the DGAEF lie primarily in their temporal focus, function, legal effect, and level of detail.

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[65] https://archive.palyazat.gov.hu//audit-hatsg

Based on the examined annual and final control reports, it can be established that the Audit Authority conducted comprehensive, multi-level audit activities with regard to the relevant operational programmes. The purpose of the audits is, in all cases, to ascertain the proper functioning of the management and control system, the reliability of expenditure reporting, and whether the EU funds have been used in compliance with the applicable rules.

The reports were divided into several interdependent control elements. As part of the system audits, the Audit Authority evaluated the operation of the management and control systems, primarily against predetermined standards. Among these, particular importance was attached to ensuring the adequate provision of information to beneficiaries, the effectiveness of the first-level controls conducted by managing authorities, the completeness of the audit trail, and the reliability of the supporting IT systems. The assessments were based on risk analyses, the areas of focus of which were determined by experience gained from previous audits and the deficiencies identified.

At the horizontal level, several recurring deficiencies can be identified. Examples include the partial inconsistency of the guidelines and communication obligations for the information of beneficiaries, the incomplete updating of data relating to the publication of information on grant-supported projects, as well as the varying degree of currency of central portals and databases. The audits also highlighted the fact that although communication strategies and action plans are fundamentally appropriate, certain specific rules – such as thresholds or publication obligations – require revision.

A general finding regarding governance controls is that although a risk-based approach is ensured, the methodology of individual control elements is not always consistent. In particular, the practice of sampling and planning for on-site audits shows variations, and in several cases, there is no uniform guidance at the central level. In certain programmes, deficiencies in audit planning have been recorded as findings indicating particularly high risk, which also pose risks in terms of capacity planning and regulatory compliance.

The practice of the verification of the market price, as well as the controls aimed at the exclusion of double funding, have also appeared repeatedly in several reports as areas for improvement. Although the applicable regulatory frameworks are in place, their application is not always consistent; therefore, the Audit Authority has repeatedly recommended the harmonisation of methodologies and the strengthening of the control environment.

Horizontal findings have appeared not only in the audit methodology but also in the operation of the supporting IT systems. The assessment of IT systems reached a similar

conclusion in every examined programme: the systems fundamentally comply with the provisions of the CPR[66] regulation, in that they ensure that data can be recorded, stored and retrieved. However, further developments are necessary. These include increasing automation, reducing the proportion of manual data entry, improving the structure of the document repository, as well as conducting the regular review of business continuity and disaster recovery procedures.

At the programme-specific level, however, other types of findings were also identified. For programmes operating under the new programming period, shortcomings relating to the establishment, regulation and documentation of operational arrangements are more pronounced. These include, for example, the need to update internal regulations, improve the transparency of selection and assessment processes, and strengthen the practical implementation of anti-fraud measures.

By contrast, the emphasis in the final control reports is already on the assessment of the programming period as a whole. Based on these, it can be established that the functioning of the management and control systems was fundamentally appropriate, and in most cases, no deficiencies arose that would have hindered the closure of the programmes. At the same time, there were isolated errors, such as discrepancies in the reporting of costs, failure to meet indicator targets, or documentation deficiencies; however, these were corrected, and their financial impact was manageable.

An important addition to the final reports is that they provide a detailed assessment of the cumulative audit results. Within this framework, the Audit Authority takes into account the findings of the European Commission, the European Court of Auditors, as well as national audits, and provides a comprehensive assessment of the impact of financial corrections. The assessments confirm that the necessary measures have been implemented and the remaining error rates have remained below the materiality threshold.

The verification of indicators and performance data was also a prominent component of the closure process. Based on the assessments, the data sources and reporting trails for the indicators proved to be predominantly reliable. The output data were adequately substantiated, and only sporadic documentation deficiencies were identified, which typically did not entail financial consequences.

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[66] *Regulation (EU) 2021/1060 of the European Parliament and of the Council, which lays down common provisions for multiple European Union financial funds in the 2021–2027 EU budget period.*

Overall, the DGAEF's audit system is based on a consistent methodology capable of identifying both horizontal and programme-specific risks. The annual control reports primarily focus on operational deficiencies and development needs, whereas the final control reports provide a comprehensive assessment of the programming period as a whole.

According to the ACR reports, the most significant problems primarily arise from shortcomings in methodology, control, and documentation. Recurring issues include the inconsistent practice of market price verification, the methodological deficiencies of on-site audits, as well as the improper management of the audit trail and the document repository. In the case of TOP Plus, structural and capacity issues were also identified, indicating higher management and operational risks.

Overall, the FCR reports present a more stable picture; however, risks related to expenditure reporting, indicators and organisational arrangements can still be identified. The vast majority of the problems and deficiencies identified were corrected before the conclusion of the programmes, thus the systems, overall, complied with EU standards and ensured the proper utilisation of funds.

3.8.4 Overview of KPMG's activities as a certification body

Paragraph (1) of Article 5 "Certification" of Chapter I "Paying agencies and other bodies", Commission Implementing Regulation (EU) 2022/128 of 21 December 2021[67] stipulates that "the competent authority shall designate the certification body provided for in Article 12 of Regulation (EU) 2021/2116". Furthermore, Paragraph (1) of Article 12 "Certification bodies" of Regulation (EU) 2021/2116 of the European Parliament and of the Council[68] stipulates that "the certification body shall be a public or private audit body designated by the Member State for a period of at least three years, without prejudice to national law. Where it is a

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[67] *Commission Implementing Regulation (EU) 2022/128 of 21 December 2021 laying down rules for the application of Regulation (EU) 2021/2116 of the European Parliament and of the Council on paying agencies and other bodies, financial management, clearance of accounts, checks, securities and transparency.*

[68] *Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013.*

private audit body and where the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure."

With regard to the rural development funding provided to a Member State under the CAP, in light of the provisions of the above-mentioned legislation, the Member State is required to appoint an independent certification body to scrutinise the paying agencies and coordinating bodies. The certification body certifies the regularity of the expenditures submitted by the paying agency, within which it verifies that the amounts paid from European Union funds (EAGF and EAFRD funds) are in compliance with European Union and national legislation.

As part of its key functions, the certification body is tasked with issuing, on an annual basis, an opinion on the legality of expenditure, prepared in accordance with auditing standards. This opinion is then submitted to the Commission. In addition, the certification body is also tasked with preparing an annual report on the findings relating to the accreditation of the paying agency and the monitoring of its functioning. The report must provide information – among other things – on the headcount and qualifications of the personnel conducting the audits, the work performed, the systems examined, where applicable, the level of materiality and the assurance obtained, any weaknesses identified and recommendations related thereto, as well as all operations of the certification body and other control bodies both within and outside the paying agency that partially or fully form the basis for the findings made by the certification body concerning the subject matter of the report.

In Hungary, the functions described above are performed by KPMG, a private audit body.

3.8.5 Analysis of KPMG's 2025 EAFRD Report

The consortium of KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Kft. és a KPMG Tanácsadó Kft. ("KPMG"), in fulfilment of its obligations as the certification body, has prepared the audit reports of the European Agricultural Guarantee Fund ("EAGF") and the European Agricultural Fund for Rural Development ("EAFRD") for the financial year 2025.

The EAGF fundamentally involves payments of short-term, annual grants, whose purpose is to provide income support and contribute to market regulation. By contrast, under the EAFRD, payments are typically made for longer-term, multiannual project-based grants, the purpose of which is to support investments and rural development.

The Authority also has competence in the case of grants accounted for under the EAFRD and EAGF support schemes; however, its obligation to act has typically arisen in connection with payments made under the EAFRD scheme. For this reason, the following section of the report will analyse the EAFRD report.

The audit covered the functioning and accounts of the Hungarian State Treasury, an accredited paying agency, based on Article 12(2) of Regulation (EU) 2021/2116 of the European Parliament and of the Council.

The objective of the audit carried out by the certification body was to protect the financial interests of the European Union by obtaining reasonable assurance regarding the operation of the management system of the paying agency, the legality and regularity of the expenditures incurred, as well as regarding the completeness, accuracy, and reliability of the annual accounts of the paying agency. The audit covered the period between 16 October 2024 and 15 October 2025. The audit also included the operations of the paying agency, including the IACS, as well as the non-IACS type support schemes.

In order to achieve the audit objective, KPMG determined the level of assurance to be obtained, taking into account the Commission's guidelines, which provides a solid starting point to form the basis for the certification body's opinion. The audit assurance was determined at a 95% level, with a materiality threshold set at 2% of the total value of the target population.

The audit strategy was designed to achieve the specified level of assurance, taking into account the following risk factors:

- inherent risk;
- control risk;
- detection risk.

There is an inverse relationship between the strength of the control environment and control risk. The more effective and robust the design of the control environment, the lower the control risk. The design and operation of the control environment fall within the remit of the paying agency, while the evaluation of the functioning of the control environment is the responsibility of KPMG.

In the assessment of the control environment, KPMG examined the operational processes, the IT systems supporting these processes and their security, the control points embedded within the operational processes and the characteristics of these control points, the way the paying agency handled the findings on the development of operational processes, the follow-up of the handling of errors and deficiencies identified in previous years, as well as the anti-fraud measures. As part of the audit, the control environment was assessed and tested.

The applied audit methodology was based on a combination of several interrelated audit procedures. In order to achieve sufficient assurance, KPMG applied process walkthroughs, statutory compliance audits (translation test), compliance tests, substantive examinations based on item-by-item sampling, as well as risk-based sampling procedures.

For the testing of controls embedded in the processes, as well as for determining the methods and minimum sample size for substantive examination, the provisions set out in Annex 2 to Commission Guideline No 2 (formerly Commission Guideline No 3) were taken into account.

As part of its audit, KPMG categorised the transactions into groups of operational and non-operational transactions. Operational transactions include regularly occurring transactions related to the functioning of EAFRD funds, such as the payment, accounting, and maintaining the register of grants. Non-operational transactions do not include the daily core activities; rather, they are of an administrative, financial, or corrective nature, such as the management of advances and guarantees, the management of accounts receivable, and financial transactions related to irregularities.

Overall, the reports present a stable and properly functioning control environment. Based on the audit procedures performed, the certification body did not identify any material errors; therefore, the certification body issued an unqualified opinion regarding the annual accounts, the functioning of the management system, and the legality of the expenditures.

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4. Sectoral risk profiles

4.1 Summary

The dysfunctions affecting the operation of the public procurement system, presented in Chapter 2 – the lack of an ownership mindset, competition-distorting practices, conflict of interest risks, and the weakness of bidder confidence – are general systemic phenomena. However, in practice, these factors do not manifest themselves in the same way or with the same intensity across different market segments.

The public procurement market is not homogeneous: the market structure, competition law dynamics, entry barriers, as well as the nature of corruption and integrity risks differ significantly across sectors. As a consequence, an analysis based solely on general findings is not suitable for identifying risks with sufficient accuracy nor as a basis for targeted interventions.

The Authority considers it necessary to conduct an examination of the public procurement system by sector. The objective is not to provide a detailed description of individual sectors, but to identify recurring risk patterns that are particularly prevalent in the given market environment, and which require different institutional and control approaches.

The objective of sectoral profiles presented in the chapter is to assign the risks of legal infringements identified in the course of the Authority's investigative and audit activities to specific sectors, thereby allowing for more targeted analyses. The Authority does not make specific recommendations in this regard.

Sectoral-level analyses confirm that the public procurement market is not homogeneous, as market structure, intensity of competition, and corruption risks vary significantly across different sectors. Therefore, in addition to CPV-based segmentation, the report identifies sectoral risks based on functional and market structure criteria.

Advantages and limitations of the CPV-based approach

To ensure that sectoral analyses can be conducted, it is crucial to distinguish between individual markets. Until now, analyses have typically relied on the CPV code system, and the Authority also applies this straightforward analytical method in the report. However, the experience gained from the data analyses conducted by the Authority indicate that

numerous segments, sectors, and micro-markets can be identified within the public procurement market, which may belong to multiple CPV divisions or groups, and can be distinguished based on the following criteria:

- identical group of bidders;
- the same procurement subjects or range of subjects;
- similar competitive situation and market structure.

The static CPV code system, unchanged since 2008, does not offer a clear solution for the classification of numerous procurement subjects, resulting in significant variations in practices of contracting authorities regarding identical procurement subjects. Audit bodies do not always have the necessary expertise to detect this phenomenon either.

The application of a combination of methodologies (pairwise and similarity graphs, and embedding-based representations, and machine learning) may provide a solution for the segmentation of public procurement procedures according to actual market conditions. By integrating the multidimensional results of these methods, the final market segments are determined by the combination of network, textual, semantic, and structural similarities. The Authority has commenced the development of the methodology underpinning the market segmentation whose results, which must not be considered final, are included in the chapter on sectoral analyses.

The starting point for the sectoral analysis is a classification based on CPV codes, grouped according to investigation and audit experience. However, the units of analysis are not considered to be the separate divisions defined by the first two digits of the CPV code system, nor the separate groups defined by the first three digits. When defining the individual sectors, we take into account every CPV division or group whose products can realistically be classified (without overlaps) into the given sector. Thus, based on the CPV system, which is primarily designed for administrative purposes, we created sectors that are suitable for analytical purposes and as homogeneous as possible.

As regards the definition of the individual sectors, note that the two-digit codes correspond to CPV divisions, while the three-digit codes correspond to the respective CPV groups. It is also important to emphasise that, in the data analyses conducted at sectoral level, contract values denominated in currencies other than HUF were also taken into account, whereas such data were not considered in the general, system-level data analyses.

To form a complete picture, several concentration and distribution indicators are also presented for each identified sector. These are the following:

- "TOP3" (CI3): the share of the three largest entities in the sector by contract value;
- "TOP10" (CI10): the share of the ten largest entities in the sector by contract value;
- The composition of the individual sectors is characterised by the Herfindahl-Hirschman Index (HHI) and the Gini coefficient, which capture different aspects of sectoral composition.[69]

An HHI value of 15% indicates a low level of concentration in the sector, whereas higher values indicate increasing levels of concentration.

With the exception of one sector, Gini values above 50% indicate a marked inequality in the distribution of contract values, which is typical of public procurement markets. Therefore, numerous participants hold only a small share, while a significant portion of the contract portfolio is concentrated among the larger market participants. The interpretation of the value ranges above this value may vary. A very high GINI value, exceeding 90%, fundamentally indicates the presence of many (possibly several hundred) participants with very small shares. More moderate GINI values, which still exceed 50%, typically characterise sectors that are smaller but also markedly unequal.

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[69] *The description of the HHI is set out on pages 39–40 of the Integrity Authority's 2024 Annual Analytical Integrity Report, available at (in Hungarian): https://integritashatosag.hu/wp-content/uploads/2025/06/IH-2024-Eves-Elemzo-Integritasjelentes-1.pdf. The description of the GINI index is available at: https://hu.wikipedia.org/wiki/Gini-index. The accessibility of the links was checked on 9 June 2026.*

4.2 Construction Industry

CPV codes describing the sector: 45 – Construction works

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**3196**
Number of EPPS procedures	**1891**
Total value of contracts (HUF million)	**1 709 679,8**
Number of successful companies	**1130**
HHI index for contracts	16,0%
HHI index for companies	7,5%
HHI index for contracting authorities	15,5%
GINI index for contracts	90,2%
GINI index for companies	90,7%
GINI index for contracting authorities	90,7%
Share of TOP3 contract values	62,9%
Share of TOP3 companies by contract value	46,4%
Share of TOP3 contracting authorities by contract value	57,5%
Share of TOP10 contract values	71,5%
Share of TOP10 companies by contract value	71,8%
Share of TOP10 contracting authorities by contract value	71,2%
Average number of submitted bids	5,3
Median number of submitted bids	4
Average number of expressions of interest by economic operators	8,2
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	8,6%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Ansaldo Energia S.p.A	1	286 429,8	16,8%
Calik Enerji Swiss AG	1	286 429,8	33,5%
Status KPRIA Zártkörűen Működő Részvénytársaság	1	219 918,5	46,4%
WEST HUNGÁRIA BAU Építőipari Szolgáltató Korlátolt Felelősségű Társaság	5	118 119,1	53,3%
Elsewedy Electric Power Systems Projects S.A.E	1	109 959,2	59,7%
STRABAG Vasútépítő Korlátolt Felelősségű Társaság	1	61 998,7	63,3%
Mészáros és Mészáros Ipari, Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	30	59 631,5	66,8%
STRABAG Általános Építő Korlátolt Felelősségű Társaság	63	36 877,1	69,0%
EB HUNGARY INVEST Ingatlanfejlesztő és Építőipari Korlátolt Felelősségű Társaság	9	25 667,7	70,5%
PINTÉR MŰVEK Korlátolt Felelősségű Társaság	1	23 372,9	71,8%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
MVM Tisza Erőmű Korlátolt Felelősségű Társaság	1	572 859,5	33,5%
MVM Mátra Gázturbinás Erőmű Korlátolt Felelősségű Társaság	1	329 877,7	52,8%
Ministry of Construction and Transport	11	80 518,4	57,5%
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	90	59 663,5	61,0%
Radioaktív Hulladékokat Kezelő Közhasznú Nonprofit Korlátolt Felelősségű Társaság	2	48 011,0	63,8%
Semmelweis University	18	35 871,1	65,9%
Municipality of the City of Debrecen with County Rights	7	24 426,7	67,3%
MVM Démász Áramhálózati Kft.	58	23 635,1	68,7%
MVM Émász Áramhálózati Kft.	39	22 754,6	70,0%
Avas Talentum Ingatlanfejlesztő Korlátolt Felelősségű Társaság	1	18 975,0	71,2%

Sector description based on the Authority's investigation experiences:

The construction industry is divided into two main segments: building construction and underground construction. Within both segments, additional micro-markets can be identified, whose structure and mode of operation differ significantly:

a) Construction projects under HUF 1 billion: In geographically distinct, typically county-based micro-markets, a high level of competition is observed in open procedures, with the number of submitted bids being nearly twice the average. Corruption risk is lower than average; however, restricted procedures (Section 115 of the PPA) constitute an exception to this.

b) Construction projects between HUF 1 billion and 10 billion: they are not geographically distinct because of the higher value and the larger market participants. This micro-market is characterised by a considerably reduced, yet still substantive competition and a significantly higher risk of corruption.

c) Construction projects exceeding HUF 10 billion: limited competition, a small number of participants, persistent collusive practices between contracting authorities and bidders, as well as among market participants. Very high risk of corruption.

d) Motorway-developments affected by the motorway concession constituted a separate micro-market before 2022, which the concession model reduced to a single-player market for 35 years.

It is also important to emphasise that the law on public works laid the groundwork for

a radical centralisation of construction projects in the hands of the Ministry of Construction and Transport ("MCT"), but this was only partially realised.

In the context of public construction projects, the MCT has become an inescapable participant, which was not fully cooperative in all areas during the Authority's investigations, thereby preventing the Authority from obtaining certain information essential for its investigations.

In the case of railway developments, several indications suggest that the successful bidders had established chains of subcontractors, in which intermediary companies had been assigned unnecessary roles; however, due to the withholding of information, the Authority has so far been unable to examine this risk.

Risks of abuse:

- Conflict of interest situations during the preparation phase (characterised by collusive practices between the designer and the contractor, as well as the specification of procedural conditions tailored to the particular company).
- Bid-rigging (rather cover bids than a genuine cartel).
- Recurring participants in negotiated procedures (as defined in Section 115 of the PPA).
- Artificial aggregation: the merging of functions falling under different sectors or micro-markets in order to restrict competition (e.g. procuring general building construction works and kitchen technology combined).
- Competitive tendering for design and construction as a single contract.

4.3 Information technology and electronics procurement, IT sector

CPV codes describing the sector:

30 – Office and computing machinery, equipment and supplies except furniture and software packages (except 301)

32 – Radio, television, communication, telecommunication and related equipment

64 – Postal and telecommunications services

72 – IT services: consulting, software development, Internet and support

48 – Software package and information systems

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**1434**
Number of EPPS procedures	**709**
Total value of contracts (HUF million)	**591 409,5**
Number of successful companies	**397**
HHI index for contracts	1,9%
HHI index for companies	3,2%
HHI index for contracting authorities	53,5%
GINI index for contracts	86,1%
GINI index for companies	87,9%
GINI index for contracting authorities	96,0%
Share of TOP3 contract values	18,6%
Share of TOP3 companies by contract value	22,0%
Share of TOP3 contracting authorities by contract value	79,8%
Share of TOP10 contract values	30,0%
Share of TOP10 companies by contract value	52,6%
Share of TOP10 contracting authorities by contract value	87,1%
Average number of submitted bids	3,0
Median number of submitted bids	2
Average number of expressions of interest by economic operators	5,2
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	41,8%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
4iG Nyilvánosan Működő Részvénytársaság	39	47 382,8	8,0%
IMG Solution Zártkörűen Működő Részvénytársaság	42	41 982,4	15,1%
Telekom Rendszerintegráció Zártkörűen Működő Részvénytársaság	87	40 870,9	22,0%
Delta Systems Korlátolt Felelősségű Társaság	46	33 542,5	27,7%
Inter-Computer-Informatika Számítástechnikai és Kereskedelmi Zártkörűen Működő Részvénytársaság	14	31 230,2	33,0%
Thales Las France Sas	2	28 916,4	37,9%
TIGRA Computer - és Irodatechnikai Korlátolt Felelősségű Társaság	38	26 632,8	42,4%
USER RENDSZERHÁZ Informatikai Korlátolt Felelősségű Társaság	7	23 058,8	46,3%
ATOS Magyarország Korlátolt Felelősségű Társaság	28	19 314,6	49,5%
4iG Informatikai Zártkörűen Működő Részvénytársaság	21	18 181,7	52,6%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	359	431 392,3	72,9%
HungaroControl Magyar Légiforgalmi Szolgálat Zártkörűen Működő Részvénytársaság	11	30 112,5	78,0%
MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság	19	10 363,1	79,8%
Hungarian National Bank	27	9 433,2	81,4%
Hungarian State Treasury	35	8 541,0	82,8%
MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság	27	7 222,5	84,0%
IKK Innovatív Képzéstámogató Központ Nonprofit Zártkörűen Működő Részvénytársaság	2	6 551,1	85,2%
MÉDIASZOLGÁLTATÁS-TÁMOGATÓ ÉS VAGYONKEZELŐ ALAP	21	4 534,7	85,9%
NISZ Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság	16	3 731,4	86,6%
KAV Közlekedési Alkalmassági és Vizsgaközpont Nonprofit Korlátolt Felelősségű Társaság	2	3 208,5	87,1%

General characteristics of the sector:

Since 2018, governmental IT procurements have been carried out almost exclusively through the centralised public procurement system operated by DKÜ Zrt., which has resulted in an extraordinary degree of concentration on the bidder side. The framework agreements concluded by DKÜ Zrt. have effectively closed off the market, resulting in bidders forming consortia in almost all procurement categories, which has significantly complicated the participation of smaller players in public procurement procedures. The centralised public procurement system and framework agreement arrangements entail a significant risk of bid-rigging and overpricing.

Within the IT public procurement market outside centralised public procurement, the following segments can be identified:

- Software development services: typically microsegments formed based on contractual value. Legality risks primarily arise in the case of arrangements based on hourly or daily rates.

- Sale of software licences: micro-markets distinguished according to license holders (manufacturers), defined by distributor sales chains. Within the segment, the intensity of competition is extremely low because of the absence of substitute products or specifications that do not ensure equivalence.

- Information technology devices: micro-markets defined on the basis of the functionality of the given products (e.g. laptops, monitors, servers). Manufacturers and distributors typically do not appear directly in the public procurement market; mapping these sales chains is of primary importance in terms of the preparation of individual public procurement procedures.

Risks of abuse:

- Markets closed for extended periods because of the characteristics of framework agreements and the centralised system.

- On the contracting authority side, there is a lack of professional competence and market knowledge in many procurement subjects, which contracting authorities address by unlawfully involving certain market participants (bidders, distributors, or manufacturers) in the preparation process.

- Bid-rigging (cartel activity).

- Artificial aggregation: the aggregation of functions belonging to different micro-markets under a framework agreement in order to restrict competition.

- Concluding framework agreements with unjustifiably high values, which restricts the market to a small number of participants.

- Unverifiable overpricing in hourly-rate contracts (typically in the case of software development projects).

4.4 Communications and event organisation services

CPV codes describing the sector:

790 – Business services: law, marketing, consulting, recruitment, printing and security (excluding: 794, 796, 797)

793 – Market and economic research; polling and statistics

799 – Miscellaneous business and business-related services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**726**
Number of EPPS procedures	**183**
Total value of contracts (HUF million)	**325 246,2**
Number of successful companies	**148**
HHI index for contracts	1,9%
HHI index for companies	18,6%
HHI for corporate groups	60,9%
HHI index for contracting authorities	73,3%
GINI index for contracts	85,7%
GINI index for companies	93,7%
GINI index for contracting authorities	96,7%
Share of TOP3 contract values	14,5%
Share of TOP3 companies by contract value	73,8%
Share of TOP3 contracting authorities by contract value	90,3%
Share of TOP10 contract values	38,8%
Share of TOP10 companies by contract value	90,9%
Share of TOP10 contracting authorities by contract value	95,0%
Average number of submitted bids	1,9
Median number of submitted bids	1
Average number of expressions of interest by economic operators	2,6
Median number of expressions of interest by economic operators	1
Share of single-bid public procurement procedures	62.0%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
New Land Media Reklám, Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság	157	91 834,5	28,2%
LOUNGE DESIGN Szolgáltató Korlátolt Felelősségű Társaság	154	84 306,8	54,2%
Lounge Event Korlátolt Felelősségű Társaság	99	63 784,6	73,8%
MEDIATOR GROUP Reklámügynökség Korlátolt Felelősségű Társaság	6	17 902,4	79,3%
Media Dynamics Korlátolt Felelősségű Társaság	6	7 682,9	81,6%
p2m Informatika Szolgáltató Korlátolt Felelősségű Társaság	87	7 347,3	83,9%
p2m Consulting Szolgáltató és Tanácsadó Korlátolt Felelősségű Társaság	87	7 347,3	86,2%
Unger Zsolt Grafikai és Szolgáltató Korlátolt Felelősségű Társaság	1	7 055,0	88,3%
DRESCHER Magyarországi Direct Mailing Informatikai és Nyomdai Korlátolt Felelősségű Társaság	1	5 498,1	90,0%
EPDB Nyomtatási Központ Zártkörűen Működő Részvénytársaság	2	2 947,8	90,9%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
National Communications Office	345	278 616,3	85,7%
Library and Information Centre of the Hungarian Academy of Sciences	43	7 985,4	88,1%
Blue Planet Climate Protection Foundation	1	7 055,0	90,3%
MVM Next Energiakereskedelmi Zrt.	7	4 012,5	91,5%
Kormányzati Szolgáltató Központ Nonprofit Korlátolt Felelősségű Társaság	8	2 640,4	92,3%
Ministry of Agriculture	2	2 356,9	93,1%
MVM Égáz-Dégáz Földgázhálózati Zrt.	2	1 860,7	93,6%
MVM Főgáz Földgázhálózati Kft.	2	1 860,7	94,2%
Digitális Kormányzati Fejlesztés és Projektmenedzsment Korlátolt Felelősségű Társaság	2	1 422,2	94,6%
Ministry of Construction and Transport	1	1 236,3	95,0%

General characteristics of the sector:

Pursuant to Government Decree No 162/2020 of 30 April of 2020 on the legal status of the national communications office and government procurement relating to communications, the state institutions and business entities concerned may fulfil their procurement needs related to communications procurement, sponsorship, and organisational development almost exclusively through the involvement of the NCO as the central purchasing body. This means that the organisations concerned may not launch public procurement procedures or enter into contracts on their own authority, for example, for media planning, advertising agency services or event organisation. Considering that the NCO's highest-value procedures are single-operator framework agreements, this results in an extraordinary degree of concentration in the market. Public procurement procedures outside the centralised public procurement system represent a negligible share (14.3%) of the market.

Risks of abuse:

- The NCO fulfils procurement needs almost exclusively through concluding framework agreements and signing framework contracts under those agreements. The application of these contracts not only adversely affects the natural dynamics of the market resulting from the long-term exclusion of competitive situations but also complicates the transparency and monitoring of the performance of the framework contract.

- In the majority of its procurement procedures, the NCO did not provide the possibility of submitting bids for lots concerning procurement subjects that do not constitute a single unit.

- In procurements that include media appearances, bidders must indicate in their bids the discount they grant at the specifically named medium, relative to the media outlet's list prices. Only in exceptional cases does the regulatory framework governing public procurement procedures allow a bid to be considered valid without a discount. Thus, on the one hand, this made the entire pool of potential bidders dependent on a third party, while on the other hand, the use of combined procurement subjects meant that bidders' bids could be declared invalid solely because they did not offer a discount for media appearances, even though they had submitted a more advantageous overall bid across all procurement subjects than the successful bidder.

- As only unit prices were stipulated when the single-operator framework agreements were concluded, the quantity of units ordered under the resulting framework contracts could be determined by the successful bidder and the contracting authority without effective competition or substantive control. This poses a high level of risk, particularly where costs are accounted for on the basis of hourly or daily rates, which are difficult to verify.

4.5 Healthcare procurement

CPV codes describing the sector: 33 – Medical equipments, pharmaceuticals and personal care products

85 – Health and social work services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**1562**
Number of EPPS procedures	**357**
Total value of contracts (HUF million)	**723 388,0**
Number of successful companies	**321**
HHI index for contracts	6,5%
HHI index for companies	4,7%
HHI index for contracting authorities	78,7%
GINI index for contracts	96,3%
GINI index for companies	90,0%
GINI index for contracting authorities	96,9%
Share of TOP3 contract values	39,4%
Share of TOP3 companies by contract value	29,5%
Share of TOP3 contracting authorities by contract value	91,7%
Share of TOP10 contract values	63,7%
Share of TOP10 companies by contract value	61,9%
Share of TOP10 contracting authorities by contract value	96,4%
Average number of submitted bids	2,4
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,5
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	34,1%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
PHOENIX Pharma Gyógyszerkereskedelmi Zártkörűen Működő Részvénytársaság	28	73 162,7	10,1%
EUROMEDIC-PHARMA Gyógyszernagykereskedelmi Zártkörűen Működő Részvénytársaság	14	70 148,6	19,8%
HUNGAROPHARMA Gyógyszerkereskedelmi Zártkörűen Működő Részvénytársaság	9	70 037,3	29,5%
PHARMAROAD Gyógyszerkereskedelmi, Kereskedelmi és Szolgáltató Zrt.	5	60 002,8	37,8%
B. Braun Trading Kft.	15	46 317,5	44,2%
Clear Pharma Zártkörűen Működő Részvénytársaság	9	37 168,3	49,3%
Mediwings Pharma Korlátolt Felelősségű Társaság	3	30 006,2	53,5%
Medicontur Orvostechnikai Zártkörűen Működő Részvénytársaság	30	22 833,0	56,6%
PREMED Pharma Kereskedelmi és Kutató-Fejlesztő Korlátolt Felelősségű Társaság	26	20 553,1	59,5%
OPC Szemészeti Termék Központ Kft.	6	17 500,0	61,9%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Directorate-General for Public Procurement and Supply	81	641 998,2	88,7%
Semmelweis University	93	10 928,5	90,3%
University of Szeged	147	10 114,7	91,7%
National Directorate General for Hospitals	12	7 253,8	92,7%
National Blood Transfusion Service	11	6 939,5	93,6%
Gottsegen György National Cardiovascular Center	85	6 024,4	94,5%
National Centre for Public Health and Pharmacy	15	5 765,7	95,2%
South-Pest Hospital Centre – National Institute for Infectology and Haematology	33	3 163,0	95,7%
University of Debrecen	39	2 778,9	96,1%
Komárom-Esztergom County Saint Borbála Hospital	2	2 457,5	96,4%

General characteristics of the sector:

The largest contracting authority in the healthcare sector is the Directorate General for Public Procurement and Supply ("DGPPS"), which, as a central purchasing body, has concluded a large number of framework agreements and established numerous dynamic purchasing systems ("DPS"). Furthermore, DKÜ Zrt. also established healthcare-related DPSs, although in significantly smaller numbers and with significantly lower values.

Centralised public procurement does not cover this entire sector to the same extent as the information technology and communications sector.

In 2025, public procurement procedures conducted by the DGPPS accounted for 88.7% of the total value of procurement procedures in this sector.

Within product categories that can be procured outside of centralised public procurement, healthcare institutions (typically hospitals) conduct their own public procurement procedures.

Procurement procedures in the sector, both within the centralised and non-centralised public procurement segments, are divided into several micro-markets as follows:

- Medical equipment and other healthcare devices
- Medications
- Professional consumables
- Health services (typically occupational health services and executive health screenings)

These micro-markets – with the exception of services – are not segmented geographically, but rather based on the products that constitute the subject matter of the contract. Overall, it can be stated that there are numerous distributors who appear on the public procurement market after obtaining manufacturer/distributor authorisation. The degree of competition corresponds to the volume and value of public procurement; therefore, in this sector as well, it is recommended to allow bids to be submitted for individual lots in high-value framework agreements and, where appropriate and below a certain threshold, to allow contracting authorities to conduct procurement procedures within their own authority.

However, in public procurement procedures launched by hospitals on their own authority, it is common practice to allow the submission of bids for individual lots. In the case of these public procurement procedures, a common difficulty faced by bidders is that contracting authorities specify individual lots of excessively low value (often only tens or hundreds of thousands of forints), which discourages market participants from participating. As a result of the limited market knowledge of certain contracting authorities and the lack of appropriate procurement strategy planning, situations exhibiting features of monopolistic operation appear in numerous public procurement procedures; nevertheless, overall, the intensity of competition in public procurement procedures conducted within contracting authorities' own authority is considered satisfactory.

A positive aspect of centralised public procurement is the application of a significant number of DPSs; however, the use of framework agreements within DPSs has also emerged within the practice of the DGPPS, which, in accordance with the findings set out in the Authority's previous reports, may also be capable of restricting competition.

Risks of abuse:

- Defining technical descriptions and specifications in a manner that restricts competition.
- Existence of lock-in situations (e.g., manufacturer- and equipment-specific consumables).
- Cartel risks arising in the case of high-value medical equipment (see the HCA Decision No VJ/19/2016[70]).

[70] *https://gvh.hu/pfile/file?path=/dontesek/birosagi_dontesek/birosagi_dontesek/birosagi_dontesek_2016/Vj019_2016_Kuria.pdf1&inline=true*

- Concentration risks emerging in the centralised procurement system of the DGPPS.

- Defining individual lots of excessively low value (disproportionate administrative costs may arise, which, in certain cases, could adversely affect competition).

4.6 Energy and fuel procurement

CPV codes describing the sector: 09 – Electricity, heating, solar and nuclear energy

The sector's key statistical indicators for 2025

The sector's key statistical indicators for 2025	
Statistic	**Value**
Number of contracts	**288**
Number of EPPS procedures	**204**
Total value of contracts (HUF million)	**297 925,0**
Number of successful companies	**41**
HHI index for contracts	15,8%
HHI index for companies	25,8%
HHI index for contracting authorities	12,1%
GINI index for contracts	92,7%
GINI index for companies	90,3%
GINI index for contracting authorities	93,6%
Share of TOP3 contract values	64,6%
Share of TOP3 companies by contract value	85,7%
Share of TOP3 contracting authorities by contract value	53,1%
Share of TOP10 contract values	79,6%
Share of TOP10 companies by contract value	98,4%
Share of TOP10 contracting authorities by contract value	80,7%
Average number of submitted bids	2,5
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,3
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	35,1%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
MOL Magyar Olaj- és Gázipari Nyilvánosan Működő Részvénytársaság	26	124 770,0	41,9%
MVM Upstream Energy Zártkörűen Működő Részvénytársaság	1	70 000,0	65,4%
MVM Next Energiakereskedelmi Zrt.	147	60 667,2	85,7%
E2 Hungary Energiakereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	22	11 716,4	89,7%
CYEB Energiakereskedő Korlátolt Felelősségű Társaság	12	11 565,5	93,6%
Audax Renewables Korlátolt Felelősségű Társaság	3	5 849,3	95,5%
MITCO Energia Korlátolt Felelősségű Társaság	3	3 301,6	96,6%
BKM Budapesti Közművek Nonprofit Zártkörűen Működő Részvénytársaság	4	2 816,3	97,6%
OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	2	1 478,8	98,1%
E.ON Energiamegoldások Korlátolt Felelősségű Társaság	8	1 062,0	98,4%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Magyar Földgáztároló Zártkörűen Működő Részvénytársaság	2	70 080,0	23,5%
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	3	44 239,4	38,4%
VOLÁNTOURS Korlátolt Felelősségű Társaság	1	43 984,1	53,1%
Budapesti Közlekedési Zártkörűen Működő Részvénytársaság	3	34 595,9	64,7%
Ministry of Interior	4	28 695,9	74,4%
BDK Budapesti Dísz- és Közvilágítási Nonprofit Korlátolt Felelősségű Társaság	2	4 628,5	75,9%
Dunántúli Regionális Vízmű Zártkörűen Működő Részvénytársaság	1	3 934,1	77,3%
Tiszamenti Regionális Vízművek Zártkörűen működő Részvénytársaság	1	3 647,2	78,5%
DMRV Duna Menti Regionális Vízmű Zártkörűen Működő Részvénytársaság	1	3 468,2	79,6%
ÉRV. Északmagyarországi Regionális Vízművek Zártkörűen Működő Részvénytársaság	1	3 219,9	80,7%

General characteristics of the sector:

The following segments appear within this sector:

- electricity;
- natural gas;
- fuel.

These segments are uniform nationwide and are not geographically segmented. Before the Russia-Ukraine war, it was one of the most intensely competitive sectors; however, because of energy supply risks, the dominance of state-owned actors, particularly MVM Group, prevailed for an extended period.

In all three segments, the DGPPS plays a dominant role as the central purchasing body that concludes multiannual framework agreements for individual procurement subjects.

In the case of electricity and natural gas, the possibility of reopening competition can generate genuine competition; therefore, in many cases, organisations that are not required to apply centralised public procurement procedures, such as local authorities, will also use these arrangements for their procurement procedures. Framework agreements applicable to both procurement subjects have been concluded with multiple economic operators, thereby enabling an adequate level of competition in these segments.

With regard to fuel procurement, however, the DGPPS concludes single-operator framework agreements, under which typically only one bid is submitted and no meaningful competition arises.

It is also important to emphasise that, due to the market structure and the characteristics of the procurement subjects, the division of procurement procedures into lots is not expected to generate any substantive increase in competition in these segments, and more favourable prices can be expected on the market for higher procurement volumes.

Risks of abuse:

- The insufficient market knowledge on the part of individual contracting authorities (e.g. knowledge of fixed-price and indexed-price arrangements).
- The absence or extremely low level of competition in fuel procurement.

4.7 Design and engineering services

CPV codes describing the sector: 71 – Architectural, construction, engineering and inspection services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**635**
Number of EPPS procedures	**181**
Total value of contracts (HUF million)	**49 721,8**
Number of successful companies	**180**
HHI index for contracts	2,4%
HHI index for companies	2,4%
HHI index for contracting authorities	4,2%
GINI index for contracts	81,3%
GINI index for companies	75,1%
GINI index for contracting authorities	78,5%
Share of TOP3 contract values	19,4%
Share of TOP3 companies by contract value	19,4%
Share of TOP3 contracting authorities by contract value	28,3%
Share of TOP10 contract values	44,7%
Share of TOP10 companies by contract value	47,7%
Share of TOP10 contracting authorities by contract value	60,3%
Average number of submitted bids	4,6
Median number of submitted bids	5
Average number of expressions of interest by economic operators	7,1
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	18,7%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
AFRY SOM SYSTEM Mérnöki Iroda Korlátolt Felelősségű Társaság	1	3 753,3	7,5%
Kontúr Csoport Tervező, Építtető, Kivitelező Kereskedelmi Korlátolt Felelősségű Társaság	1	2 978,0	13,5%
Adept Enviro Korlátolt Felelősségű Társaság	1	2 899,5	19,4%
ARCHI-KON Építészeti Tervező-Szervező Kft.	2	2 506,2	24,4%
FŐMTERV Mérnöki Tervező Zrt.	17	2 396,4	29,2%
SYNLAB Hungary Korlátolt Felelősségű Társaság	2	2 032,5	33,3%
Vasútvillamosító Korlátolt Felelősségű Társaság	3	1 998,4	37,3%
M Á S Design Korlátolt Felelősségű Társaság	1	1 877,8	41,1%
BORD Építész Stúdió Korlátolt Felelősségű Társaság	1	1 730,0	44,6%
Salisbury Régészeti Korlátolt Felelősségű Társaság	18	1 540,7	47,7%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	223	5 866,2	11,8%
Radioaktív Hulladékokat Kezelő Közhasznú Nonprofit Korlátolt Felelősségű Társaság	7	5 053,5	22,0%
Nitrokémia Környezetvédelmi Tanácsadó és Szolgáltató Zártkörűen Működő Részvénytársaság	2	3 139,1	28,3%
Győr-Sopron-Ebenfurti Vasút Zártkörűen Működő Részvénytársaság	1	2 978,0	34,3%
Református Egyetemváros Korlátolt Felelősségű Társaság	1	2 470,2	39,2%
BKK Budapesti Közlekedési Központ Zártkörűen Működő Részvénytársaság	5	2 285,0	43,8%
MVM Démász Áramhálózati Kft.	31	2 217,0	48,3%
Municipality of the City of Pécs with County Rights	28	2 023,4	52,4%
MÁV Pályaműködtetési Zártkörűen Működő Részvénytársaság	3	1 998,4	56,4%
North Buda St. John's Centre Hospital	1	1 972,5	60,3%

Sector description, investigation experiences:

Public procurement procedures concerning design and technical supervision services are characterised by a high level of competition. The risk of competition-restricting practices is significantly lower compared to other sectors. However, it may be necessary to review the current practice under which public procurement procedures are not required for such services up to the EU threshold (HUF 85 million net). As a result, the segment of lower-value design works remains invisible in publicly available data.

Risks of abuse:

- Conflict of interest situations (typically collusion between the designer and the contractor).
- Ordering design and construction as a single contract.

4.8 Real estate services

CPV codes describing the sector:

909 – Cleaning and sanitation services

797 – Investigation and security services

507 – Repair and maintenance services of building installations

773 – Horticultural services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**521**
Number of EPPS procedures	**277**
Total value of contracts (HUF million)	**140 122,4**
Number of successful companies	**243**
HHI index for contracts	15,2%
HHI index for companies	18,3%
HHI index for contracting authorities	16,4%
GINI index for contracts	83,8%
GINI index for companies	86,7%
GINI index for contracting authorities	84,5%
Share of TOP3 contract values	43,7%
Share of TOP3 companies by contract value	59,3%
Share of TOP3 contracting authorities by contract value	56,2%
Share of TOP10 contract values	55,5%
Share of TOP10 companies by contract value	71,9%
Share of TOP10 contracting authorities by contract value	69,3%
Average number of submitted bids	4,4
Median number of submitted bids	3
Average number of expressions of interest by economic operators	6,5
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	27,8%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
B+N Magyarország Kft.	2	54 175,0	38,7%
LIWO FM Zártkörűen Működő Részvénytársaság	47	25 169,3	56,6%
Parkfenntartó- Kertészeti és Szolgáltató Korlátolt Felelősségű Társaság	31	3 808,4	59,3%
ESG HOLDING Zártkörűen Működő Részvénytársaság	20	3 519,5	61,9%
Mentor West Hungary Zártkörűen Működő Részvénytársaság	4	3 310,5	64,2%
PANNON PARK FOREST Parkfenntartó és Parképítő Korlátolt Felelősségű Társaság	2	2 683,5	66,1%
Magyar köris Kertészeti és Szolgáltató Korlátolt Felelősségű Társaság	4	2 400,0	67,8%
VALTON-SEC Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	6	2 120,2	69,4%
Ferencz-ker Szolgáltató Korlátolt Felelősségű Társaság	3	1 907,1	70,7%
ZÖFE Zöldterület-fenntartó és Fejlesztő Korlátolt Felelősségű Társaság	7	1 688,0	71,9%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Directorate-General for Public Procurement and Supply	1	54 000,0	38,5%
MÁV Pályaműködtetési Zártkörűen Működő Részvénytársaság	15	12 885,2	47,7%
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	9	11 820,6	56,2%
Semmelweis University	4	3 546,7	58,7%
Győr-Sopron-Ebenfurti Vasút Zártkörűen Működő Részvénytársaság	4	3 342,7	61,1%
Budapest Capital District III Municipality of Óbuda-Békásmegyer	2	2 683,5	63,0%
Magyar Nemzeti Vagyonkezelő Zártkörűen Működő Részvénytársaság	14	2 458,5	64,8%
Budapest Capital District II Municipality	4	2 400,0	66,5%
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	14	1 992,7	67,9%
Budapest Capital District XI Municipality of Újbuda	24	1 945,5	69,3%

Sector description, investigation experiences:

The following segments appear within this sector:

- asset protection;
- cleaning;
- building operation;
- green space maintenance.

Because of being related to real estate, these markets are typically geographically segmented into micro-markets, and in the case of lower-value procurement procedures, they are generally characterised by an appropriate level of competition. In the case of higher-value and/or artificially combined contracts, this sector is also characterised by increased corruption risks. Significant risks arise in the centralised public procurement procedures launched by the DGPPS for these procurement subjects, which have resulted in a significant degree of concentration in the segments of property security, cleaning, and building operation.

Risks of abuse:

- Lack of division into quality-based lots (artificial aggregation, for example, by issuing a call for applications that combines cleaning, security services, and building maintenance).

- Lack of division into quantity-based lots (artificial aggregation by issuing calls for applications for disproportionately large quantities in a single procurement, a practice prevalent in centralised public procurement procedures).

4.9 Procurement of public catering services and food ingredients

CPV codes describing the sector: 55 – Hotel, restaurant and retail trade services

15 – Food, beverages, tobacco and related products

03 – Agricultural, farming, fishing, forestry and related products

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**1271**
Number of EPPS procedures	**234**
Total value of contracts (HUF million)	**98 591,4**
Number of successful companies	**240**
HHI index for contracts	3,0%
HHI index for companies	3,8%
HHI index for contracting authorities	2,5%
GINI index for contracts	85,8%
GINI index for companies	84,3%
GINI index for contracting authorities	70,7%
Share of TOP3 contract values	24,9%
Share of TOP3 companies by contract value	27,4%
Share of TOP3 contracting authorities by contract value	20,4%
Share of TOP10 contract values	42,6%
Share of TOP10 companies by contract value	51,7%
Share of TOP10 contracting authorities by contract value	43,3%
Average number of submitted bids	2,6
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,4
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	23,2%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Bakony GASZT Kereskedelmi, Vendéglátó és Szolgáltató Zártkörűen Működő Részvénytársaság	3	11 942,8	12,1%
ELAMEN Kereskedelmi és Vendéglátó Zártkörűen Működő Részvénytársaság	10	8 041,7	20,3%
Hungast Korlátolt Felelősségű Társaság	5	7 053,4	27,4%
HÁNCS Kereskedelmi, Szolgáltató és Termelő Korlátolt Felelősségű Társaság	5	6 868,2	34,4%
Prizma-Junior Közétkeztetési Zártkörűen Működő Részvénytársaság	4	3 992,9	38,4%
Eatrend Korlátolt Felelősségű Társaság	2	3 636,7	42,1%
Annamajori Mezőgazdasági és Kereskedelmi Korlátolt Felelősségű Társaság	3	2 553,7	44,7%
JustFood Korlátolt Felelősségű Társaság	2	2 399,6	47,2%
Gulyás János és Társa Kereskedelmi Korlátolt Felelősségű Társaság	58	2 227,4	49,4%
KORONA CUPOLA Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2	2 225,5	51,7%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Municipality of the City of Ajka	1	11 391,1	11,6%
Public Foundation for the Homeless	2	5 099,2	16,7%
Municipality of the City of Cegléd	2	3 636,7	20,4%
Budapest Capital District XIII Municipality Unified Kindergarten	2	3 338,3	23,8%
Budapest Főváros XIII. Kerületi Önkormányzat Intézményműködtető és Fenntartó Központ	2	3 338,3	27,2%
Budapest Capital District XIV Municipality of Zugló	5	3 292,6	30,5%
Zuglói Szociális Szolgáltató Központ	3	3 261,8	33,8%
Budapest Capital District XIV Zugló Mayor's Office	3	3 261,8	37,1%
Zugló Unified Kindergarten	3	3 261,8	40,5%
Hungarian Prison Service Headquarters	8	2 845,3	43,3%

Sector description, investigation experiences:

The following segments appear within this sector:

- public catering service;
- procurement of food ingredients (goods procurement).

Public catering services are typically geographically segmented into micro-markets because of their geographical immobility and are generally characterised by low-intensity competition. The special rules governing public procurement in this segment are set out in Government Decree No 676/2020 of 28 December 2020 on the special rules applicable to public catering procurement procedures.

Risks of abuse:

- Significant cartel risks in public catering services due to the low number of participants in geographically delineated micro-markets.
- Given the paramount importance of security of supply, changing public catering service providers poses significant risks and makes contracting authorities vulnerable.

4.10 Vehicle procurement

CPV codes describing the sector:

34 – Transport equipment and auxiliary products to transportation

50 – Repair and maintenance services

60 – Transport services (excluding waste transport)

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**1610**
Number of EPPS procedures	**799**
Total value of contracts (HUF million)	**403 643,3**
Number of successful companies	**587**
HHI index for contracts	1,7%
HHI index for companies	7,0%
HHI index for contracting authorities	19,4%
GINI index for contracts	84,0%
GINI index for companies	86,3%
GINI index for contracting authorities	90,5%
Share of TOP3 contract values	18,7%
Share of TOP3 companies by contract value	39,3%
Share of TOP3 contracting authorities by contract value	57,9%
Share of TOP10 contract values	32,9%
Share of TOP10 companies by contract value	54,7%
Share of TOP10 contracting authorities by contract value	75,2%
Average number of submitted bids	2,2
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,8
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	40,6%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Magyar Vagon Vasúti Járműgyártó, Javító és Karbantartó Korlátolt Felelősségű Társaság	15	92 556,1	22,9%
KRAVTEX KERESKEDELMI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	6	38 219,4	32,4%
Porsche Hungaria Kereskedelmi Kft.	15	27 675,2	39,3%
Magyar Vagon Dunakeszi Járműgyártó, Javító és Karbantartó Korlátolt Felelősségű Társaság	2	12 101,7	42,3%
BM HEROS LEK Logisztikai Ellátó Központ Korlátolt Felelősségű Társaság	3	9 929,6	44,7%
Pappas Auto Magyarország Kereskedelmi és Szervíz Kft.	22	9 626,4	47,1%
LeasePlan Hungária Gépjárműpark Kezelő és Finanszírozó Zártkörű Részvénytársaság	1	8 281,3	49,1%
Magyar Suzuki Zártkörűen Működő Részvénytársaság	2	8 180,0	51,2%
VAMAV Vasúti Berendezések Korlátolt Felelősségű Társaság	26	7 912,6	53,1%
INTER TAN-KER Tanácsadó és Kereskedelmi Zártkörűen Működő Részvénytársaság	23	6 227,3	54,7%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	218	169 967,4	42,1%
Directorate-General for Public Procurement and Supply	13	38 725,2	51,7%
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	115	25 099,3	57,9%
MÁV Pályaműködtetési Zártkörűen Működő Részvénytársaság	48	17 137,9	62,2%
Budapesti Közlekedési Zártkörűen Működő Részvénytársaság	153	15 001,5	65,9%
Ministry of Interior National Directorate General for Disaster Management	3	11 774,3	68,8%
Győr-Sopron-Ebenfurti Vasút Zártkörűen Működő Részvénytársaság	42	7 230,0	70,6%
National Ambulance Service	3	6 941,5	72,3%
BKM Budapesti Közművek Nonprofit Zártkörűen Működő Részvénytársaság	36	6 057,7	73,8%
Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	15	5 677,1	75,2%

Sector description, investigation experiences:

The following segments appear within this sector:

- purchase, leasing, and rental of vehicles;
- repair and maintenance of vehicles;
- sale and purchase of motor vehicle parts;
- transport services

The services and fleet management arrangements are typically geographically segmented into micro-markets and are generally characterised by low-intensity competition. The average number of bids received does not exceed two even within the centralised procurement procedures of the DGPPS.

Risks of abuse:

- Competition-restricting technical specifications combined with short delivery deadlines (thus only those economic operators that have vehicles with the prescribed specifications in stock are able to submit a bid).
- Manufacturer and distributor, vertical and horizontal cartels.

4.11 Key data for other sectors/segments

The section below presents other important sectors without providing detailed descriptions, focusing instead on their key statistical indicators for 2025 and their largest participants, both on the bidder and contracting authority sides.

4.12 Agricultural and industrial machinery

CPV codes describing the sector: 16 – Agricultural machinery

42 – Industrial machinery

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**416**
Number of EPPS procedures	**184**
Total value of contracts (HUF million)	**30 273,1**
Number of successful companies	**178**
HHI index for contracts	2,1%
HHI index for companies	2,3%
HHI index for contracting authorities	7,1%
GINI index for contracts	76,1%
GINI index for companies	70,2%
GINI index for contracting authorities	68,8%
Share of TOP3 contract values	21,5%
Share of TOP3 companies by contract value	21,5%
Share of TOP3 contracting authorities by contract value	35,9%
Share of TOP10 contract values	36,2%
Share of TOP10 companies by contract value	42,7%
Share of TOP10 contracting authorities by contract value	56,4%
Average number of submitted bids	2,3
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,6
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	31,0%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Ukrainian Energy Machines	1	2 644,6	8,7%
Bopp & Reuther Valves GmbH	1	2 429,1	16,8%
Turbocharging Technology Solutions Korlátolt Felelősségű Társaság	1	1 437,1	21,5%
AGROTEC Magyarország Korlátolt Felelősségű Társaság	7	1 420,7	26,2%
GanzEnergy Korlátolt Felelősségű Társaság	10	1 006,9	29,5%
Pegazus Trade Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2	983,0	32,8%
KITE Mezőgazdasági Szolgáltató és Kereskedelmi Zártkörűen Működő Részvénytársaság	13	870,9	35,6%
ISG UNIBALL Szerelvénygyártó és Értékesítő Korlátolt Felelősségű Társaság	2	777,7	38,2%
REVO-TEC Gépipari Korlátolt Felelősségű Társaság	1	696,0	40,5%
MF-TEAM Kereskedelmi és Szolgáltató Kft.	1	647,9	42,7%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	14	7 725,8	25,5%
Magyar Földgáztároló Zártkörűen Működő Részvénytársaság	47	1 642,7	30,9%
MÁV Pályaműködtetési Zártkörűen Működő Részvénytársaság	2	1 487,6	35,9%
BKM Budapesti Közművek Nonprofit Zártkörűen Működő Részvénytársaság	19	1 186,0	39,8%
University of Pécs	5	1 050,5	43,2%
Székesfehérvári Szakképzési Centrum	7	824,1	46,0%
Alföldi Agrárszakképzési Centrum	13	808,6	48,6%
MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság	2	793,9	51,3%
MVM Mátra Energia Zártkörűen Működő Részvénytársaság	4	781,8	53,8%
National Food Chain Safety Office	3	765,5	56,4%

4.13 Financial and insurance services

CPV codes describing the sector: 66 – Financial and Insurance Services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**155**
Number of EPPS procedures	**92**
Total value of contracts (HUF million)	**49 917,1**
Number of successful companies	**26**
HHI index for contracts	11,3%
HHI index for companies	11,8%
HHI index for contracting authorities	2,5%
GINI index for contracts	85,3%
GINI index for companies	72,7%
GINI index for contracting authorities	73,4%
Share of TOP3 contract values	48,3%
Share of TOP3 companies by contract value	55,6%
Share of TOP3 contracting authorities by contract value	18,6%
Share of TOP10 contract values	72,4%
Share of TOP10 companies by contract value	95,1%
Share of TOP10 contracting authorities by contract value	47,0%
Average number of submitted bids	2,1
Median number of submitted bids	2
Average number of expressions of interest by economic operators	4,0
Median number of expressions of interest by economic operators	4
Share of single-bid public procurement procedures	29,0%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Magyar Posta Zártkörűen Működő Részvénytársaság	1	14 979,9	30,0%
UNIQA Biztosító Zártkörűen Működő Részvénytársaság	29	6 523,8	43,1%
Allianz Hungária Biztosító Zártkörűen Működő Részvénytársaság	23	6 251,1	55,6%
Groupama Biztosító Zártkörűen Működő Részvénytársaság	26	5 769,4	67,2%
Generali Biztosító Zrt.	19	4 067,2	75,3%
Alfa Vienna Insurance Group Biztosító Zrt.	21	3 213,9	81,7%
CIG Pannónia Első Magyar Általános Biztosító Zrt.	7	2 026,7	85,8%
SimplePay Zártkörűen Működő Részvénytársaság	2	1 829,6	89,5%
CIG Pannónia Életbiztosító Nyrt.	7	1 748,4	93,0%
Zavarovalnica Triglav D.D.	2	1 069,5	95,1%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Directorate-General for Public Procurement and Supply	1	4 470,9	9,0%
MVM Next Energiakereskedelmi Zrt.	8	2 643,1	14,3%
MVM Főgáz Földgázhálózati Kft.	4	2 168,0	18,6%
MVM Oroszlányi Távhőtermelő és Szolgáltató Zártkörűen Működő Részvénytársaság	4	2 168,0	22,9%
MVM Émász Áramhálózati Kft.	4	2 168,0	27,3%
MVM Démász Áramhálózati Kft.	4	2 168,0	31,6%
MVM Égáz-Dégáz Földgázhálózati Zrt.	4	2 168,0	36,0%
MVM Otthon Plusz Zrt.	1	2 140,0	40,3%
Nemzeti Útdíjfizetési Szolgáltató Zártkörűen működő Részvénytársaság	6	1 824,0	43,9%
Nemzeti Sportügynökség Nonprofit Zártkörűen Működő Részvénytársaság	1	1 556,8	47,0%

4.14 Workforce leasing

CPV codes describing the sector: 796 – Recruitment services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**68**
Number of EPPS procedures	**47**
Total value of contracts (HUF million)	**9 939,8**
Number of successful companies	**40**
HHI index for contracts	15,9%
HHI index for companies	15,3%
HHI index for contracting authorities	15,4%
GINI index for contracts	76,4%
GINI index for companies	68,9%
GINI index for contracting authorities	69,9%
Share of TOP3 contract values	51,8%
Share of TOP3 companies by contract value	52,0%
Share of TOP3 contracting authorities by contract value	51,8%
Share of TOP10 contract values	74,3%
Share of TOP10 companies by contract value	77,2%
Share of TOP10 contracting authorities by contract value	76,6%
Average number of submitted bids	5,5
Median number of submitted bids	3
Average number of expressions of interest by economic operators	7,0
Median number of expressions of interest by economic operators	6,5
Share of single-bid public procurement procedures	33,8%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
CLEAN STAR COMPLEX Szolgáltató és Kereskedelmi Kft	1	3 888,0	39,1%
MELŐ-DIÁK Universitas Szolgáltató Iskolaszövetkezet	5	651,0	45,7%
AIDe-Hungary Személyzeti Szolgáltató Korlátolt Felelősségű Társaság	1	630,0	52,0%
Schönherz Iskolaszövetkezet	2	516,2	57,2%
Luminal-Med Korlátolt Felelősségű Társaság	1	478,0	62,0%
MIND-DIÁK Iskolai szövetkezet	1	325,0	65,3%
JOKER-DIÁK Munkaerőszervező Iskolaszövetkezet	1	316,2	68,5%
Y Diák Iskolaszövetkezet	1	298,0	71,5%
HSA HUMAN SERVICE AGENCY Munkaerőpiaci Szolgáltató Korlátolt Felelősségű Társaság	2	297,7	74,4%
Diákmánia Iskolaszövetkezet	3	276,7	77,2%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
SZTE EDIC Egyetemi Diagnosztikai Centrum Zártkörűen Működő Non-profit Részvénytársaság	1	3 888,0	39,1%
Aquaticum Debrecen Korlátolt Felelősségű Társaság	1	632,4	45,5%
Budapest Airport Budapest Liszt Ferenc Nemzetközi Repülőtér Üzemeltető Zártkörűen Működő Részvénytársaság	1	630,0	51,8%
Református Pulmonológiai Centrum	1	478,0	56,6%
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	5	458,8	61,2%
MFB Magyar Fejlesztési Bank Zártkörűen Működő Részvénytársaság	1	360,0	64,9%
NISZ Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság	1	325,0	68,1%
MKK Magyar Követeléskezelő Zártkörűen Működő Részvénytársaság	8	315,4	71,3%
Körös-Maros National Park Directorate	1	292,7	74,2%
Corvinus University of Budapest	1	230,0	76,6%

4.15 Workwear

CPV codes describing the sector: 18 – Clothing, footwear, luggage articles and accessories

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**102**
Number of EPPS procedures	**46**
Total value of contracts (HUF million)	**16 832,4**
Number of successful companies	**38**
HHI index for contracts	7,5%
HHI index for companies	15,0%
HHI index for contracting authorities	28,9%
GINI index for contracts	83,7%
GINI index for companies	82,0%
GINI index for contracting authorities	85,9%
Share of TOP3 contract values	41,8%
Share of TOP3 companies by contract value	67,2%
Share of TOP3 contracting authorities by contract value	80,8%
Share of TOP10 contract values	77,0%
Share of TOP10 companies by contract value	93,1%
Share of TOP10 contracting authorities by contract value	96,4%
Average number of submitted bids	2,8
Median number of submitted bids	2
Average number of expressions of interest by economic operators	6,2
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	24,5%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
"Pro-Team" Rehabilitációs Közhasznú Nonprofit Korlátolt Felelősségű Társaság	18	4 285,2	25,5%
ERFO Rehabilitációs Foglalkoztató Közhasznú Nonprofit Korlátolt Felelősségű Társaság	8	3 762,5	47,8%
DUNA-MIX Ipari Kereskedelmi Szolgáltató Korlátolt Felelősségű Társaság	2	3 262,1	67,2%
Kézmű Fővárosi Kézműipari Közhasznú Nonprofit Korlátolt Felelősségű Társaság	9	2 138,5	79,9%
FŐKEFE Rehabilitációs Foglalkoztató Ipari Közhasznú Nonprofit Kft.	1	818,7	84,8%
RWi Textilservice Zártkörűen működő Részvénytársaság	1	400,0	87,1%
Sopronkőhidai Ipari és Szolgáltató Korlátolt Felelősségű Társaság	1	369,1	89,3%
Bunzl Magyarország Kft.	6	266,3	90,9%
"KATEX '98" Gyártó és Kereskedelmi Korlátolt Felelősségű Társaság	4	204,6	92,1%
Ipoly Cipőgyár Termelő és Szolgáltató Korlátolt Felelősségű Társaság	1	169,5	93,1%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
MÁV Szolgáltató Központ Zártkörűen Működő Részvénytársaság	12	8 373,1	49,7%
Hungarian Prison Service Headquarters	3	3 631,2	71,3%
Magyar Posta Zártkörűen Működő Részvénytársaság	6	1 596,1	80,8%
Győr-Sopron-Ebenfurti Vasút Zártkörűen Működő Részvénytársaság	17	1 537,6	89,9%
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	1	400,0	92,3%
MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	4	238,7	93,7%
Budapest Gyógyfürdői és Hévízi Zártkörűen Működő Részvénytársaság	2	150,0	94,6%
Magyar Földgáztároló Zártkörűen Működő Részvénytársaság	16	111,0	95,3%
Kecskeméti Junior Sport Nonprofit Korlátolt Felelősségű Társaság	5	97,5	95,9%
MVM Főgáz Földgázhálózati Kft.	1	97,1	96,4%

4.16 Educational and training services

CPV codes describing the sector: 80 – Educational and training services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**28**
Number of EPPS procedures	**18**
Total value of contracts (HUF million)	**4 063,3**
Number of successful companies	**20**
HHI index for contracts	33,3%
HHI index for companies	32,6%
HHI index for contracting authorities	31,3%
GINI index for contracts	86,0%
GINI index for companies	83,9%
GINI index for contracting authorities	78,1%
Share of TOP3 contract values	85,1%
Share of TOP3 companies by contract value	88,0%
Share of TOP3 contracting authorities by contract value	88,0%
Share of TOP10 contract values	96,8%
Share of TOP10 companies by contract value	98,5%
Share of TOP10 contracting authorities by contract value	98,7%
Average number of submitted bids	4,0
Median number of submitted bids	3
Average number of expressions of interest by economic operators	5,3
Median number of expressions of interest by economic operators	6
Share of single-bid public procurement procedures	14,3%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
FLY-COOP ACADEMY Korlátolt Felelősségű Társaság	1	2 081,8	51,2%
Coursera Inc	1	1 219,1	81,2%
CAVOK AVIATION TRAINING Korlátolt Felelősségű Társaság	2	275,4	88,0%
SkillDict Szolgáltató Zártkörűen Működő Részvénytársaság	2	165,4	92,1%
Beijing L&J Education Technology Co., Ltd.	1	83,2	94,1%
Training360 Korlátolt Felelősségű Társaság	3	72,4	95,9%
E- Educatio Információtechnológia Zártkörűen Működő Részvénytársaság	1	51,2	97,2%
FERLING Tanácsadó és Szolgáltató Korlátolt Felelősségű Társaság	1	19,9	97,7%
SAVIC Group Képzési és Humánszolgáltató Közhasznú Nonprofit Korlátolt Felelősségű Társaság	3	19,9	98,2%
SKOLL Learning Technologies Zártkörűen Működő Részvénytársaság	3	12,3	98,5%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Széchenyi István University	1	2 081,8	51,2%
University of Szeged	1	1 219,1	81,2%
Budapest University of Technology and Economics	2	275,4	88,0%
Budapest University of Economics and Business	1	101,4	90,5%
University of Dunaújváros	1	83,2	92,6%
IdomSoft Informatikai Zártkörűen Működő Részvénytársaság	3	72,4	94,3%
Védelmi Innovációs Kutatóintézet Nonprofit Zártkörűen Működő Részvénytársaság	1	64,0	95,9%
Herman Ottó Intézet Nonprofit Korlátolt Felelősségű Társaság	1	51,2	97,2%
Municipality of Pest County	5	39,1	98,1%
John von Neumann University	4	22,1	98,7%

4.17 Building materials

CPV codes describing the sector: 44 – Construction structures and materials; auxiliary products to construction (except electric apparatus)

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**339**
Number of EPPS procedures	**115**
Total value of contracts (HUF million)	**37 051,0**
Number of successful companies	**111**
HHI index for contracts	1,5%
HHI index for companies	4,1%
HHI index for contracting authorities	23,1%
GINI index for contracts	65,8%
GINI index for companies	74,6%
GINI index for contracting authorities	84,8%
Share of TOP3 contract values	17,3%
Share of TOP3 companies by contract value	31,5%
Share of TOP3 contracting authorities by contract value	66,4%
Share of TOP10 contract values	28,3%
Share of TOP10 companies by contract value	57,0%
Share of TOP10 contracting authorities by contract value	83,4%
Average number of submitted bids	2,6
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,5
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	17,4%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
STRABAG Aszfalt Korlátolt Felelősségű Társaság	26	4 767,8	12,9%
MVM OVIT Manufacturing Zártkörűen Működő Részvénytársaság	1	3 546,2	22,4%
SWIETELSKY Magyarország Korlátolt Felelősségű Társaság	16	3 370,0	31,5%
Bitunova Útfenntartó és Emulziógyártó Korlátolt Felelősségű Társaság	8	1 774,0	36,3%
MAB Pharma Gyógyszergyártó és Kereskedelmi Zártkörűen Működő Részvénytársaság	2	1 424,8	40,2%
G-PLAN ÉPÍTŐ Ipari és Kereskedelmi Korlátolt Felelősségű Társaság	10	1 353,2	43,8%
Zalarent Nehézgép Kölcsönző Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	3	1 331,2	47,4%
INTEREX-WAGA Kereskedelmi Korlátolt Felelősségű Társaság	12	1 292,4	50,9%
" KRISTÁLY " Tervező, Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság	10	1 225,3	54,2%
"SOLTÚT" Útépítő, Fenntartó és Kereskedelmi Korlátolt Felelősségű Társaság	11	1 026,0	57,0%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	99	17 160,1	46,3%
MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság	9	3 744,7	56,4%
MÁV Pályaműködtetési Zártkörűen Működő Részvénytársaság	8	3 697,2	66,4%
Klebelsberg Centre	1	1 991,1	71,8%
Fővárosi Vízművek Zártkörűen Működő Részvénytársaság	25	1 239,6	75,1%
ALFÖLDVÍZ Regionális Víziközmű- szolgáltató Zártkörűen Működő Részvénytársaság	35	794,9	77,3%
Dunántúli Regionális Vízmű Zártkörűen Működő Részvénytársaság	24	784,8	79,4%
Északdunántúli Vízmű Zártkörűen Működő Részvénytársaság	21	502,7	80,7%
Tiszamenti Regionális Vízművek Zártkörűen működő Részvénytársaság	20	495,5	82,1%
DMRV Duna Menti Regionális Vízmű Zártkörűen Működő Részvénytársaság	20	495,5	83,4%

4.18 Musical instruments and sports equipment

CPV codes describing the sector: 37 – Musical instruments, sport goods, games, toys, handicraft, art materials and accessories

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**107**
Number of EPPS procedures	**33**
Total value of contracts (HUF million)	**3 281,0**
Number of successful companies	**40**
HHI index for contracts	2,3%
HHI index for companies	5,2%
HHI index for contracting authorities	9,8%
GINI index for contracts	62,1%
GINI index for companies	63,8%
GINI index for contracting authorities	64,4%
Share of TOP3 contract values	22,4%
Share of TOP3 companies by contract value	37,8%
Share of TOP3 contracting authorities by contract value	52,8%
Share of TOP10 contract values	48,0%
Share of TOP10 companies by contract value	73,5%
Share of TOP10 contracting authorities by contract value	82,1%
Average number of submitted bids	3,2
Median number of submitted bids	2
Average number of expressions of interest by economic operators	4,6
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	30,8%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
ANTHIAS Korlátolt Felelősségű Társaság	2	528,0	16,1%
Kultúr Brand Korlátolt Felelősségű Társaság	23	421,1	28,9%
BEE HOKI Korlátolt Felelősségű Társaság	2	289,8	37,8%
Best Produkt Plusz Kereskedelmi Korlátolt Felelősségű Társaság	13	273,8	46,1%
DRENCO Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2	206,2	52,4%
Cseke Hangszerjavító és Kereskedelmi Betéti Társaság	1	205,4	58,7%
KenD-MV Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	9	204,5	64,9%
Bear-Impex Hungary Korlátolt Felelősségű Társaság	4	109,3	68,2%
"ROYAL-KERT" Kert- és Öntözéstechnikai, Kereskedelmi és Szolgáltató Kft.	1	90,6	71,0%
MARCZI SKATE Korlátolt Felelősségű Társaság	1	84,0	73,5%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Nemzeti Művelődési Intézet Nonprofit Közhasznú Korlátolt Felelősségű Társaság	46	913,3	27,8%
Nyíregyháza Zoo Nonprofit Kft.	2	528,0	43,9%
Ifj. Ocskay Gábor Jégkorong Akadémia Nonprofit Korlátolt Felelősségű Társaság	2	289,8	52,8%
Ministry of Construction and Transport	4	277,6	61,2%
Municipality of the City of Székesfehérvár with County Rights	1	194,6	67,2%
Debreceni Sportcentrum Közhasznú Nonprofit Korlátolt Felelősségű Társaság	2	117,0	70,7%
Budapest Zoo and Botanical Garden	7	115,2	74,2%
Municipality of the City of Mórahalom	1	90,6	77,0%
Budapest Jégkorong Akadémia Korlátolt Felelősségű Társaság	1	84,0	79,6%
Municipality of the City of Nagykanizsa with County Rights	1	84,0	82,1%

4.19 Furniture

CPV codes describing the sector: 39 – Furniture (including office furniture), furnishings, domestic appliances (excluding lighting) and cleaning products (excluding 398)

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**236**
Number of EPPS procedures	**96**
Total value of contracts (HUF million)	**8 825,8**
Number of successful companies	**123**
HHI index for contracts	2,0%
HHI index for companies	2,3%
HHI index for contracting authorities	3,0%
GINI index for contracts	74,4%
GINI index for companies	69,0%
GINI index for contracting authorities	62,1%
Share of TOP3 contract values	18,4%
Share of TOP3 companies by contract value	18,0%
Share of TOP3 contracting authorities by contract value	27,3%
Share of TOP10 contract values	39,1%
Share of TOP10 companies by contract value	49,5%
Share of TOP10 contracting authorities by contract value	56,6%
Average number of submitted bids	3,7
Median number of submitted bids	3
Average number of expressions of interest by economic operators	6,1
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	12,7%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
"MEGA-LOGISTIC" Beruházási és Üzemeltetési Zrt.	1	620,0	7,0%
Deniz Partners Tanácsadó és Kereskedelmi Korlátolt Felelősségű Társaság	2	496,0	12,6%
Balázs-Diák Taneszközforgalmazó és Szolgáltató Zrt.	8	470,3	18,0%
FESTO Automatika Kereskedelmi és Szolgáltató Kft	4	468,9	23,3%
FS Bútor Korlátolt Felelősségű Társaság	3	463,8	28,5%
E- Educatio Információtechnológia Zártkörűen Működő Részvénytársaság	2	398,3	33,1%
Narmer Építészeti Stúdió Betéti Társaság	2	377,3	37,3%
IRODA 2000 Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	5	373,0	41,6%
Suppline Kereskedelmi Korlátolt Felelősségű Társaság	1	355,4	45,6%
SÜTŐDETECH Korlátolt Felelősségű Társaság	5	345,4	49,5%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Ministry of Construction and Transport	2	909,0	10,3%
Budapest Gyógyfürdői és Hévízei Zártkörűen Működő Részvénytársaság	5	881,0	20,3%
Ministry of Foreign Affairs and Trade	1	620,0	27,3%
Hódmezővásárhelyi Szakképzési Centrum	5	466,4	32,6%
Békéscsabai Szakképzési Centrum	5	399,8	37,1%
KTI Magyar Közlekedéstudományi és Logisztikai Intézet Nonprofit Kft.	2	398,3	41,6%
Közép-Magyarországi Agrárszakképzési Centrum	6	374,0	45,9%
Nemzeti Filmintézet Közhasznú Nonprofit Zártkörűen Működő Részvénytársaság	4	331,1	49,6%
Nyíregyházi Szakképzési Centrum	4	316,7	53,2%
University of Szeged	27	298,6	56,6%

4.20 Printing industry products and services

CPV codes describing the sector: 22 – Printed matter and related products

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**50**
Number of EPPS procedures	**28**
Total value of contracts (HUF million)	**2 989,2**
Number of successful companies	**17**
HHI index for contracts	2,8%
HHI index for companies	5,9%
HHI index for contracting authorities	5,0%
GINI index for contracts	55,8%
GINI index for companies	48,2%
GINI index for contracting authorities	49,3%
Share of TOP3 contract values	27,2%
Share of TOP3 companies by contract value	50,5%
Share of TOP3 contracting authorities by contract value	44,4%
Share of TOP10 contract values	58,7%
Share of TOP10 companies by contract value	89,0%
Share of TOP10 contracting authorities by contract value	77,7%
Average number of submitted bids	1,5
Median number of submitted bids	1
Average number of expressions of interest by economic operators	2,0
Median number of expressions of interest by economic operators	2
Share of single-bid public procurement procedures	62,0%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Rewin Magyarország Korlátolt Felelősségű Társaság	7	669,8	22,4%
Suweco Cz.S.R.O.	4	482,7	38,6%
Könyvtárellátó Közhasznú Nonprofit Kft.	7	357,5	50,5%
GeoAdat Szolgáltató és Informatikai Kft.	1	225,0	58,0%
Magyar Posta Zártkörűen Működő Részvénytársaság	1	196,7	64,6%
Pátria Biztonsági Nyomda Zrt.	4	172,2	70,4%
Prospero Könyvei Kft.	2	157,6	75,7%
Ebsco Gmbh	8	156,6	80,9%
GeoIQ Imaging Korlátolt Felelősségű Társaság	1	131,1	85,3%
MédiaLOG -DMHM Logisztikai Zrt.	1	110,7	89,0%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Eötvös Loránd University	5	530,0	17,7%
Directorate-General for Public Procurement and Supply	4	440,8	32,5%
Hungarian State Treasury	2	356,1	44,4%
Budapesti Közlekedési Zrt.	1	289,4	54,1%
Dunántúli Regionális Vízmű Zrt.	3	179,4	60,1%
Budapest Capital District VI Municipality of Terézváros	1	156,0	65,3%
Budapest-Capital Regional Court	5	101,9	68,7%
Ferenc Rákóczi II Library	2	97,5	72,0%
Semmelweis University	6	85,6	74,8%
Móricz Zsigmond County and City Library	2	84,7	77,7%

4.21 Travel organisation

CPV codes describing the sector: 63 – Supporting and auxiliary transport services; travel agencies services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**28**
Number of EPPS procedures	**26**
Total value of contracts (HUF million)	**4 084,9**
Number of successful companies	**19**
HHI index for contracts	7,3%
HHI index for companies	13,1%
HHI index for contracting authorities	8,0%
GINI index for contracts	56,6%
GINI index for companies	64,7%
GINI index for contracting authorities	52,5%
Share of TOP3 contract values	49,2%
Share of TOP3 companies by contract value	68,4%
Share of TOP3 contracting authorities by contract value	47,4%
Share of TOP10 contract values	76,0%
Share of TOP10 companies by contract value	91,5%
Share of TOP10 contracting authorities by contract value	73,1%
Average number of submitted bids	2,1
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,0
Median number of expressions of interest by economic operators	2,5
Share of single-bid public procurement procedures	28,6%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
Blaguss Utazási Iroda Korlátolt Felelősségű Társaság	2	1 135,6	27,8%
MAURI Utazási, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	5	1 084,9	54,4%
OTP Travel Korlátolt Felelősségű Társaság	3	572,0	68,4%
Weco-Travel Idegenforgalmi Korlátolt Felelősségű Társaság	2	190,0	73,0%
HUNGAROPHARMA Gyógyszerkereskedelmi Zrt.	1	177,2	77,4%
"Jet Travel" Idegenforgalmi Szolgáltató és Kereskedelmi Kft.	2	141,9	80,8%
TicketAir Menetjegyiroda Korlátolt Felelősségű Társaság	1	135,0	84,1%
FIRE-CREW Korlátolt Felelősségű Társaság	1	104,3	86,7%
UNITED 4 BONAFINI BINDAIR Idegenforgalmi és Kereskedelmi Kft.	1	100,0	89,1%
T.P.ZS. Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	1	94,8	91,5%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Budapest Festival Orchestra Foundation	2	1 135,6	27,8%
Corvinus University of Budapest	1	560,0	41,5%
Hungarian Triathlon Federation	1	240,0	47,4%
National Centre for Public Health and Pharmacy	1	177,2	51,7%
Hungarian Wrestling Federation	1	165,0	55,8%
Kisfaludy2030 Turisztikai Fejlesztő Nonprofit Zrt.	1	150,0	59,4%
Visit Hungary Nemzeti Turisztikai Szervezet Nonprofit Zrt.	1	150,0	63,1%
Magyar Turisztikai Ügynökség Zártkörűen Működő Részvénytársaság	1	150,0	66,8%
Hun-Ren Centre	1	135,0	70,1%
Széchenyi István University	1	121,9	73,1%

4.22 Business consulting services

CPV codes describing the sector: 794 – Business and management consultancy and related services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**12**
Number of EPPS procedures	**10**
Total value of contracts (HUF million)	**1 769,6**
Number of successful companies	**10**
HHI index for contracts	29,3%
HHI index for companies	23,6%
HHI index for contracting authorities	27,1%
GINI index for contracts	75,0%
GINI index for companies	63,5%
GINI index for contracting authorities	67,1%
Share of TOP3 contract values	87,5%
Share of TOP3 companies by contract value	79,4%
Share of TOP3 contracting authorities by contract value	87,5%
Share of TOP10 contract values	99,7%
Share of TOP10 companies by contract value	100,0%
Share of TOP10 contracting authorities by contract value	100,0%
Average number of submitted bids	2,6
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,7
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	33,3%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
eNET Magyarország Tanácsadó Korlátolt Felelősségű Társaság	1	904,8	51,1%
New Land Media Reklám, Szolgáltató és Kereskedelmi Kft.	1	250,0	65,3%
LOUNGE DESIGN Szolgáltató Korlátolt Felelősségű Társaság	1	250,0	79,4%
Equinox Consulting Korlátolt Felelősségű Társaság	1	143,0	87,5%
Vulcan Consulting Limited	1	81,4	92,1%
IFUA HORVÁTH & PARTNERS Vezetési és Informatikai Tanácsadó Kft.	1	68,5	95,9%
Eco-Sector Tanácsadó és Szolgáltató Korlátolt Felelősségű Társaság	1	31,9	97,7%
Scardobona Consulting Korlátolt Felelősségű Társaság	3	19,5	98,8%
Ex Ante Tanácsadó Iroda Korlátolt Felelősségű Társaság	1	12,8	99,6%
KPMG Tanácsadó Korlátolt Felelősségű Társaság	2	7,8	100,0%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Magyar Gazdaságfejlesztési Ügynökség Közhasznú Nonprofit Kft.	1	904,8	51,1%
Foundation for Research on Central and Eastern European History And Society	1	500,0	79,4%
MNKH Magyar Nemzeti Kereskedőház Zártkörűen Működő Részvénytársaság	1	143,0	87,5%
Integrity Authority	1	81,4	92,1%
Universitas Quinqueecclesiensis Foundation	1	68,5	95,9%
University of Szeged	1	31,9	97,7%
Fertő-Hanság National Park Directorate	3	19,5	98,8%
Municipality of Bács-Kiskun County	1	12,8	99,6%
Ministry of Foreign Affairs and Trade	2	7,8	100,0%

4.23 Laboratory and research equipment and instruments

CPV codes describing the sector: 38 – Laboratory, optical and precision equipments (excluding glasses)

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**674**
Number of EPPS procedures	**198**
Total value of contracts (HUF million)	**22 624,7**
Number of successful companies	**158**
HHI index for contracts	3,4%
HHI index for companies	5,5%
HHI index for contracting authorities	8,2%
GINI index for contracts	83,7%
GINI index for companies	76,0%
GINI index for contracting authorities	72,0%
Share of TOP3 contract values	27,1%
Share of TOP3 companies by contract value	38,1%
Share of TOP3 contracting authorities by contract value	47,8%
Share of TOP10 contract values	47,3%
Share of TOP10 companies by contract value	57,4%
Share of TOP10 contracting authorities by contract value	64,1%
Average number of submitted bids	2,6
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,8
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	27,7%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
DION Kereskedelmi és Szolgáltató Kft.	3	3 745,8	16,6%
Auro-Science Consulting Kereskedelmi Korlátolt Felelősségű Társaság	14	3 088,4	30,2%
Geodéziai és Térképészeti Zártkörűen Működő Részvénytársaság	1	1 782,2	38,1%
ODD Electric Solutions Korlátolt Felelősségű Társaság	1	896,7	42,0%
MOM Magyar Optikai Művek Zártkörűen Működő Részvénytársaság	22	872,5	45,9%
ENERWÉ Hungária Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	17	562,0	48,4%
PER-FORM Hungária Kereskedelmi és Szolgáltató Korlátolt felelősségű társaság	8	544,6	50,8%
EnviTek Magyarország Korlátolt Felelősségű Társaság	4	503,6	53,0%
"KROMAT" Műszerforgalmazó Kft.	16	503,1	55,2%
ROHDE & SCHWARZ Hungária Korlátolt Felelősségű Társaság	2	488,9	57,4%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
National Tax and Customs Administration	25	5 020,9	22,2%
University of Szeged	49	3 892,8	39,4%
HungaroMet Magyar Meteorológiai Szolgáltató Nonprofit Zártkörűen Működő Részvénytársaság	3	1 905,7	47,8%
Fővárosi Vízművek Zártkörűen Működő Részvénytársaság	9	700,8	50,9%
University of Pécs	66	540,0	53,3%
Dunántúli Regionális Vízmű Zártkörűen Működő Részvénytársaság	38	517,5	55,6%
Hun-Ren Biological Research Centre, Szeged	138	512,3	57,9%
ÉMI Építésügyi Minőségellenőrző Innovációs Nonprofit Korlátolt Felelősségű Társaság	5	501,2	60,1%
MVM Démász Áramhálózati Kft.	2	461,2	62,1%
University of Miskolc	9	450,8	64,1%

4.24 Office stationery and other products

CPV codes describing the sector: 301 – Office machinery, equipment and supplies except computers, printers and furniture

398 – Cleaning and polishing products

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**175**
Number of EPPS procedures	**58**
Total value of contracts (HUF million)	**9 980,2**
Number of successful companies	**52**
HHI index for contracts	4,5%
HHI index for companies	6,4%
HHI index for contracting authorities	25,3%
GINI index for contracts	80,9%
GINI index for companies	73,5%
GINI index for contracting authorities	84,5%
Share of TOP3 contract values	30,1%
Share of TOP3 companies by contract value	38,8%
Share of TOP3 contracting authorities by contract value	77,1%
Share of TOP10 contract values	61,7%
Share of TOP10 companies by contract value	79,1%
Share of TOP10 contracting authorities by contract value	86,9%
Average number of submitted bids	3,2
Median number of submitted bids	3
Average number of expressions of interest by economic operators	6,1
Median number of expressions of interest by economic operators	5
Share of single-bid public procurement procedures	32,6%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
MOLAR CHEMICALS Ipari és Kereskedelmi Korlátolt Felelősségű Társaság	2	1 500,0	15,0%
COLORSPECTRUM Kereskedelmi Termelő és Szolgáltató Kft.	4	1 373,1	28,8%
ALLEGRO Kereskedelmi, Kivitelező és Szolgáltató Korlátolt Felelősségű Társaság	1	1 000,0	38,8%
BRADOCHEM Kereskedelmi Korlátolt Felelősségű Társaság	1	1 000,0	48,8%
Delta Systems Korlátolt Felelősségű Társaság	4	914,4	58,0%
IMG Solution Zártkörűen Működő Részvénytársaság	4	518,8	63,2%
ORINK HUNGARY Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	36	477,2	68,0%
EURO-PROFIL RENDSZERHÁZ Korlátolt Felelősségű Társaság	9	464,6	72,6%
Free Vendor Korlátolt Felelősségű Társaság	1	360,0	76,2%
BRAVOGROUP RENDSZERHÁZ Kereskedelmi Korlátolt Felelősségű Társaság	10	288,4	79,1%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Digitális Kormányzati Ügynökség Zrt.	31	3 697,5	37,0%
Directorate-General for Public Procurement and Supply	4	3 500,0	72,1%
MÁV Személyszállítási Zártkörűen Működő Részvénytársaság	5	494,2	77,1%
Budapest Methodological Centre of Social Policy and Its Institutions	1	360,0	80,7%
Budapest-Capital Regional Court	4	165,0	82,3%
BKV Vasúti Járműjavító Szolgáltató Kft.	5	115,7	83,5%
Semmelweis University	1	99,3	84,5%
Budapesti Közlekedési Zrt.	14	90,8	85,4%
Étkeztetési Szolgáltató Gazdasági Szervezet	2	74,1	86,1%
Uni-Famulus Korlátolt Felelősségű Társaság	1	72,1	86,9%

4.25 Sewage and waste treatment and environmental protection services

CPV codes describing the sector: 90 – Sewage, refuse, cleaning and environmental services

The sector's key statistical indicators for 2025

Statistic	Value
Number of contracts	**278**
Number of EPPS procedures	**138**
Total value of contracts (HUF million)	**28 914,4**
Number of successful companies	**118**
HHI index for contracts	3,6%
HHI index for companies	4,4%
HHI index for contracting authorities	4,9%
GINI index for contracts	72,3%
GINI index for companies	70,6%
GINI index for contracting authorities	72,2%
Share of TOP3 contract values	26,8%
Share of TOP3 companies by contract value	31,3%
Share of TOP3 contracting authorities by contract value	35,4%
Share of TOP10 contract values	45,1%
Share of TOP10 companies by contract value	57,0%
Share of TOP10 contracting authorities by contract value	57,1%
Average number of submitted bids	2,4
Median number of submitted bids	2
Average number of expressions of interest by economic operators	3,3
Median number of expressions of interest by economic operators	3
Share of single-bid public procurement procedures	39,6%

The sector's largest bidders in 2025

Bidder	Number of awarded contracts	Total value of awarded contracts (HUF million)	Cumulative market share
MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	1	4 633,8	16,0%
TERRA-LOG Mélyépítő Korlátolt Felelősségű Társaság	3	2 880,1	26,0%
SEPTOX Kórházi és Egészségügyi Hulladékokat Gyűjtő Szállító és Ártalmatlanító Kft.	18	1 527,4	31,3%
SZTE Szolgáltató Nonprofit Korlátolt Felelősségű Társaság	3	1 418,7	36,2%
PALOTA Környezetvédelmi Korlátolt Felelősségű Társaság	2	1 351,4	40,8%
NHSZ Zounok Zártkörű Részvénytársaság	3	1 224,7	45,1%
A.K.S.D. Városgazdálkodási Korlátolt Felelősségű Társaság	13	951,0	48,4%
Centrál Kommunál Korlátolt Felelősségű Társaság	9	884,2	51,4%
VERTIKAL Group Nyilvánosan Működő Részvénytársaság	13	865,6	54,4%
Trans Injekt Korlátolt Felelősségű Társaság	1	750,0	57,0%

The sector's largest contracting authorities in 2025

Contracting authority	Number of successful public procurement procedures within the sector	Total value of successful public procurement procedures within the sector (HUF million)	Cumulative market share
Radioaktív Hulladékokat Kezelő Közhasznú Nonprofit Korlátolt Felelősségű Társaság	1	4 633,8	16,0%
Nitrokémia Környezetvédelmi Tanácsadó és Szolgáltató Zártkörűen Működő Részvénytársaság	4	3 630,1	28,6%
Magyar Közút Nonprofit Zártkörűen Működő Részvénytársaság	34	1 963,4	35,4%
University of Szeged	2	1 385,4	40,2%
MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	1	979,0	43,5%
Municipality of the City of Szolnok with County Rights	2	934,8	46,8%
DMRV Duna Menti Regionális Vízmű Zártkörűen Működő Részvénytársaság	26	845,5	49,7%
Tiszamenti Regionális Vízművek Zártkörűen működő Részvénytársaság	16	807,2	52,5%
TETTYE FORRÁSHÁZ Pécsi Városi Víziközmű Üzemeltetési Zártkörűen Működő Részvénytársaság	1	750,0	55,1%
BKM Budapesti Közművek Nonprofit Zártkörűen Működő Részvénytársaság	5	587,4	57,1%

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251 Key statistical data of the public procurement market (Annex 1)

5. Key statistical data of the public procurement market (Annex 1)

This annex presents the descriptive statistics of public procurement procedures in relation to Chapters 2 and 4 of the report, and, to complement the analyses in the chapters, it also contains some figures and tables.

Number of procedures

The following table presents the numbers of public procurement procedures over the past five calendar years.

Table 1: Trends in the number of public procurement procedures and contracts across the overall public procurement market (2020-2025)

Year of contract award notice	Is the procedure aimed at concluding a framework agreement?	Number of procedures	Number of procedure lots	Number of contracts
2020	Yes (FA1)	253	685	685
2020	No	7065	15048	16033
2021	Yes (FA1)	326	680	680
2021	No	7269	14970	16829
2022	Yes (FA1)	311	785	785
2022	No	7351	15231	16951
2023	Yes (FA1)	327	845	845
2023	No	7319	15863	17776
2024	Yes (FA1)	343	905	905
2024	No	6795	14133	15771
2025	Yes (FA1)	314	973	973
2025	No	6092	13170	14868

The table separately presents the numbers of contracts aimed at goods procurement or service orders (non-FA1 procedures) in the bottom row of each calendar year. A separate row (the top row for certain calendar years) also contains the number of framework

agreements that do not yet involve actual delivery or the provision of services but merely establish the basis for their future fulfilment.

The number of procedures/contracts is presented in the table in a three-part breakdown. The "Number of Procedures" indicates the number of procedures sharing the same identification number, regardless of how many lots they are actually divided into or how many contracts they contain. The quantity indicated in the "Number of Procedure Parts" column takes into account the fact that during the execution, complex procedures are often divided into procedure lots based on logical or temporal considerations. This column displays the number of these procedure lots. (If the procedure is not divided into multiple lots, then the summary will show a value of "1". However, the most important column indicates the "number of contracts".) This column also takes into account that multiple contracts may be associated with individual (linked to the same identifier) procedure lots, especially in the case of FA2 procedures. Since each contract is associated with a separate decision, and the successful bidders may differ even between individual lots, the number of contracts is the most realistic and internationally most commonly used indicator for the number of public procurement procedures.

Framework agreements

Table 2: Key public procurement market data by whether the procedure concerns the conclusion of a framework agreement and whether it involves EU funding (2020-2025)

Year of contract award notice	Is the procedure aimed at concluding a framework agreement?	Number of contracts	Of which: number of contracts involving EU funding	Share of contracts involving EU funding (%)	Total value of contracts (HUF bn)	Of which: amount involving EU funding (HUF bn)	Share of amount involving EU funding (%)
2020	Yes (FA1)	685	56	8,2	1463,7	513,15	35,1
2020	No	16033	4549	28,4	3195,89	903,82	28,3
2021	Yes (FA1)	680	68	10	3395,28	1872,3	55,1
2021	No	16829	4067	24,2	4260,04	1350,85	31,7
2022	Yes (FA1)	785	62	7,9	1731,94	1020,5	58,9
2022	No	16951	4414	26	4638,81	1761,47	38
2023	Yes (FA1)	845	67	7,9	3160,02	450,45	14,3
2023	No	17776	5079	28,6	3456,31	1110	32,1
2024	Yes (FA1)	905	159	17,6	3053,56	1464,82	48
2024	No	15771	3024	19,2	3904,33	891,57	22,8
2025	Yes (FA1)	973	77	7,9	7017,88	2652,91	37,8
2025	No	14868	2788	18,8	3626,59	753,03	20,8

As can be seen from the table above, the contract value, like the number of public procurement contracts, also decreased in 2025, by 7.1%. It is also notable that the value

and share of contracts containing European Union funding have decreased over the past three years. In 2025, the number of FA1 contracts increased by 7.5% – in line with the trends of previous years – while the contract value rose by 130% (from HUF 3,053.6 billion to HUF 7,017.9 billion).

Consortium contracts

The following table presents the data of consortium contracts. In these cases, the winner (contractual partner) of the public procurement procedure is not a single company but a consortium composed of several companies.

Table 3: Consortium contract data (2020-2025)

Year of contract award notice	Is the procedure aimed at concluding a framework agreement?	Number of contracts	Of which: number of consortium contracts	Share of consortium contracts (%)	Total value of contracts (HUF bn)	Of which: value of consortium contracts (HUF bn)	Share of consortium contracts by value (%)
2020	Yes (FA1)	685	134	19,6	1463,7	954,78	65,2
2020	No	16033	1438	9	3195,89	876,99	27,4
2021	Yes (FA1)	680	203	29,9	3395,28	2642,45	77,8
2021	No	16829	1775	10,5	4260,04	1290,98	30,3
2022	Yes (FA1)	785	163	20,8	1731,94	1411,85	81,5
2022	No	16951	1809	10,7	4638,81	1050,93	22,7
2023	Yes (FA1)	845	203	24	3160,02	2010,1	63,6
2023	No	17776	1506	8,5	3456,31	1164,13	33,7
2024	Yes (FA1)	905	178	19,7	3053,56	1922,11	62,9
2024	No	15771	491	3,1	3904,33	466,12	11,9
2025	Yes (FA1)	973	142	14,6	7017,9	5276	85,7
2025	No	14868	484	3,3	3626,59	1036,41	28,6

The table shows that the number of consortium contracts decreasedslightly for non-FA1 contracts, whereas it decreased significantly, by 20.2%, for FA1 contracts. In terms of contract value, the value and share of consortium contracts have increased significantly in both framework agreements and goods procurement/services. It is particularly notable that alongside the significant increase in the share of framework agreements in the total value, as indicated above, in the CPV divisions with the largest contract portfolio, the proportion of single-bid contracts is often very high, partly because of the large proportion of framework agreements.

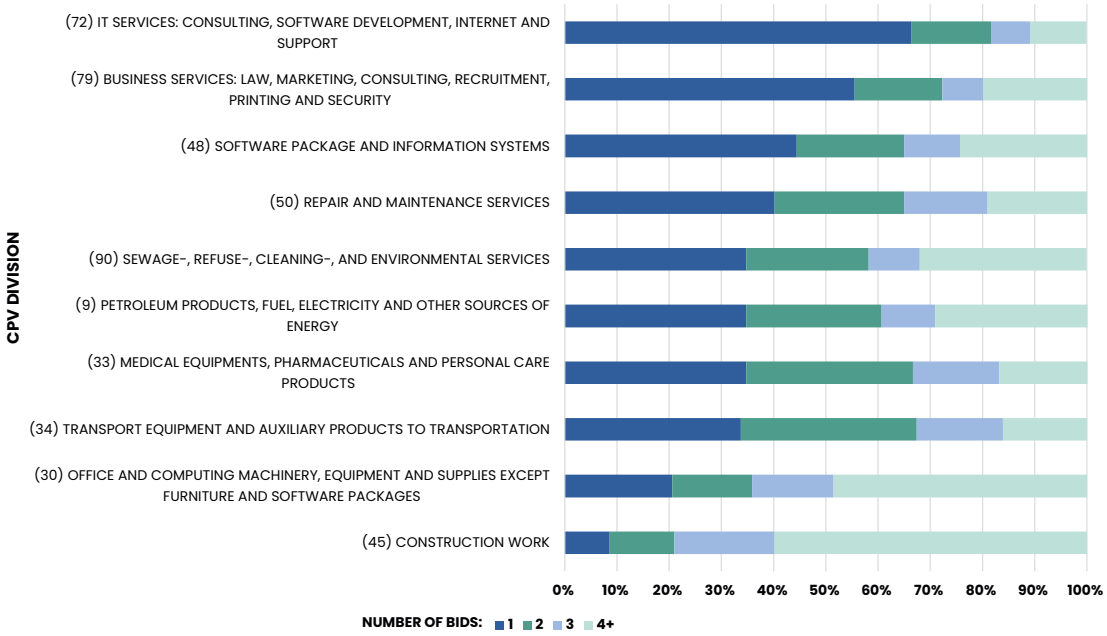
Number of bids

Distribution of the number of bids in 2025 for the top 10 CPV divisions by contract portfolio across the overall public procurement portfolio (share of contracts with 1–4+ bids compared to the total number of contracts)

CPV division	Number of bids			
	1	2	3	4+
(45) Construction work	8,6%	12,4%	19,2%	59,8%
(30) Office and computing machinery, equipment and supplies except furniture and software packages	20,6%	15,3%	15,6%	48,5%
(34) Transport equipment and auxiliary products to transportation	33,7%	33,7%	16,5%	16,1%
(33) Medical equipments, pharmaceuticals and personal care products	34,8%	31,9%	16,5%	16,9%
(9) Petroleum products, fuel, electricity and other sources of energy	34,8%	25,9%	10,3%	29,1%
(90) Sewage-, refuse-, cleaning-, and environmental services	34,8%	23,4%	9,8%	31,9%
(50) Repair and maintenance services	40,2%	24,8%	16,0%	19,0%
(48) Software package and information systems	44,4%	20,6%	10,7%	24,3%
(79) Business services: law, marketing, consulting, recruitment, printing and security	55,5%	16,8%	7,9%	19,8%
(72) IT services: consulting, software development, Internet and support	66,4%	15,2%	7,6%	10,7%

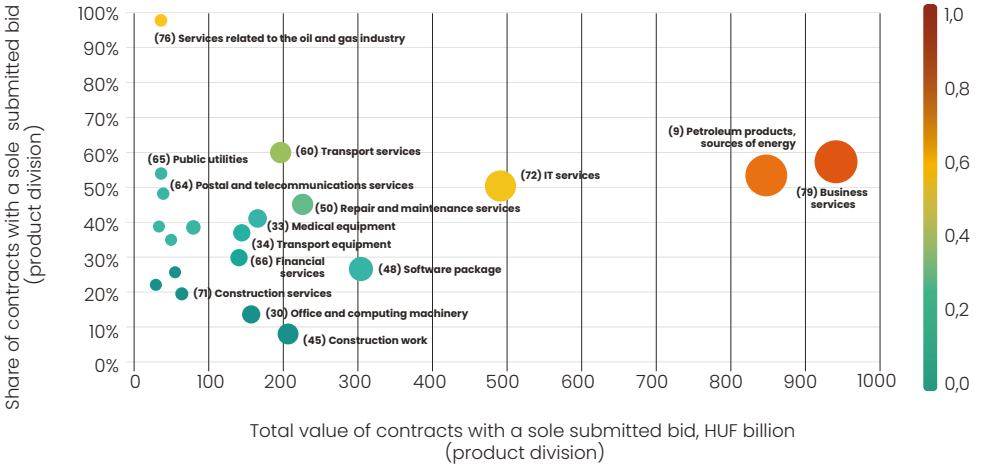
In the diagram below, the CPV divisions are ranked according to the frequency of single-bid public procurement procedures:

FIGURE 9: DISTRIBUTION OF THE NUMBER OF BIDS IN 2025 FOR THE TOP 10 CPV DIVISIONS BY CONTRACT PORTFOLIO ACROSS THE OVERALL PUBLIC PROCUREMENT PORTFOLIO (SHARE OF CONTRACTS WITH 1–4+ BIDS COMPARED TO THE TOTAL NUMBER OF CONTRACTS)



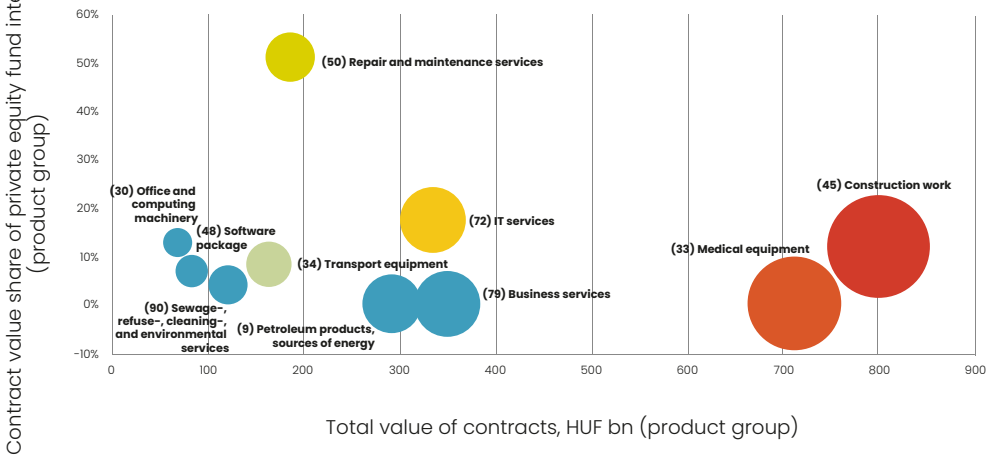
If we consider the period from 2022 to 2025, it is clearly visible that in most CPV divisions with significant contract values, the number of single-bid contracts exceeds the desirable level (framework agreements were also taken into account when calculating the proportion of bids).

Single-bid public procurement procedures between 2022 and 2025, largest product divisions



Private equity fund interests

Share of private equity fund interests in individual product and service divisions of the public procurement market in 2025, Top 10 by contract value



Share of private equity fund interests in individual product and service divisions of the public procurement market in 2025, by contract value

Overall public procurement market						
CPV division	**Number of contracts**	**Of which: private equity fund interests**	**Share of private equity fund interests by number of contracts (%)**	**Total value of contracts (HUF bn)**	**Of which: contracts of private equity fund interests (HUF bn)***	**Share of private equity fund interests by contract value (%)**
(50) Repair and maintenance services	682	28	4,1%	184,6	95,1	51,5%
(45) Construction work	3 186	76	2,4%	798,7	93,7	11,7%
(72) IT services: consulting, software development, internet and support	537	43	8,0%	334,0	58,4	17,5%
(34) Transport equipment and auxiliary products to transportation	620	27	4,4%	163,7	13,7	8,4%
(32) Radio, television, communication, telecommunication and related equipment	117	11	9,4%	48,3	10,4	21,5%
(30) Office and computing machinery, equipment and supplies except furniture and software packages	523	25	4,8%	68,4	8,6	12,6%
(48) Software package and information systems	213	12	5,6%	82,6	5,8	7,0%
(90) Sewage-, refuse-, cleaning-, and environmental services	457	27	5,9%	121,0	5,3	4,4%
(98) Other community, social and personal services	57	12	21,1%	10,1	5,1	50,5%
(71) Architectural, construction, engineering and inspection services	632	37	5,9%	49,5	4,0	8,1%
(64) Postal and telecommunications services	46	13	28,3%	19,8	1,9	9,6%
(60) Transport services (excl. Waste transport)	272	23	8,5%	28,6	1,5	5,2%
(15) Food, beverages, tobacco and related products	1 081	30	2,8%	28,1	1,5	5,3%
(33) Medical equipments, pharmaceuticals and personal care products	1 491	44	3,0%	712,4	1,4	0,2%
(9) Petroleum products, fuel, electricity and other sources of energy	282	6	2,1%	291,2	1,0	0,3%
(79) Business services: law, marketing, consulting, recruitment, printing and security	855	5	0,6%	349,0	0,9	0,3%
(18) Clothing, footwear, luggage articles and accessories	100	1	1,0%	16,7	0,4	2,4%
(65) Public utilities	39	2	5,1%	1,7	0,3	17,6%
(31) Electrical machinery, apparatus, equipment and consumables; Lighting	178	4	2,2%	11,7	0,2	1,7%
(51) Installation services (except software)	68	1	1,5%	5,7	0,2	3,5%
(39) Furniture (incl. office furniture), furnishings, domestic appliances (excl. lighting) and cleaning products	344	6	1,7%	14,5	0,1	0,7%
(37) Musical instruments, sport goods, games, toys, handicraft, art materials and accessories	107	1	0,9%	3,3	0,1	3,0%
(24) Chemical products	435	5	1,1%	14,6	0,1	0,7%
(70) Real estate services	4	1	25,0%	1	0,0	0,0%
EU-funded public procurement market						
CPV division	**Number of contracts**	**Of which: private equity fund interests**	**Share of private equity fund interests by number of contracts (%)**	**Total value of contracts (HUF bn)**	**Of which: contracts of private equity fund interests (HUF bn)***	**Share of private equity fund interests by contract value (%)**
(72) IT services: consulting, software development, internet and support	160	18	0,1%	211,8	27,6	0,1%
(32) Radio, television, communication, telecommunication and related equipment	52	10	0,2%	37,0	9,9	0,3%
(48) Software package and information systems	95	8	0,1%	69,6	4,4	0,1%
(30) Office and computing machinery, equipment and supplies except furniture and software packages	171	16	0,1%	55,1	3,3	0,1%
(45) Construction work	1 106	21	0,0%	277,5	1,6	0,0%
(71) Architectural, construction, engineering and inspection services	206	14	0,1%	11,3	0,5	0,0%
(37) Musical instruments, sport goods, games, toys, handicraft, art materials and accessories	24	1	0,0%	0,4	0,1	0,3%
(34) Transport equipment and auxiliary products to transportation	65	1	0,0%	7,5	0,0	0,0%
(90) Sewage-, refuse-, cleaning-, and environmental services	7	1	0,1%	0,2	0,0	0,0%

Organisations with only successful bids (based on contract value)

Organisations with successful bids only, ranked by awarded contract value (2021–2025)

Overall public procurement market					
	2021–2025				
Ranking	Reg. No	Company	Number of successful bids	Number of unsuccessful bids	Total value of awarded contracts (HUF m)
1	12543300	MVM CEEnergy Zártkörűen Működő Részvénytársaság	5	0	292 500,0
2	25343307	BAYER CONSTRUCT Építőipari és Szolgáltató Zártkörűen Működő Társaság	4	0	173 189,2
3	10841344	STRABAG Rail Korlátolt Felelősségű Társaság	1	0	63 396,6
4	10011822	MBH Bank Nyrt.	3	0	27 644,8
5	13328599	Bokony-OASZT Kereskedelmi, Vendéglátó-ipari és Szolgáltató Zártkörűen Működő Részvénytársaság	9	0	26 022,4
6	10889377	GRÁNIT Bank Zártkörűen Működő Részvénytársaság	2	0	24 644,8
7	12155958	HUNGUEST Hotels Szállodaipari Zártkörűen Működő Részvénytársaság	2	0	23 861,8
8	10688585	OBSERVER Budapest Médiafigyelő Kft.	7	0	23 070,4
9	25510480	Erzsébet Gyermek- és Ifjúsági Táborok Szolgáltató Korlátolt Felelősségű Társaság	4	0	21 874,4
10	10844057	SDA Informatika Zártkörűen Működő Részvénytársaság	47	0	18 504,8
11	26712701	RAW Facility Management Kft.	1	0	16 259,4
12	22777375	ELMS Informatikai Zártkörűen Működő Részvénytársaság.	10	0	15 744,2
13	10542905	OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság	9	0	10 017,2
14	12550753	MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság	4	0	8 964,3
15	10742833	MVM Paksi Atomerőmű Zártkörűen Működő Részvénytársaság	3	0	8 238,9
16	11417273	OPUS TIGÁZ Gázhálózati Zártkörűen Működő Részvénytársaság	8	0	8 234,7
17	32692231	4iG Informatikai Zártkörűen Működő Részvénytársaság	14	0	8 129,3
18	29212420	Marina Motor Korlátolt Felelősségű Társaság	1	0	7 996,8
19	13733952	Ungar Zsolt Grafikai és Szolgáltató Kft.	2	0	7 630,0
20	26885035	Trener Flight Academy Kft.	3	0	7 580,3
EU-funded public procurement market					
	2021–2025				
Ranking	Reg. No	Company	Number of successful bids	Number of unsuccessful bids	Total value of awarded contracts (HUF m)
1	27426802	Duna Asztalt Építő Zártkörűen Működő Részvénytársaság	1	0	138 046,7
2	27427202	Duna Asztalt Projekt Zártkörűen Működő Részvénytársaság	1	0	133 903,5
3	10881423	Duna Group Európa Útépítő Korlátolt Felelősségű Társaság	2	0	107 226,9
4	10841344	STRABAG Rail Korlátolt Felelősségű Társaság	1	0	63 396,6
5	10889377	GRÁNIT Bank Zártkörűen Működő Részvénytársaság	2	0	24 644,8
6	10011822	MBH Bank Nyrt.	2	0	24 644,8
7	25707144	Educational Development Informatikai Zártkörűen Működő Részvénytársaság	10	0	16 503,8
8	22777375	ELMS Informatikai Zártkörűen Működő Részvénytársaság.	6	0	14 233,2
9	10950676	Kőgép Építő- és Fémszerkezetgyártó Zrt.	2	0	13 969,5
10	10537194	OTP Bank Nyrt.	1	0	11 823,2
11	14578959	Intelliflow Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	2	0	8 941,7
12	12181811	HÁNCS Kereskedelmi, Szolgáltató és Termelő Korlátolt Felelősségű Társaság	12	0	8 611,2
13	26950163	Thales Austria GmbH	1	0	5 345,5
14	10458007	UNIQA Biztosító Zártkörűen Működő Részvénytársaság	1	0	4 833,4
15	24832402	I-Cell Mobilsoft Zártkörűen Működő Részvénytársaság	2	0	4 400,5
16	13722009	Integrated Engineering Solutions Kft.	1	0	3 925,5
17	13162018	PÉTÁV Pécsi Távhő-Korlátolt Felelősségű Társaság	1	0	3 772,8
18	PL0730002424	NUCTECH WARSAW COMPANY LIMITED Sp. z oo.	3	0	3 745,8
19	10804580	Termál '94 Vállalkozó, Szolgáltató és Kereskedelmi Kft.	1	0	3 326,4
20	14440791	MSD Pharma Hungary Korlátolt Felelősségű Társaság	2	0	3 271,1

Contracting authority–successful organisation pairs (based on contract value)

Contracting authority–successful organisation pairs in public procurement procedures, ranked by total contract value (combined for the years 2021–2025)

Overall public procurement market

Ranking	2021–2025				
	Contracting authority	Successful organisation	Contracts		Contract number of successful organisation
			number	value (HUF m)	
1	BKK Centre for Budapest Transport	Arrivatbus Korlátolt Felelősségű Társaság	6	539 917,2	19
2	Ministry of Construction and Transport	V-Híd Építő Zártkörűen Működő Részvénytársaság	7	479 773,9	68
3	Ministry of Construction and Transport	Duna Aszfalt Út- és Mélyépítő Zártkörűen Működő Részvénytársaság	8	477 940,7	68
4	National Communications Office	New Land Media Reklám, Szolgáltató és Kereskedelmi Korlátolt Felelősségű Társaság	695	293 376,6	1544
5	Hungarian Gas Storage Private Company Limited by Shares	MVM CEEnergy Zártkörűen Működő Részvénytársaság	5	282 900,0	19
6	National Communications Office	LOUNGE DESIGN Szolgáltató Korlátolt Felelősségű Társaság	673	255 147,7	1544
7	National Communications Office	Lounge Event Korlátolt Felelősségű Társaság	315	188 464,7	1544
8	Ministry of Construction and Transport	STRABAG Építő Korlátolt Felelősségű Társaság	5	156 574,3	68
9	Ministry of Construction and Transport	ZÁÉV Építőipari Zártkörűen Működő Részvénytársaság	3	148 602,4	68
10	Ministry of Construction and Transport	WEST HUNGÁRIA Bau Építőipari Szolgáltató Korlátolt Felelősségű Társaság	3	143 940,9	68
11	Directorate-General for Public Procurement and Supply	B + N Referencia Ipari, Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	5	142 516,7	19
12	Ministry of Construction and Transport	Duna Aszfalt Építő Zártkörűen Működő Részvénytársaság	1	138 048,7	68
13	Ministry of Construction and Transport	Duna Aszfalt Projekt Zártkörűen Működő Részvénytársaság	1	133 903,0	68
14	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	4iG Nyilvánosan Működő Részvénytársaság	102	128 423,5	19
15	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	IMG Solution Zártkörűen Működő Részvénytársaság	199	121 023,9	19
16	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Telekom Rendszerintegráció Zártkörűen Működő Részvénytársaság	261	115 643,5	19
17	Hungarian Public Roads Nonprofit Private Company Limited by Shares	Duna Aszfalt Út- és Mélyépítő Zártkörűen Működő Részvénytársaság	157	109 727,2	39
18	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Deltio Systems Korlátolt Felelősségű Társaság	218	107 309,6	19
19	Ministry of Construction and Transport	Duna Group Európa Útépítő Korlátolt Felelősségű Társaság	1	106 996,1	68
20	Ministry of Construction and Transport	FŐJÁR-BÁL Építő- és Szolgáltató Zártkörűen Működő Részvénytársaság	12	98 487,8	68

EU-funded public procurement market

Ranking	2021–2025				
	Contracting authority	Successful organisation	Contracts		Contract number of successful organisation
			number	value (HUF m)	
1	Ministry of Construction and Transport	V-Híd Építő Zártkörűen Működő Részvénytársaság	3	49 225,1	14
2	Ministry of Construction and Transport	Duna Aszfalt Építő Zártkörűen Működő Részvénytársaság	1	138 048,7	14
3	Ministry of Construction and Transport	Duna Aszfalt Projekt Zártkörűen Működő Részvénytársaság	1	133 903,0	14
4	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	IMG Solution Zártkörűen Működő Részvénytársaság	152	112 466,3	19
5	Ministry of Construction and Transport	Duna Group Európa Útépítő Korlátolt Felelősségű Társaság	1	106 996,1	14
6	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Telekom Rendszerintegráció Zártkörűen Működő Részvénytársaság	232	106 558,7	19
7	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	4iG Nyilvánosan Működő Részvénytársaság	164	93 903,2	19
8	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Deltio Systems Korlátolt Felelősségű Társaság	181	87 310,5	19
9	Mayor's Office of the City of Miskolc with County Rights	MENTŐ Környezetkutúra Korlátolt Felelősségű Társaság	21	82 582,0	11
10	Mayor's Office of the City of Miskolc with County Rights	Colas Út Építőipari Zártkörűen Működő Részvénytársaság	5	66 624,8	11
11	Mayor's Office of the City of Miskolc with County Rights	HE-GO Építő, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	4	66 069,6	11
12	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	ATOS Magyarország Korlátolt Felelősségű Társaság	115	62 584,2	19
13	Ministry of Construction and Transport	STRABAG Rail Korlátolt Felelősségű Társaság	1	53 296,1	14
14	Ministry of Construction and Transport	STRABAG Vasútépítő Korlátolt Felelősségű Társaság	1	51 998,7	14
15	Ministry of Construction and Transport	WEST HUNGÁRIA Bau Építőipari Szolgáltató Korlátolt Felelősségű Társaság	3	53 547,9	14
16	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Oracle Hungary Számítástechnikai, Kereskedelmi és Szolgáltató Korlátolt Felelősségű Társaság	21	50 370,6	19
17	General Directorate of Water Management	Mészkőcs és Mészáros Ipari, Kereskedelmi és Szolgáltató Zártkörűen Működő Részvénytársaság	9	42 032,2	8
18	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	Inter-Computer-Informatika Számítástechnikai és Kereskedelmi Zártkörűen Működő Részvénytársaság	67	38 278,6	19
19	Ministry of Construction and Transport	Építő- és Épületkarbantartó Zártkörűen Működő Részvénytársaság	3	31 797,2	14
20	Digitális Kormányzati Ügynökség Zártkörűen Működő Részvénytársaság	EURO ONE Számítástechnikai Zártkörűen Működő Részvénytársaság	82	30 168,1	19

Chapter 6 – Table of Contents

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6. Analysis of the activities of central purchasing bodies (Annex 2)

6.1 Summary

The analysis prepared within the framework of the Integrity Authority's integrity risk assessment function examines the activities of Hungary's central public procurement bodies, focusing on the lawfulness, efficiency and transparency of the use of public funds, including those provided by the European Union[71].

Against the backdrop of Hungary's challenging economic and geopolitical environment, a stable budget and the reduction of the budget deficit are key priorities, and the effective use of public funds is essential to achieving these objectives. Managing more than HUF 2,450 billion between 2020 and 2024, Hungary's central purchasing bodies can play a significant role in achieving these objectives.

As the largest market participant, the state has substantial bargaining power. Based on this premise, high procurement volumes should generate significant cost savings, and it is reasonable to expect that most purchases should be made at prices below market levels.

A thorough examination and analysis of these systems is justified not only by their significant potential for cost savings but also by the inherently high external and internal operational risks arising from the centralised public procurement model itself. In the absence of adequate oversight, internal controls and internal regulations, the disadvantages of the system – such as restricted competition, overpricing and corruption – may come to predominate, rather than its intended benefits, such as cost effectiveness and security of supply.

The analysis shows that the **current functioning of** Hungary's **central public procurement system lacks sufficient transparency, that key statutory obligations** essential for effective oversight **remain largely unfulfilled, and that the available data do not support claims of cost effectiveness.**

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[71] *Pursuant to Section 9(1) of Act XXVII of 2022 on the control of the use of European Union budget funds ("Integrity Authority Act"), the Authority conducts integrity risk assessments to safeguard European Union funds by assessing the integrity of Hungary's public procurement system.*

The current modus operandi jeopardises the lawful and cost-effective functioning of central purchasing bodies and the compliant use of European Union funds. The analysis identifies several key risks, including corporate group-level concentration in certain product categories, deficiencies in the control environment, and a lack of data provision and transparency. In recent years, the risks associated with the activities of the organisations under review have increased as a result of the growing importance of framework agreements and the failure to implement proposals aimed at improving procurement procedures.

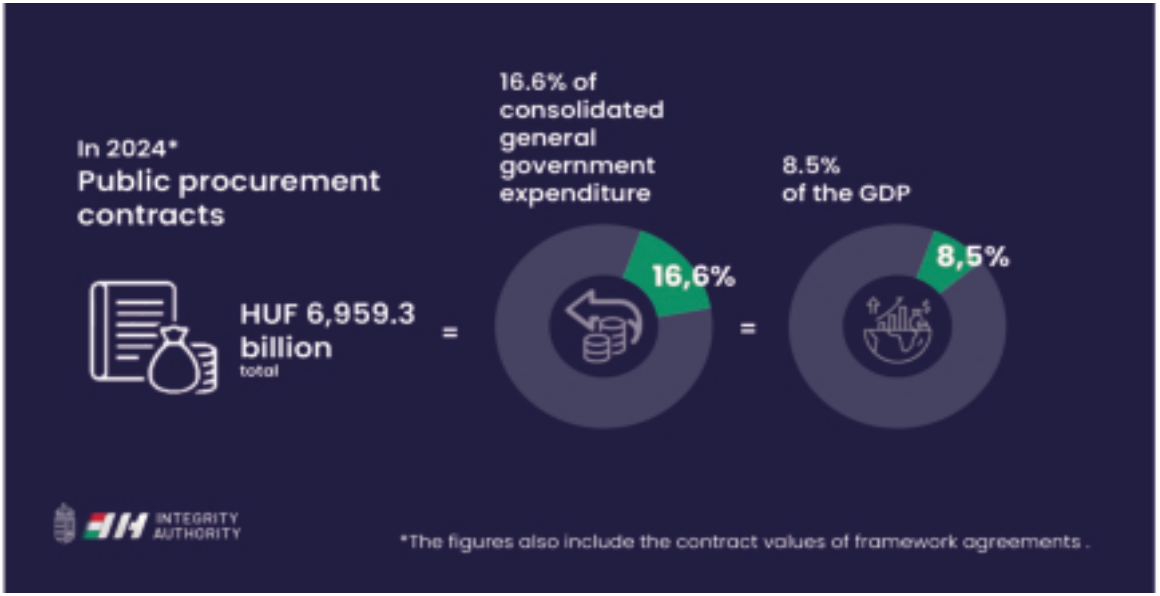
Besides numerous other data points, the analysis also presents the companies **with the largest proportions** in the past two years among contracts awarded under framework agreements, covering the most important product categories for which data are available. The analysis highlights cases where, in certain product categories, the combined share of companies belonging to the same corporate group significantly exceeds the share of individual companies. It also discusses areas such as communications, where the proportion of contracts awarded under framework agreements is exceptionally high.

Transparent operation and compliance with legal obligations are essential for improving the system, ensuring cost-effectiveness and preventing abuse. The objective of the analysis is to identify the challenges and formulate development proposals for establishing a centralised public procurement system that effectively serves the public interest and optimises the use of public funds.

In the annex to the analysis, the Authority sets out its proposals in a structured manner, the implementation of which could significantly reduce the currently high risks that are increasing in certain areas.

6.2 Introduction

In the current environment, which poses multiple serious challenges to the country's economy, it is perhaps more important than ever that public expenditures are made efficiently, in a targeted manner, and at market prices or better. As a responsible steward of public resources, the state must pay special attention to safeguarding public funds. This is particularly true for public procurement procedures conducted by the state, which account for a significant share of public expenditure.



One of the key objectives of establishing the public procurement system is to ensure the cost-effective use of public funds based on the principle of the best value for money. Both the establishment of the centralised public procurement system and the organisational and procedural changes implemented over the past decades were intended to serve this objective.

The operation of central purchasing bodies can offer a number of advantages, provided that it is properly managed. That is precisely why the centralisation of public procurement, implemented through the establishment of central purchasing bodies, is a widespread practice in OECD countries[72]. Section 2.1 examines the importance of the public procurement market in greater detail.

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[72] *In OECD countries, the establishment of centralised public procurement bodies is a widespread practice, whereby certain products and services are procured centrally. Cost savings resulting from aggregated procurement, a reduced administrative burden, greater security of supply, and the involvement of a professional procurement organisation are among the principal objectives and benefits of centralised public procurement.*

On the other hand, public procurement is associated with a high risk of corruption. The November 2024 report on the analysis and assessment of high-corruption-risk areas in the European Union identifies public procurement as the highest-risk area, ahead of healthcare, the financial sector, infrastructure, defence, and sport.[73]

International experience demonstrates that central purchasing bodies can operate cost-effectively while benefiting from economies of scale, ensuring security of supply, and delivering better value for money in the use of public resources. Conversely, a poorly functioning system may undermine these intended objectives, resulting in the inefficient use of public funds and harming public finances. Central purchasing bodies can deliver significant added value when operating within a well-designed legal, control and performance measurement framework, including higher professional standards, more uniform conditions, better capacity utilisation, and the integration of strategic objectives (e.g. green public procurement). At the same time, international experience suggests that it is essential to measure performance regularly using a well-established methodology, while also ensuring transparency and effective risk management in order to mitigate the problems experienced.

One of the Integrity Authority's key missions is to carry out data-based analysis of public procurement processes, examine the objectives referred to above, and assess the integrity of Hungary's public procurement system. In this analysis, the Integrity Authority examined the activities of central purchasing bodies to assess their cost-effectiveness and the compliant management of public funds.

The assessment of Hungary's public procurement market is presented in section 2.2, while section 3 of the analysis identifies critical areas in the functioning of central purchasing bodies, such as the possibilities of assessing cost-effectiveness and the lack of transparency, and also outlines the main steps used during data cleaning. Section 4 presents the **concentration analysis,** which does not demonstrate cost-effectiveness but highlights adverse market-restricting effects.

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[73] *High-risk areas of corruption in the EU: A mapping and in-depth analysis. Anna Persson, Mark Worth, Petra Jeney, 4 November 2024. Report by Ecorys, the University of Gothenburg and the Local Research Correspondents on Corruption for the European Commission, Directorate General Migration and Home Affairs.*

Basic concepts used in the analysis[74]

"Public procurement procedure": A special procurement procedure that certain organisations ("contracting authorities") are required to conduct when awarding contracts for pecuniary interest above a specified threshold.[75]

"Contracting authority": An entity, organisation, or individual, typically managing public funds, required by law to conduct public procurement procedures.

"Bidder": A person who submits a bid in a public procurement procedure.

"EPPS", or "Electronic Public Procurement System": An IT system maintaining a central register of public procurement procedures and supporting the electronic management of public procurement procedures. The management of the EPPS is the government's responsibility.

"Framework agreement procedure": A procedure designed to manage aggregated procurement needs over a specified period where the exact requirements cannot be determined in advance. Its purpose is to establish the essential terms of the contracts to be concluded during that period (e.g. price and anticipated quantity) between one or more contracting authorities and one or more bidders, on the basis of which individual procurement procedures are subsequently carried out. Framework agreements are concluded with one or more bidders, and on the basis of those agreements, contracting authorities may enter into individual contracts to satisfy their specific procurement needs. Actual procurement is carried out by contracting authorities based on the provisions of framework agreements, either by direct purchasing orders, contract conclusion following written consultation, reopening of competition, or a combination thereof. The stated objective of framework agreements is to ensure speed and efficiency by pre-selecting economic operators.

"Central purchasing body": The contracting authority responsible for centralised public procurement procedures. Currently, the vast majority of central procurement tasks are

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[74] The definitions of the basic concepts are provided solely for ease of understanding. The concepts defined here and the detailed rules applying to public procurement procedures and the contracts to be concluded under public procurement procedures are set out in Act CXLIII of 2015 on public procurement ("PPA") and its implementing regulation.

[75] The detailed rules of conducting the procedure are set out in the PPA and the related legislation.

performed by the following three state actors. Accordingly, this analysis focuses on these entities:

- **Directorate General for Public Procurement and Supply (DGPPS);** whose responsibilities include – among other things – the central procurement of the product categories of hospital equipment, medical devices, motor vehicles, fuel cards, furniture, and international travel management;

- **Digital Government Agency (DKÜ);** the institution, established in 2019 and a significant actor in the public procurement market from 2020 onwards, is primarily responsible for the central procurement of governmental IT developments and purchases;

- **National Communications Office (NCO);** responsible for central procurement in communications and organisational development.

Central purchasing bodies often enter into framework agreements.

"Centralised public procurement": The activity carried out by central purchasing bodies whereby the central purchasing body procures supplies or services for the purpose of resale to contracting authorities, or concludes contracts or framework agreements for the procurement of supplies, services or construction projects on behalf of such contracting authorities.

In a centralised public procurement procedure, the competent central purchasing body contributes to meeting the contracting authority's procurement needs in accordance with the applicable legislation.

"Contract award notice": A document that contains and publishes information on the outcome of a public procurement procedure. The notice must be completed based on the template set out in legislation, which, among other things, specifies the type of public procurement procedure under the applicable legislation, as well as the identity of the contracting authority and the bidders – including the successful bidder.

"Database of Contract Award Notices": A database containing key information extracted from the contract award notices of all public procurement procedures available on the website of the Electronic Public Procurement System.

"Public Procurement Contract": A written contract concluded between the contracting authority and the winner(s) of a public procurement procedure.

Importance of the public procurement market

The scale of the public procurement market is illustrated by the fact that in 2024 the value of public procurement contracts[76] amounted to HUF 3,636 billion, corresponding to 9.8% of consolidated public finance expenditures and 4.5% of GDP.[77] Based on data from the first half of 2025 (excluding framework agreements), a significant decline in the scale of public procurement can be projected: the total value of contracts may amount to 1.5% of GDP and 3.3% of consolidated public finance expenditure.

Within the public procurement market, the total value of contracts concluded by central purchasing bodies under framework agreements amounted to HUF 770.7 billion in 2024, corresponding to 2.1% of consolidated public finance expenditure and 0.9% of GDP. Based on data from the first half of 2025, these ratios are also expected to decrease significantly, falling to 0.7% of consolidated public finance expenditure and 0.3% of GDP.



The figure shows the value of FA2 contracts concluded under framework agreements by type of purchasing entity. Contract values between 2020 and 2024 (HUF bn)[78]

[76] *The data do not include the (ceiling) value of framework agreements.*

[77] *In 2020, the ratio of public procurement contract values to consolidated public finance expenditure and GDP was 12.6% and 6.7%, respectively; in 2021, 16.5% and 8.0%; in 2022, 15.4% and 7.1%; and in 2023, 8.6% and 4.1%, respectively.*

[78] *The DGPPS data are not included in the chart because of the lack of data experienced on the EPPS platform.*

Because of the size of the market and the risk of corruption, among the Integrity Authority's key missions are assessing the integrity of Hungary's public procurement system, conducting data-based analyses of public procurement processes, and assessing whether cost-effectiveness is achieved.

The concentration of public purchases through central purchasing bodies inevitably has a market-restricting effect. Over the past five calendar years, between 2020 and 2024, the total value of contracts concluded under framework agreements[79] of central purchasing bodies amounted to HUF 2,451.6 billion, corresponding to 0.75% of the combined GDP for the period.

The inherent risk associated with centralised public procurement systems is high. International academic literature identifies several key risk areas. Without aiming to be exhaustive, such areas include the loss of cost-effectiveness, overpricing, market concentration and corporate links, the creation of the appearance of competition through collusive practices, and the inherently high risk of corruption (stemming from the management of large amounts of funds that are not the actors' own resources, limited transparency, a low risk of detection in the event of abuse, and actors' political ties). Corruption risks are significant and complex in markets where suppliers applying for public funding operate in quasi-monopolistic positions. High concentration represents a particularly risky situation, as, according to OECD estimates, corruption-related losses amount on average to 20–25% of public procurement expenditure internationally.[80]

It is advisable and customary to manage such known and anticipated risks, which have a high probability of occurrence, by establishing an equally complex and multifaceted control environment:

- The lack of competition can be addressed by increasing the transparency of public procurement procedures, involving independent experts, and conducting regular market analyses aimed at mapping potential suppliers;

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[79] *It contains contract data uploaded to the Electronic Public Procurement System platform. Based on data provided by central purchasing bodies on contracts concluded under framework agreements, their total value between 2020 and 2024 is estimated at HUF 2,700 billion, corresponding to 0.83% of the aggregate GDP for the five-year period.*

[80] *OECD (2014), OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials, OECD Publishing, Paris, https://doi.org/10.1787/9789264226616-en.*

- Information asymmetry ("those already inside know more") is addressed through the development of detailed technical specifications, the organisation of mandatory on-site visits and consultations, and the involvement of independent technical supervisors;

- Political ties are addressed by strengthening conflict of interest rules, extending and monitoring asset declaration obligations, and regulating and making lobbying activities transparent;

- Collusion between bidders is addressed by identifying links between bidders, detecting suspicious bidding patterns, and establishing a whistleblower system;

- The development of the control system is ensured through the implementation of a risk-based internal audit plan, the regular conduct of external independent audits, and the regular assessment of corruption risks;

- Corrupt behaviour is addressed through appropriate sanctions and incentives, namely by strictly sanctioning corrupt conduct and rewarding behaviour that strengthens integrity.

Analysis of Hungary's public procurement market

Because of the high inherent risk present in centralised public procurement systems, the Authority paid special attention to this area in its analytical work, in both its integrity risk assessments for the years 2022 and 2023 and in its annual integrity reports for each year between 2022 and 2024[81]. This increased level of attention reflects the importance of the area and the seriousness[82] of the inherent risks associated with it. In these reports, the Integrity Authority made multiple recommendations for the further development of the centralised public procurement system. These include the following:

- enhancing transparency by publishing the data provided by central purchasing bodies,

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[81] Reports - Integrity Authority

[82] *Such risks include contracts of significant volume and value, complex processes that are difficult to understand and control, as well as the need to manage large volumes of data.*

- establishing a unified control system that oversees the public procurement process as a whole,

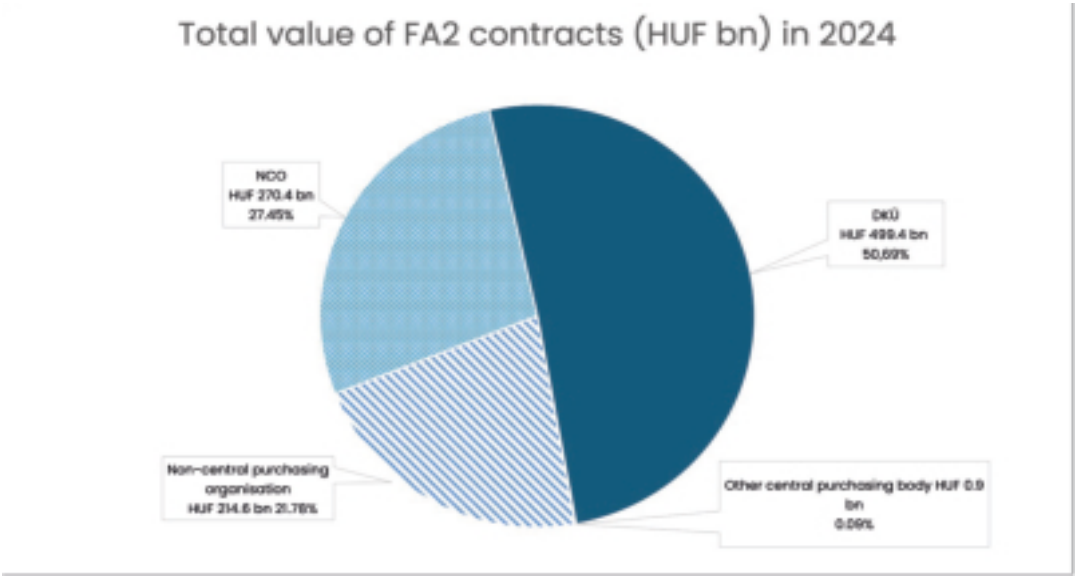
- developing and implementing risk-based control methodologies, as well as a more efficient enforcement of conflict of interest rules.

These recommendations all serve the objective of mitigating the risks inherent in a centralised public procurement system while enhancing its efficiency and integrity.

Based on the risk factors identified in its earlier reports, the Integrity Authority conducted further analyses. These assessments served a dual purpose: on the one hand, to evaluate whether already identified risks are managed appropriately, and on the other hand, to assess the extent to which the operation of the centralised public procurement system fulfils its original objectives.

One of the prerequisites for these analyses is access to **public procurement data**. During the data collection conducted for its reports and for this analysis, the Authority found that fundamental public procurement data, which are required by law **to be made publicly available,** are only **partially accessible,** and that even the available data are **inconsistent.** Relevant information is not fully disclosed, as contracting authorities do not provide complete transparency regarding the relevant data. This practice is **contrary to the applicable legal provisions.**

The Integrity Authority submitted a data request to the central purchasing bodies, the National Communications Office (NCO), the Digital Government Agency (DKÜ), and the Directorate General for Public Procurement and Supply (DGPPS), regarding detailed information on framework agreements. The Authority received analysable information covering the entire requested period (2020–2024) only from the DGPPS.



The chart presents data on contracts concluded under framework agreements that were made publicly available in 2024.[83]

The disclosure and accessibility of data are regulated by legal provisions. The availability of the data requested by the Integrity Authority is required by law, and the central purchasing bodies were also legally obliged to provide the requested data pursuant to the provisions of Act XXVII of 2022 on the control of the use of European Union budget funds (Integrity Authority Act).

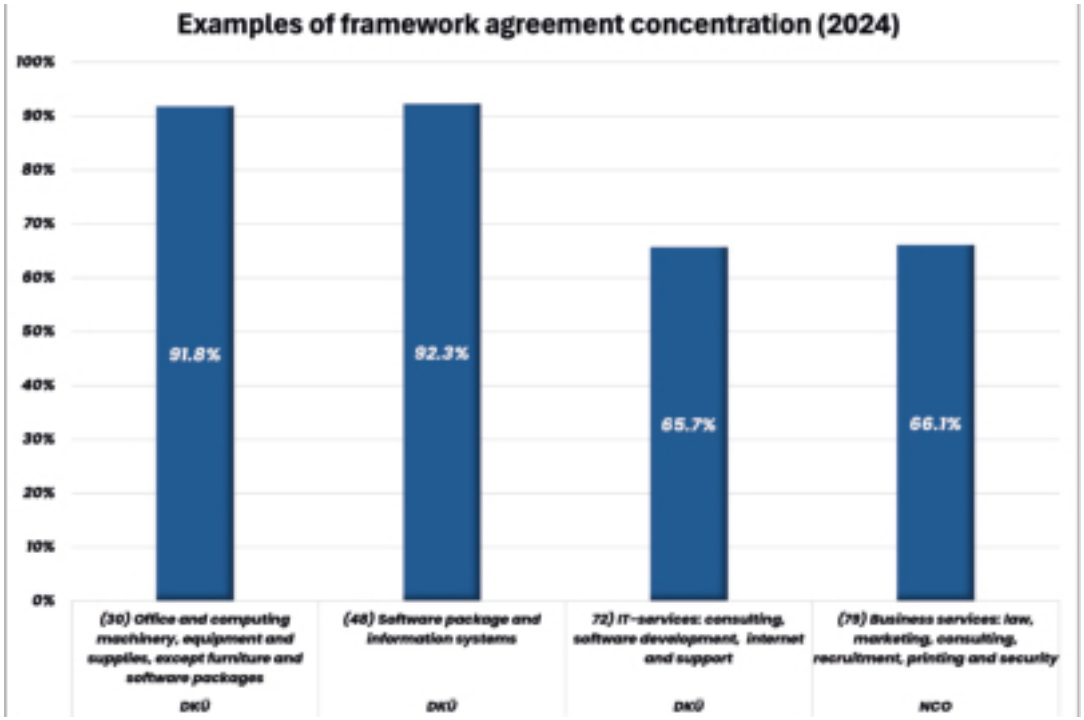
In August 2024, the Authority once again contacted the central purchasing bodies and, in addition to confirming the data requests, proposed holding several consultations in 2025. The purpose of these consultations was to enable the purchasing bodies to provide an overview of their own operations, present their centralised public procurement system based on factual information, share the results of their controls and analyses

[83] *The data of the DGPPS are not presented in the chart, due to the lack of data experienced on the EPPS platform.*

(or, at least, their plans in this regard), and thereby assist the Authority in forming its position. The bodies contacted declined the proposed consultations or cancelled the appointments that had already been scheduled.

The Authority also relied on data published in the EPPS when conducting its analysis; however, the use of these data necessarily imposes certain limitations on the analysis. Based on the above, the Authority's access to data and the measures taken to resolve inconsistencies were only partially successful. Taking this into account, the Authority also considers **promoting the widest possible data transparency** to be an important function and has **formulated this as a recommendation** for the organisations under review.

At the same time, even with the limited scope of the available data and information, it is clear that in certain market segments (e.g. information technology and communication), **the share of centralised public procurements conducted through framework agreements, as well as the concentration of corporate groups linked to certain individuals, is exceptionally high.**



The figure shows the proportion of contract values awarded under framework agreements for selected CPV product divisions. The reference base is the total contract portfolio of the product division (excluding framework agreements). The 2024 data present three DKÜ areas (Office and computing machinery, equipment and supplies, except furniture and software packages; Software package and information systems; IT services: consulting, software development, Internet and support) and one NCO area (Business services: law, marketing, consulting, recruitment, printing and security).

Over the past two years, the Authority has examined the state control environment related to public procurement and the distribution of European Union funds and has found that the design of controls is often inadequate and their implementation frequently ineffective. The Integrity Authority highlighted these risks and weaknesses in both the 2022 and 2023 Integrity Reports and Integrity Risk Reports, as well as in the 2024 Integrity Report.

In the Authority's opinion, the concentration of certain product categories through centralised public procurement, weaknesses in the control environment, and the lack of data provision and transparency are risk factors whose combined presence is critical and jeopardises the lawful and cost-effective functioning of central purchasing bodies and the proper use of European Union funds.[84]

6.3 Critical areas in the functioning of central purchasing bodies

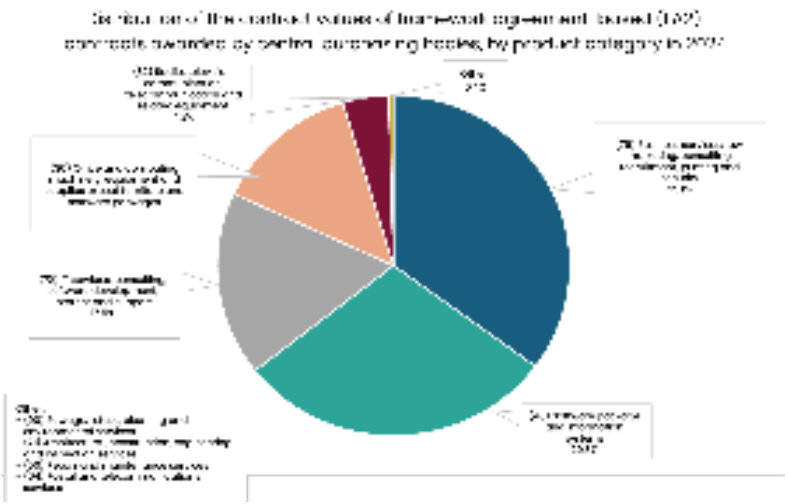
In Hungary, the value of public procurement procedures conducted through framework agreements increased steadily between 2020 and 2024, both across the overall framework agreement market and among public procurement procedures under framework agreements involving EU funding.[85] The total value of procurement procedures conducted under the framework agreements of central purchasing bodies increased from HUF 90.9 billion in 2019 to HUF 278.7 billion in 2020, followed by HUF 476.9 billion in 2021, HUF 416.8 billion in 2022, and HUF 508.5 billion in 2023. In 2024, the value of the contract portfolio increased by more than 50% compared with the previous year, reaching HUF 770.7 billion.

Given the high operational risks associated with public procurement systems and the fact that their cost-effectiveness cannot be taken for granted, it is necessary to continuously monitor and assess the critical areas of their operation. Coordinating the product and service needs of various institutions and conducting joint public procurement procedures typically involve the use of framework agreements. In this context, several aspects can be assessed, such as the flexibility and speed with which emerging procurement needs are addressed; however, cost-effectiveness must also remain a key consideration.

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[84] *44.3% of the contract portfolio of the three key central purchasing bodies between 2020 and 2024 involved the use of EU funds.*

[85] *This increase was primarily driven by construction works, business services, and various IT procurements, the latter of which were financed almost entirely from European Union funds. Approximately 45% of construction projects were financed from EU funds, whereas business services were financed entirely from domestic funds in 2022.*



Based on international experience, the benefits of framework agreements can be realised provided that market conditions are regularly reviewed throughout their duration, opportunities are provided for new market participants to join, and the participation of small and medium-sized enterprises is encouraged.

The Authority's analysis identified the issues of cost-effectiveness/returns and transparency as critical areas and procurement procedures under framework agreements (the procurement method typically used by central purchasing bodies).

Cost-effectiveness

International best practice shows that **it is appropriate to compare the actual benefits achieved with the expected benefits.** This is also supported by the OECD's international comparative analysis[86], as a number of European countries (e.g. Austria, Estonia, Lithuania,

[86] *In 2024, a cooperation was established between the Integrity Authority and the OECD, under which the OECD, amongst other things, provided international methodologies and international comparative analyses for the analyses conducted by the Authority in the 2023 Annual Integrity Report.*

Italy and Norway) use the cost savings achieved as a key performance indicator of their centralised public procurement systems.

Hungary's centralised public procurement system experienced significant growth between 2019 and 2021. This increase can be attributed primarily to the rapid expansion of the framework agreement-based contract portfolio for IT procurements. In the case of the DKÜ, its total value increased to HUF 171.7 billion within two years. Following more moderate growth in 2022 and 2023, the value of the contract portfolio increased by 55.6% in 2024, from HUF 508.5 billion in the previous year to HUF 770.7 billion. The significant growth in 2024 is partly based on the increase in the DKÜ contract portfolio (from HUF 359.7 billion to 499.4 billion – 38.8%) and partly on the rise in the NCO contract portfolio (from HUF 141.1 billion to 270.4 billion, 91.6%). According to the limited data available, the total value of contracts concluded under framework agreements in the centralised public procurement system reached HUF 2,542.4 billion between 2019 and 2024 (it is assumed that the actual value significantly exceeds this).

Given the significant scale of centralised public procurement, an important question is whether it actually delivers better value for money. To assess cost-effectiveness, it is necessary to compare the prices of individual transactions; however, proper information is not available for this comparison. **At this level of public expenditure, it is a fundamental expectation to provide justification for the optimal use of public funds, measure cost-effectiveness, and incorporate lessons learned.**

Among the central purchasing bodies examined, available information indicates that, in 2022–2023, the DGPPS and the DKÜ operated systems for monitoring market prices; however, the Authority has no information regarding their content or methodology. The NCO does not monitor market price trends, which is fundamentally at odds with the intended purpose of the model[87].

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[87] *According to the Performance Measurement Framework set up by the Ministry of Public Administration and Regional Development, presenting public procurement trends in 2023 (first attached pdf file on page 291, available at https://ekr.gov.hu/portal/hirek/8798812927320*

In its integrity reports[88] covering the period 2022–2024, the Integrity Authority made a recommendation to the Government concerning the assessment of the cost-effectiveness of centralised public procurement. In its response, the Government explained that it does not support the assessment of prices solely on an objective basis, as price alone cannot serve as an adequate metric because it does not reflect other synergies (e.g. time savings, security of supply, expertise). It further stated that the type of system-level cost-effectiveness measurement requested by the Integrity Authority cannot be performed[89]. The justification for the centralised public procurement system is also provided by the synergies formulated in the Government's response (time savings, security of supply). At the same time, the Integrity Authority's position was not that cost-effectiveness should serve as the sole metric, but rather that neglecting this metric constitutes a significant integrity risk and that the impacts can be quantified and measured using existing methodologies or methodologies that can be developed relatively easily. In the absence of backtesting these effects and with the cost-effectiveness aspect disregarded, **the fundamental function of the system is compromised,** resulting in several significant consequences, including a **lack of transparency and verifiability, increased costs, and the loss of EU funds.**

Based on the available information and the assessments conducted, it can be established **that the lack of backtesting processes significantly undermines the original objectives of the centralised public procurement system, such as the optimal allocation of public resources and the effective pursuit of public interest.**

A specific example can be cited where, in its own public procurement procedure, the Authority was able to procure the same technical scope at a significantly lower price, amounting to only 20.46% of the price listed in the DKÜ's framework agreements, than the price available under the DKÜ's daily price list[90]: Instead of HUF 1,859,074,765, the purchase was made at HUF 380,429,075, resulting in cost savings of nearly 80%, or almost HUF 1.5 billion.

The Authority is committed to the efficient use of both European Union and domestic funds. The Integrity Authority considers it essential to ensure and regularly measure the

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[88] Pursuant to Sections 11–13 of the Integrity Authority Act, the Authority prepares an annual analytical integrity report, which is to be published by 30 June each year. The Government responds to the findings of the report within three months of its publication. Integritas_Hatosag_Eves_Elemzo_Integritasjelentes_20220629.pdf; 2023-Eves-Elemzo-Integritasjelentes.pdf

[89] Dr_Navracsics-T_level_Biro-F_-Int.Hat_.-2023.-eves-jelentes_melleklet.pdf

[90] Based on data as of 9 December 2024

cost-effectiveness of Hungary's centralised public procurement system, irrespective of the source of funds. **The Authority is offering, and has already offered on several occasions, to develop an objective measurement methodology and conduct the assessment on an annual basis.** These steps enable the continuous development and optimisation of public procurement processes, thereby ensuring the efficient and transparent use of both EU and domestic funds.

Transparency and the analysis of centralised public procurement

In its reports, the Integrity Authority also made several recommendations relating to enhancing the transparency of centralised public procurement procedures. Some of these recommendations concerned ensuring data accessibility. The Authority also found that public procurement procedures conducted under framework agreements by central purchasing bodies are the least transparent, particularly because data on contracts concluded at the second stage of the procedures are only partially uploaded to the Database of Contract Award Notices.

The analysis of the centralised public procurement system presented here was based on the methodology described in the integrity reports covering the period 2022–2024. The framework agreement and concentration analysis is primarily based on data available in the EPPS. The near-comprehensive database of contract award notices can be freely downloaded from the website. This contains identification data on individual procedures, information on the characteristics of their specific types, as well as details of the winners and contract amounts. In addition to the database of contract award notices, the analysis also used framework agreement data provided by the central purchasing bodies.

The EPPS Database of Contract Award Notices is an "*administrative database*", i.e. a dataset compiled from data entries required by law. A great advantage of administrative databases is their comprehensiveness and, generally, their uniform structure. Their disadvantage is that errors, inconsistencies, and misunderstandings arising during data entry are generally retained without correction (systematic data cleaning). The indiscriminate collection of data may therefore result in misleading findings.

The main inaccuracies of the EPPS Database of Contract Award Notices:

- missing identification data (e.g. either element of the tax number–name pair);
- inaccuracies in identification data arising from the lack of unified criteria or verification (e.g. tax numbers recorded in multiple formats, inconsistent use of names);
- incorrect information due to misunderstandings by the data recorder (e.g. identifying a *contract concluded under a framework agreement as an FA1* procedure).

Misleading findings arising from such inaccuracies may take several forms. For example, in some cases, a missing tax number may distort data on the public procurement procedures won by a particular company and the corresponding contract values. To mitigate the impact of the described sources of error, corrective data cleaning steps were applied.

The most important data cleaning steps

If a "Joint information" contract notice type was associated with a procedure recorded as "aimed at a framework agreement", the value of this variable was changed from "Yes" to "No". An exception to this is the dynamic purchasing system, where the announcement of a framework agreement in the form of a "Joint information" notice cannot be ruled out.

Contracts concluded under framework agreements are not identified as such in the Database of Contract Award Notices; however, their identification is important for the purposes of the analysis. We considered those (non-FA1) procedures to have been conducted under a framework agreement where

- the EPPS identifier matches the framework agreement identifier (in the case of a dynamic purchasing system, an additional criterion is that the contract notice must be dated later than the framework agreement notice); or
- the value of the "Type of procedure" includes the fragment "keretmeg".

Information relating to procedures identified as framework agreements and to FA2 procedures was consistently taken into account throughout the analysis. For example, the contract portfolios awarded to individual companies and consortia were analysed, excluding (i.e. filtering out) FA1 procedures.

The following steps were taken to verify and clarify the name and tax information of individual companies:

- removal of leading and trailing spaces;
- if the check value formed from the first 8 characters of the tax number confirms this, then it is considered as the company registration number (validated tax number);
- if only the name of the contract winner was available, or the tax number was invalid, the missing valid tax number was identified, where possible, using three methods:
    - the use of a valid and unambiguous (or the "most recent") tax number belonging to the same name in another procedure; or
    - the use of a tax number that could be matched to the company name based on the company database; or
    - the use of the tax number associated with the name in the Bidders' Database received for the purpose of the analysis.

As a basic principle, the tax number identified in this way will be associated with all the proper names appearing in the database. (As a result, each company name is associated with the valid tax number identified for it.)

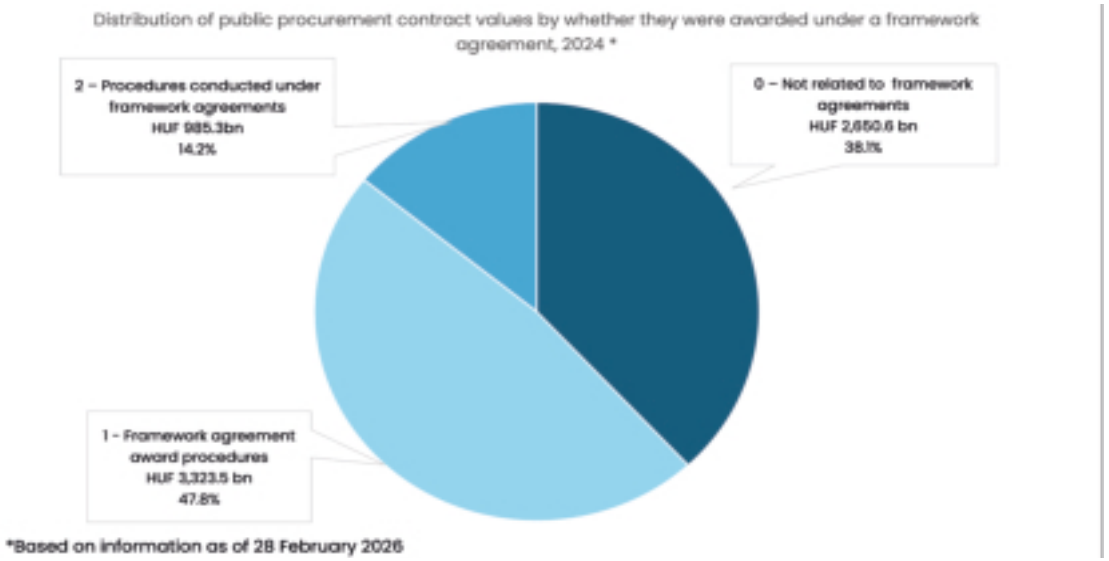
An important part of the analysis is the examination of CPV divisions and groups. This is based on the fact that the CPV codes of the products covered by each procedure are available in the contract notice database, from which the corresponding CPV division and group (represented by the first two and three digits, respectively) can be identified. Where the products listed for a procedure fall into multiple CPV divisions or groups (a rare occurrence, affecting less than 1% of procedures), the CPV division or group corresponding to the product code(s) with the highest expenditure between 2019 and 2024 was selected.

In addition to the above, all variations of the names and identification numbers of the central purchasing bodies were taken into account to ensure their unambiguous identification (using a CASE WHEN structure). Additionally, prior to the publication of the results, valid tax numbers are mapped to company names using the company database.

6.4 Concentration analysis

Based on information uploaded to the EPPS[91] platform[92], the Authority examined the data, processes and outliers of centralised procurement procedures and framework agreements by product category.

The following chart illustrates the significance of framework agreements and the activities of central purchasing bodies.



[91] Electronic Public Procurement System

[92] *Pursuant to Section 2(1) of Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement, the central purchasing body is also obliged to record, among other information, the notice on the outcome of the procedure, the data relating to the contracts and their performance, as well as the entire documentation of the procedure in the EPPS system. The legal provision also sets out that in case of using a framework agreement, in relation to an individual contract concluded under a framework agreement, the value of the joint bidders' planned share of the contractual consideration at the time of contract conclusion, as well as their actual share following the performance of the contract, must be recorded. These data are incomplete, as described in the following sections.*

Centralisation: cost-effectiveness or market restriction?

The centralisation of the public procurement market does not have an inflationary effect only when large-scale procurement tailored to the needs of a large number of organisations is accompanied by a clear price reduction. The usual way to maintain competition is to keep the public procurement supplier market open to "new entrants" (suppliers), despite centralisation and the use of framework agreements.

As price comparison is only partially possible due to the previously indicated lack of data, in the Authority focused on examining the **possibility of market entry**, in its data analysis of the market-restricting effects, the Authority focused on examining the possibility of market entry. In the case of framework agreements, the market for a given product category remains open if:

- framework agreements do not dominate the market, meaning that a significant number of additional procedures are initiated. In this case, the circle of winners is not limited exclusively to those selected during the framework agreement process, or

- no company or group of companies (or their close circle) dominates the "call-offs" related to the framework agreement or the contracts actually concluded. This requires that framework agreements be concluded with a broader range of organisations and that the distribution of the amounts of subsequent orders remains balanced among individual companies or corporate groups.

Our concentration analysis focused on these two issues.

a) Centralised product categories

The Authority's examination involved comparing the total value of contracts concluded under framework agreements with the total contract portfolio in the relevant product category and year. This ratio indicates the extent to which framework agreements dominate the market for the given product. For example, a low share of 10% of contracts concluded under framework agreements within a given product group compared to the total contract portfolio indicates that the total value of the contracts concluded

- by a central purchasing body
- in a given year
- in a specific product category

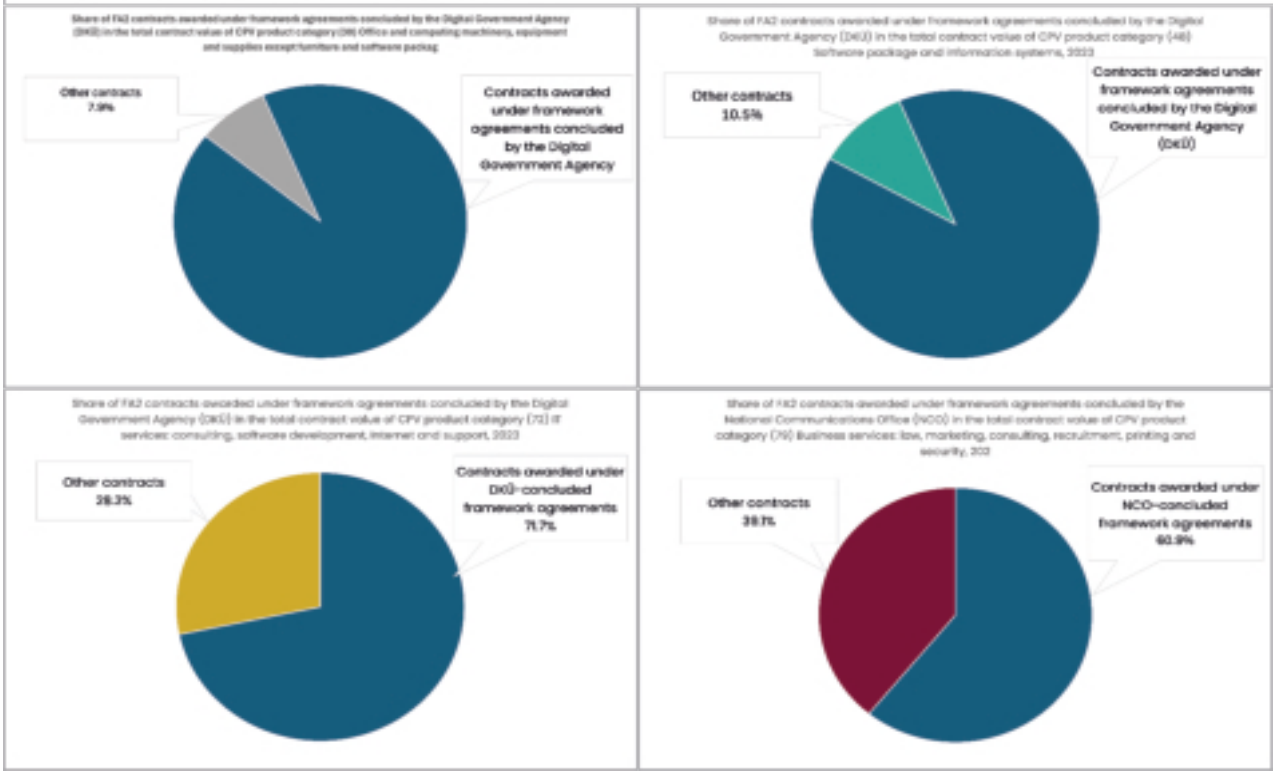
under framework agreements accounted for 10% of the total annual value of contracts.[93] (In other words, the reference value includes all public procurement contracts concluded in the given year, regardless of whether they were concluded under framework agreements or not)

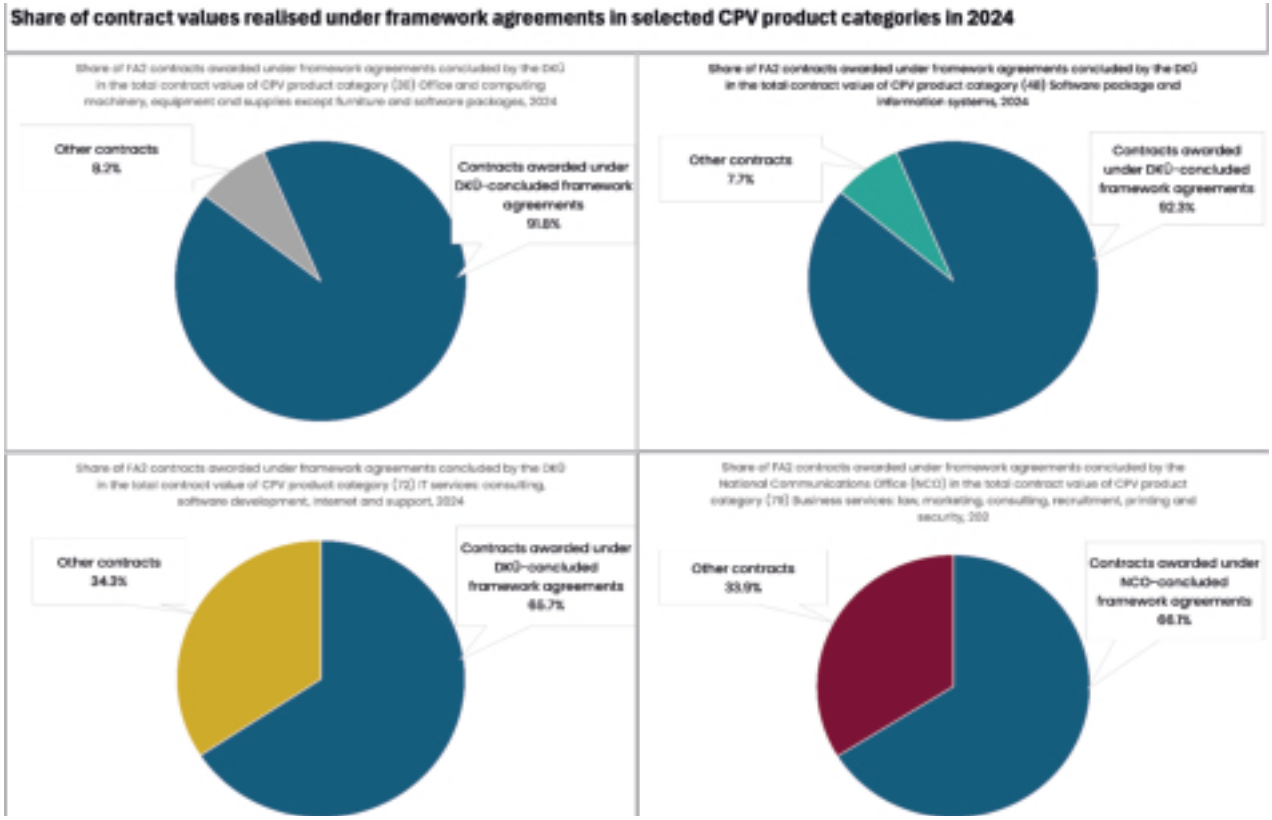
A ratio of 80–90% indicates the dominance of framework agreements in a specific segment. It indicates that in a given product category and calendar year, a large proportion of the total value of announced contracts was attributable to framework agreements concluded by a particular central purchasing body. In this case, framework agreements are genuinely dominant in the public procurement market of the product category.

The diagram below shows, among other things, that in 2024, 92.3% of software packages and information systems (CPV: 48) on the public procurement market were procured under framework agreements; the dominance of framework agreements can also be observed in the case of office and computing machines, equipment: 91.8% of this category was purchased under framework agreements.

[93] *This analysis assessed the coverage of public procurement procedures within specific product categories as follows: low: <20%; medium: 20-50%; high: 50-80%; outstanding: >80%.*

Share of contract values realised under framework agreements by CPV product category in 2023





These processes can be identified annually using indicators for the larger product divisions (CPV divisions), which typically have a contract portfolio exceeding HUF 10 billion per year.

Accordingly, the dominant effect of the framework agreements is clear in the case of the following product categories:

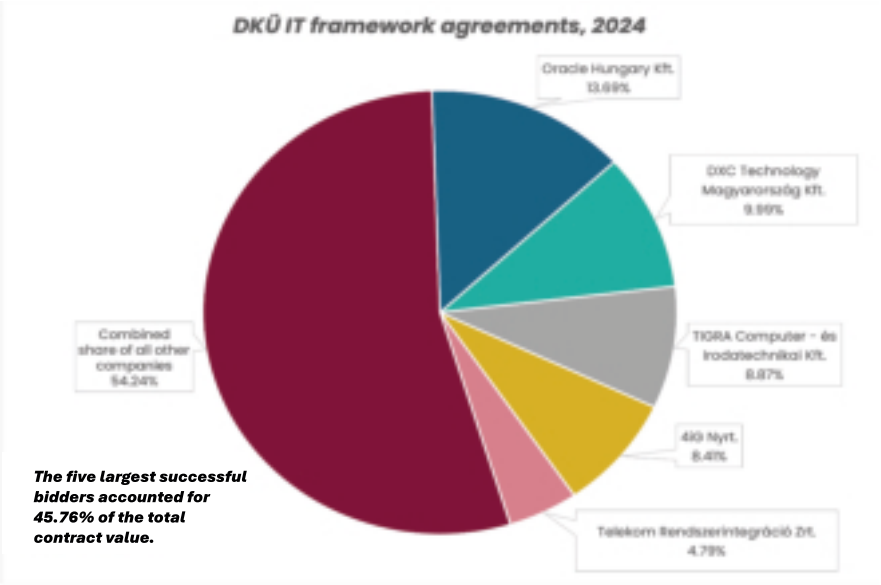
- Among IT product categories, the **sales of software packages and information systems** (CPV: 48) show that the procurement contracts concluded under the DKÜ's framework agreements accounted for 89.5% of the contract portfolio in 2023, and 92.3% in 2024 (whereas in 2022, this ratio was 81.9%); the total value of the contracts concluded under the DKÜ's framework agreements in the product division of **office and computing machines** (CPV: 30)

increased in 2023 and 2024. Accordingly, the DKÜ's share within the product category also increased significantly, rising from 30.2% in 2022 to 92.1% in 2023, and 91.8% in 2024.

- In 2023, framework agreements concluded by the National Communications Office (NCO) accounted for 60.9% of the contract portfolio in the "**Business Services**" product division (CPV Division 79), which comprises more than one hundred different products, including communication services. This share increased to 66.1% in 2024. Although the product division does not include a "communication" class, the "unspecified services" category consists almost entirely of call-offs under the NCO's communications framework agreements. Their share was 99.8% in 2023 and 100% in 2024.

b) Concentration of companies and corporate groups

The Authority also examined the concentration of economic operators in the product divisions with a more significant contract portfolio. In a market with many players, a 10% share already indicates a prominent position.

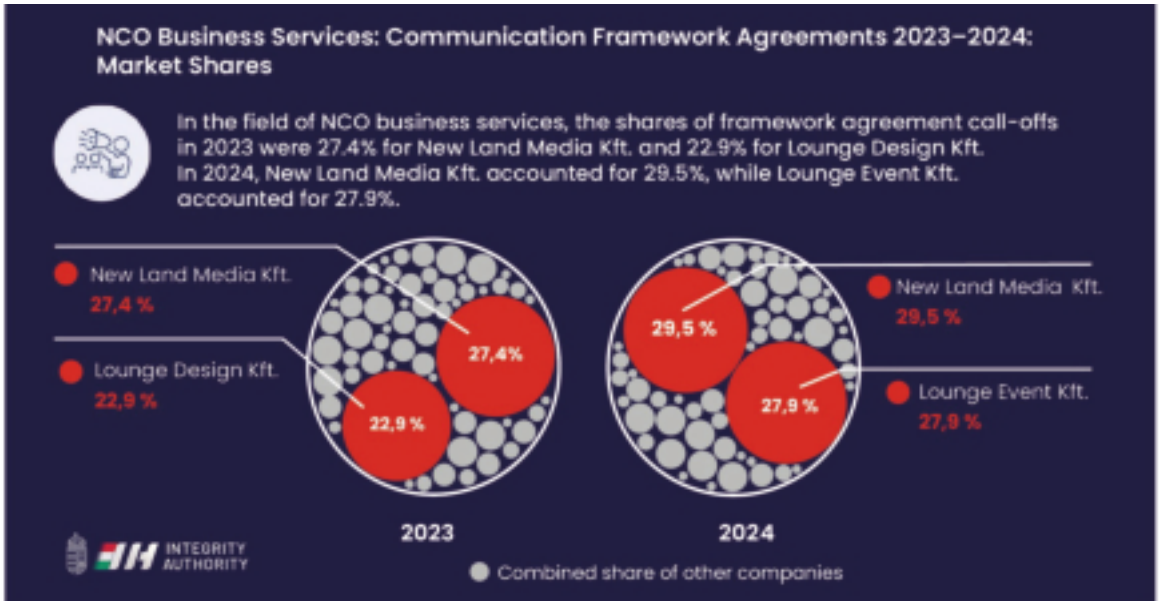


Share of the total contract value awarded to the five largest winners under the DKÜ's IT framework agreements for IT consultancy services and software development (CPV Division 72) in 2024

In 2023, the largest beneficiaries of the DKÜ's IT framework agreements each typically accounted for less than 10% of the contract value within the IT product categories.

In 2024, however, clear signs of increasing concentration are visible in all three IT product divisions. In the case of the product division of Computing Machines, Equipment (CPV: 30), the individual shares of four companies exceeded 10%. In the product division Software Packages and Information Systems (CPV: 48), the share of one company was 20.18%, and the shares of four other companies ranged between 18% and 20%. In the **"IT services: consulting, software development"** product division (CPV: 72), one company reached a share exceeding 10%.

In 2024, a particularly high market share continued to be observed in the "Business Services" product category (CPV Division 79), which includes communication services as well as other product groups (e.g. market research and workforce recruitment). The largest shares of call-offs under framework agreements concluded by the NCO in 2023 were held by New Land Media Kft. (27.4%), LOUNGE DESIGN Szolgáltató Kft. (22.9%), Lounge Event Kft. and Visual Europe Zrt. (18.5% each). The combined share of these four operators amounted to 87.2%. In 2024, New Land Media Kft. (29.5%), Lounge Event Kft. (27.9%), LOUNGE DESIGN Szolgáltató Kft. (24.9%) and Visual Europe Zrt. (5.97%) held the largest shares, with their combined share amounting to 88.2%. The high shares result from the high value of call-offs under communications framework agreements.



Only a fraction of the data on procurement procedures actually carried out under the DGPPS' framework agreements are available in the EPPS, for the reasons presented below. Meaningful data are available for the "Medical Equipment" product division (CPV Division 33), in which Anamed Pro Kft. accounted for a share of 77.4%. In 2023, the contract portfolio of this submarket declined to a fraction of its previous size, from HUF 19.6 billion to just HUF 0.34 billion, with only two market participants remaining. In 2024, no contracts were concluded in this product division based on framework agreements.

In the CPV 33 product division, the dramatic decline in the contract value of FA2 procedures in 2023 and 2024 was the result of a process that was favourable from a competition perspective. Procedures conducted within the dynamic purchasing system replaced framework agreements, and these procedures are also managed by the DGPPS.

A company's individual share alone does not provide a complete picture of market concentration within a product category, as it does not take into account an individual's ownership interests in multiple companies. To obtain a more accurate picture, the Authority used a company database to identify companies with common elements in their ownership structures. Among the corporate groups thus identified, we selected those where, in any product division (regardless of the amount), the annual contract portfolio of procedures based on framework agreements exceeded the contract portfolio of the company within the group with the highest individual contract value. In other words, these are corporate groups, in which at least two companies concluded a contract under a framework agreement

- in a specific calendar year;
- in a procedure conducted by a specific central purchasing entity;
- in a specific product division.

The following tables present the combined total value of public procurement contracts concluded under framework agreements by these corporate groups over the past four years, broken down by central purchasing body. The following graphs present the ownership links within the corporate groups.

Preparing the corporate group graphs

The following pages also present graph-based visualisations prepared for the concentration analysis. These visualisations are based on bipartite graphs in which

- one partition consists of company-type vertices and the other of person-type vertices.
    - Company vertices represent those companies whose tax numbers can be found in both the EPPS database and the company database.
    - Person-type vertices represent individuals who hold ownership interests in at least two companies.

The objective of the analysis is to consolidate companies into corporate groups, thereby enabling the assessment of the combined performance of those groups.

Data sources used:

- Company database enabling the identification of beneficial owners.
- EPPS Database of Contract Award Notices.

Filters applied:

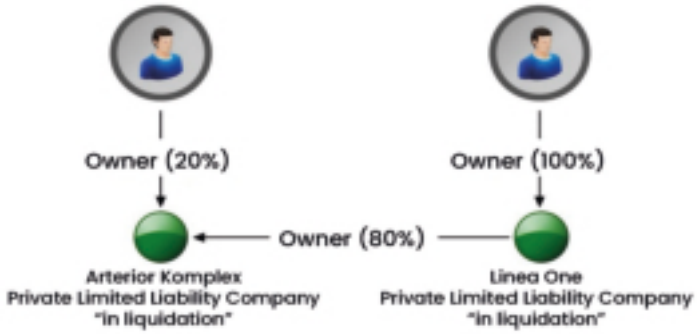
- The subset of successful bidders appearing in both the company database and the Database of Contract Award Notices of the Electronic Public Procurement System (EPPS). (Companies are identified on the basis of tax number (company registration number).)
- Only the names of natural persons that were valid according to the company database at the time of the analysis were used in the ownership database. Neither historical data nor records in which the owners were legal persons were used. (Individuals are identified based on their name, mother's maiden name, date of birth, and tax identification number.)
- The data were filtered to include only owners appearing in at least two companies.

Following the creation of the vertices, the graph was populated with edges based on the information contained in the ownership database. Edges can only connect a person and a company and are labelled as ownership relationships. The graph created can be freely extended by adding edges or vertices.

In forming the corporate groups used for the analysis, we defined a corporate group as **the largest set of companies in which any two companies can be connected by a path of length 2 (company – person – company).** It is possible for a company to be part of multiple corporate groups.

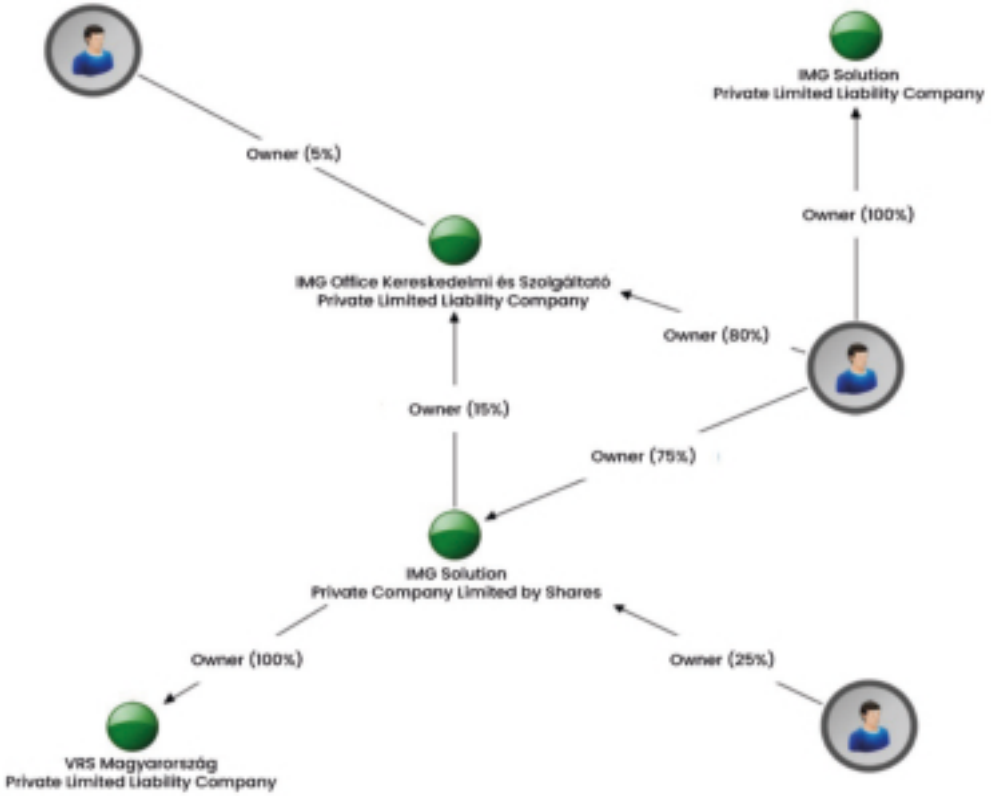
In the case of procedures based on DGPPS framework agreements, due to the data deficiencies described below, the contract portfolio of only one corporate group can be identified for 2022.

Contract values at corporate group level for procedures based on DGPPS framework agreements, 2020–2024					
Company names by corporate group	Public procurement contract value				
	2020 (HUF bn)	2021 (HUF bn)	2022 (HUF Bn)	2023 (HUF bn)	2024 (HUF bn)
LINEA One Kft. "f.a." Arterior Komplex Kft. "f.a."	0	0	4	0	0

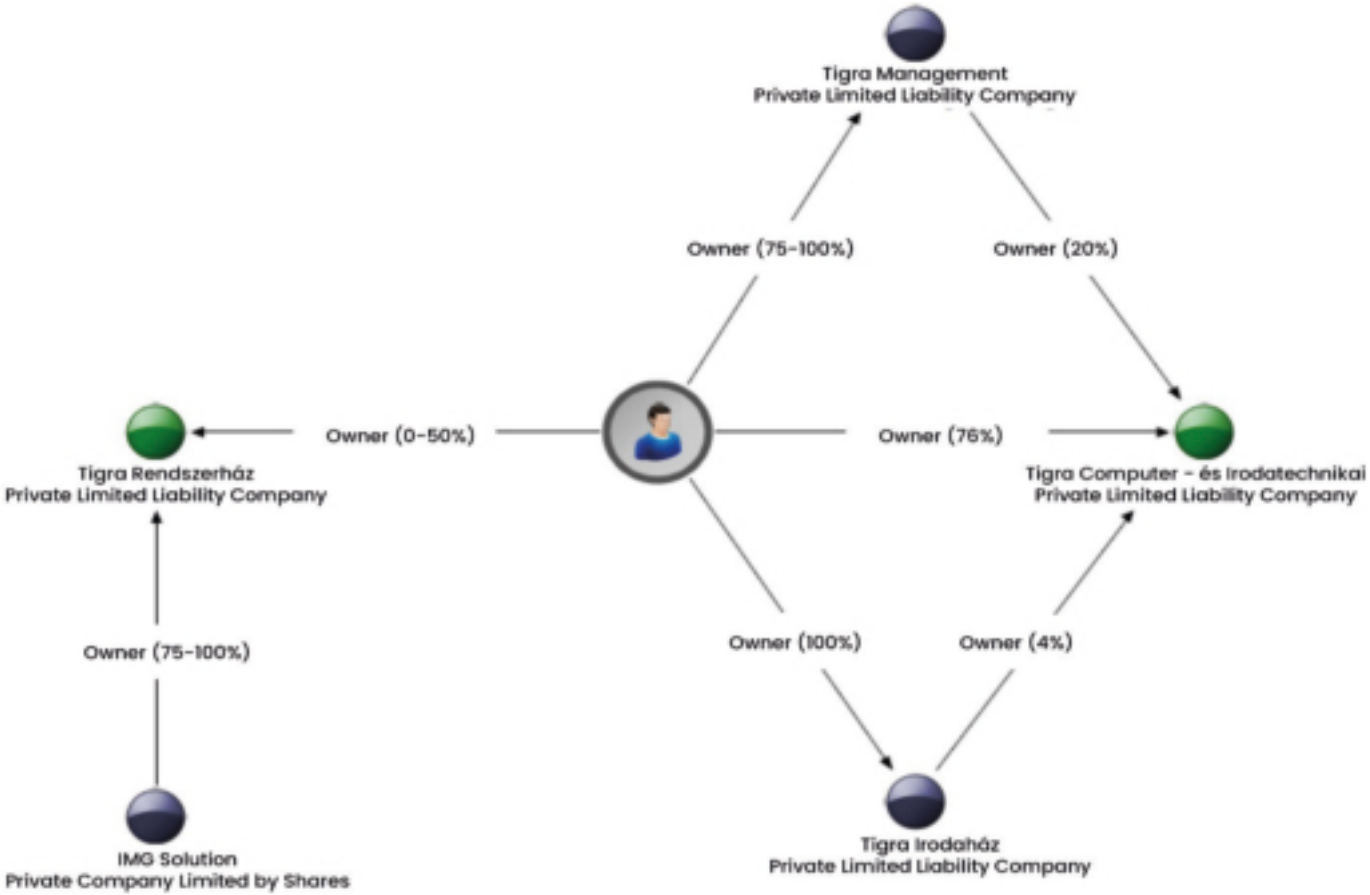


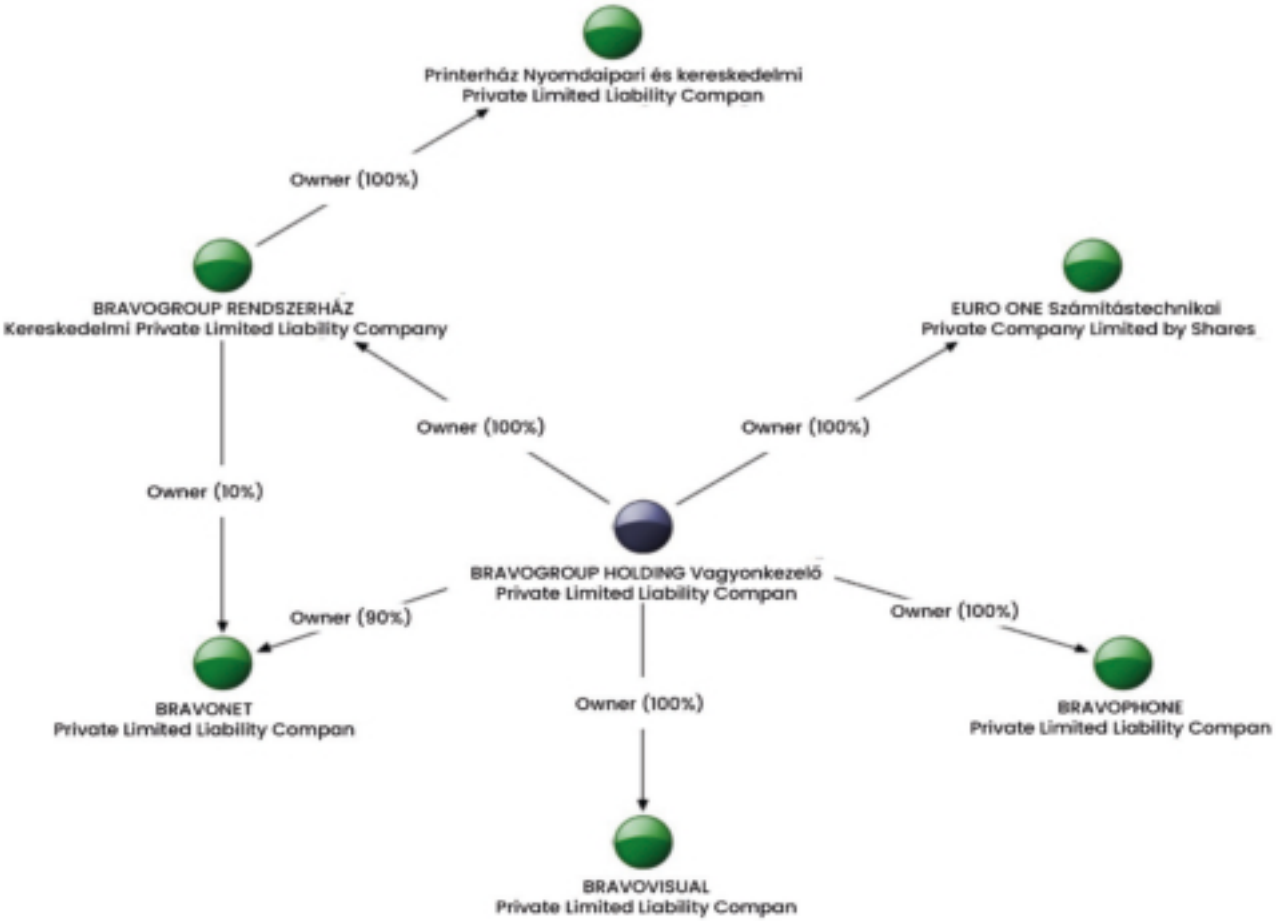
Within the contract portfolio based on DKÜ framework agreements, significant contract values can be identified for three corporate groups.

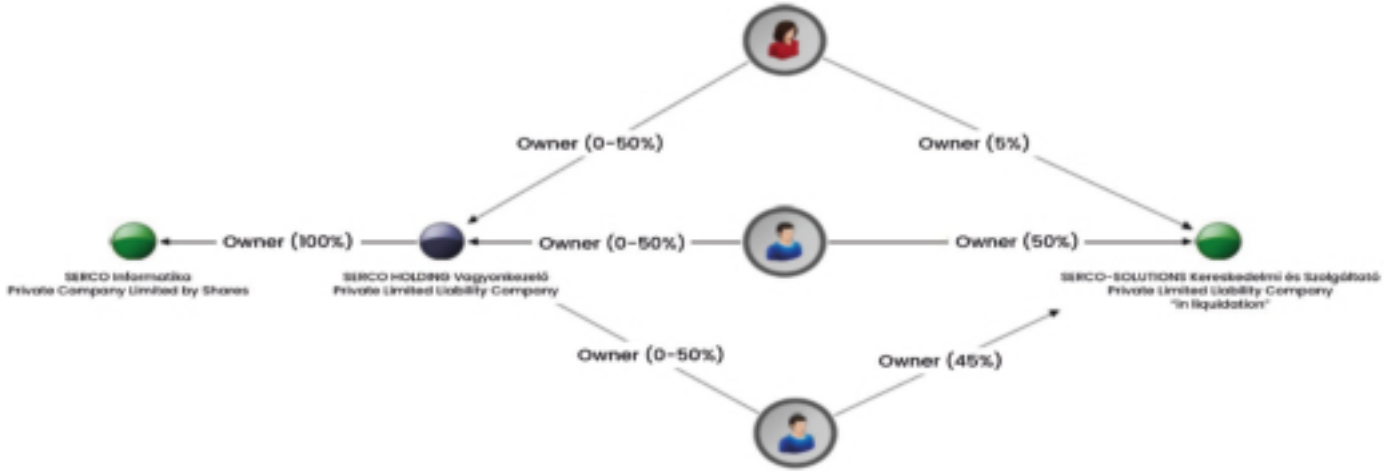
Contract values at corporate group level for procedures based on DKÜ framework agreements, 2020-2024					
Company names by corporate group	**Public procurement contract value**				
	2020 (HUF bn)	**2021 (HUF bn)**	**2022 (HUF bn)**	**2023 (HUF bn)**	**2024 (HUF bn)**
IMG Solution Zrt. VRS Magyarország Kft. IMG Automation Kft. IMG Office Kft.	0,71	1,56	4,87	11,12	64,73
TIGRA Kft. Tigra Rendszerház Kft.	1,57	1,31	2,47	11,46	16,87
EURO ONE Számítástechnikai Zrt BRAVOGROUP RENDSZERHÁZ Kft. BRAVONET Kft Printerház Kft. BRAVOVISUAL Kft. BRAVOPHONE Kft.	2,36	3,04	2,63	4,51	18,88
SERCO Zrt. SERCO-SOLUTIONS Kft. "v. a."	0,9	3,63	1,93	3,74	6,33
FORNAX SI Kft. FORNAX ICT Kft. ALPHA MACHINE Kft.	0,3	1,42	2,69	9,78	0,69
Inter-Computer-Informatika Zrt. Syspro Informatika Zrt. Intalion Kft.	1,02	2,44	1,78	5,01	3,28
USER RENDSZERHÁZ Kft. PROFESSZIONÁL Zrt. NAS Kft.	2,03	1,52	1,17	4,9	0,71
Areus Zrt. Kancellár.hu Zrt	1,15	1,73	1,85	4,59	0,06
SDA DMS Zrt. Campus Codeworks Zrt.	0,37	0,31	0,17	0,41	5,47
Exicom Informatika Kereskedőház Korlátolt Felelősségű Társaság EXISTORE KFT	0,23	0,33	0,51	1,87	0,05



The NCO's framework agreement-based contract portfolio is characterised by the presence of two corporate groups, with one group accounting for a dominant share.

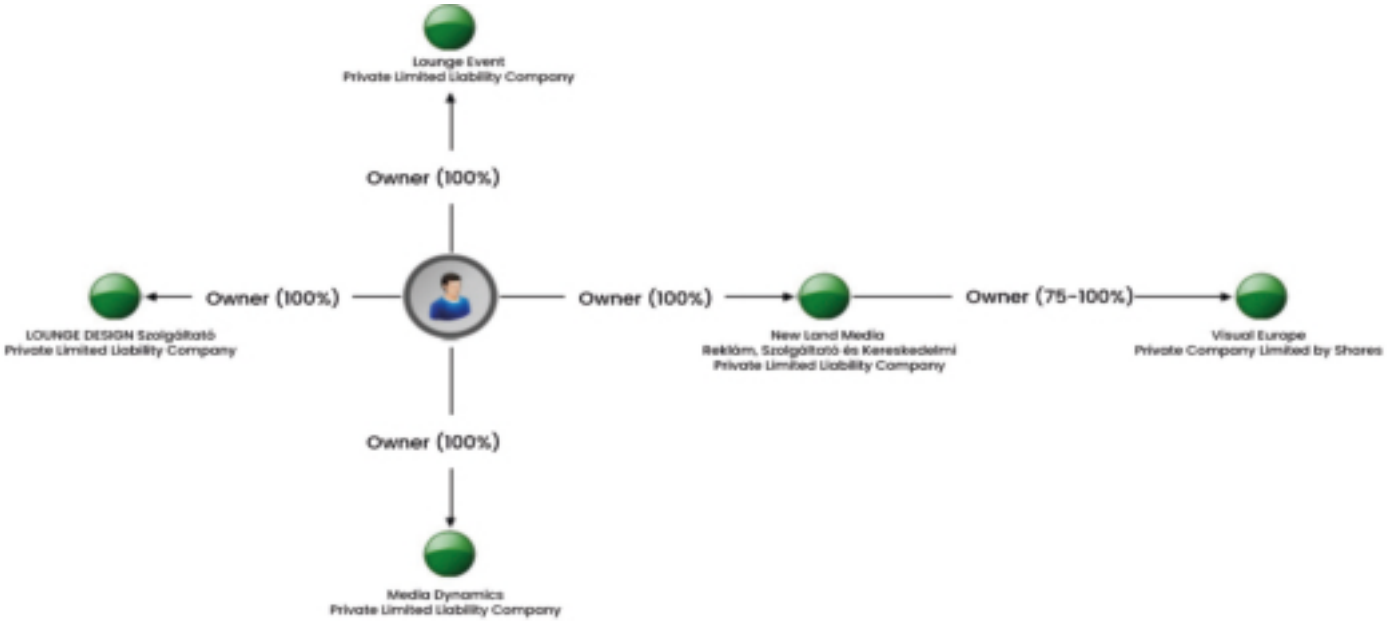

Tigra Management
Private Limited Liability Company
Owner (75-100%)
Owner (20%)
Owner (0-50%)
Owner (76%)
Tigra Rendszerház
Private Limited Liability Company
Tigra Computer - és Irodatechnikai
Private Limited Liability Company
Owner (75-100%)
Owner (100%)
Owner (4%)
IMG Solution
Private Company Limited by Shares
Tigra Irodaház
Private Limited Liability Company

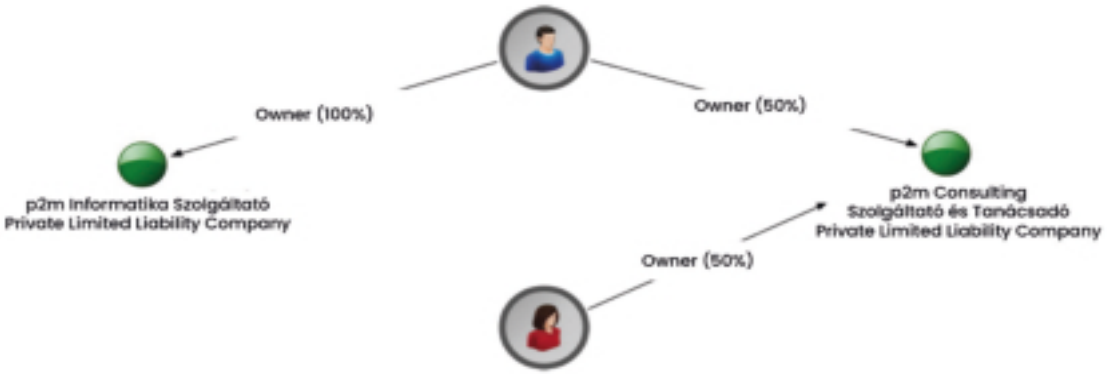

Printerház Nyomdaipari és kereskedelmi
Private Limited Liability Compan
Owner (100%)
BRAVOGROUP RENDSZERHÁZ
Kereskedelmi Private Limited Liability Company
EURO ONE Számítástechnikai
Private Company Limited by Shares
Owner (100%)
Owner (100%)
Owner (10%)
BRAVOGROUP HOLDING Vagyonkezelő
Private Limited Liability Compan
Owner (90%)
Owner (100%)
BRAVONET
Private Limited Liability Compan
Owner (100%)
BRAVOPHONE
Private Limited Liability Compan
BRAVOVISUAL
Private Limited Liability Compan



The NCO's framework agreement-based contract portfolio is characterised by the presence of two corporate groups, with one group accounting for a dominant share.

Contract values at corporate group level for procedures based on NCO framework agreements, 2020-2024					
Company names by corporate group	**Public procurement contract value**				
	2020 (HUF bn)	**2021 (HUF bn)**	**2022 (HUF bn)**	**2023 (HUF bn)**	**2024 (HUF bn)**
New Land Media Kft. LOUNGE DESIGN Kft. Lounge Event Kft. Visual Europe Zrt. MD Kft.	139,07	191,22	155,14	129,29	250,79
p2m Consulting Kft. p2m Informatika Kft.	0	4,73	5,68	3,63	9,53


Lounge Event
Private Limited Liability Company
Owner (100%)
Owner (100%)
LOUNGE DESIGN Szolgáltató
Private Limited Liability Company
Owner (100%)
New Land Media
Reklám, Szolgáltató és Kereskedelmi
Private Limited Liability Company
Owner (75-100%)
Visual Europe
Private Company Limited by Shares
Owner (100%)
Media Dynamics
Private Limited Liability Company


Owner (100%)
Owner (50%)
p2m Informatika Szolgáltató
Private Limited Liability Company
p2m Consulting
Szolgáltató és Tanácsadó
Private Limited Liability Company
Owner (50%)

The shares calculated at the corporate-group level are exceptionally high in some cases, far exceeding the shares calculated at the company level. The most notable finding relates to the NCO's Business Services product division (CPV Division 79), and within this category, to individual contracts concluded under communications framework agreements, where the combined share of companies belonging to a single owner reached 91.6% in 2023 and 92.6% in 2024. (The companies belonging to the other identifiable corporate group accounted for an additional 2.6% in 2023 and a further 3.5% in 2024.)

In addition, the combined share of companies belonging to certain corporate groups with common ownership is also notable in the IT sector. In 2024, companies belonging to a corporate group accounted for 17.5% of the call-offs under the framework agreements announced by the DKÜ in the Office and Computing Machines product division (CPV: 30). In 2024, companies belonging to a corporate group also accounted for 11.5% of call-offs under framework agreements in the IT Services product category (CPV: 72).

In the Medical Equipment product division (CPV: 33), companies belonging to the same ownership group accounted for a combined 20.4% of call-offs under DGPPS framework agreements in 2022, while the share of the individual group member companies was 10.2%.

If framework agreements for centralised public procurement dominate a market segment and the concentration among the winners of procurement procedures conducted under these framework agreements is high, then the overall market for the product category is controlled by a small number of companies or corporate groups. In such a monopoly-like situation, it can reasonably be assumed that mechanisms fostering price competition and cost-effectiveness will completely disappear from the system, and that this form of public procurement may result in the inefficient use of public funds rather than improved cost-effectiveness. This is because, in a monopoly situation, the supplier – in the absence of competitors – is able to influence prices independently.[94]

Based on the results of the analysis, communications-related public procurement procedures show both high framework agreement coverage and a high concentration among winning companies. The combined presence of these factors indicates a likely distortion of market pricing mechanisms. The situation is further complicated by the fact that the NCO does not conduct comparative analyses of the prices of procurement

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[94] *A detailed explanation of this mechanism, including an introduction to the different types of monopolies, can be found, for example, in Samuelson and Nordhaus's Economics (Akadémiai Kiadó 2012).*

procedures carried out under framework agreements and market prices. This practice poses a risk to the efficient use of public funds and raises the risk of competition being restricted in the communications services market.

Regular comparison of framework agreement prices with market prices is essential to ensuring the prudent use of public funds. This comparison could contribute to the more transparent and economical use of public funds, as well as to creating the conditions for fair competition.

Constraints

This section discusses the significance of data gaps in two sub-areas and presents the estimation methodology applied to address these gaps.

a) Significant data gaps in the records of contracts concluded under framework agreements

The lack of data makes it impossible to assess certain product categories representing large volumes, as contracting authorities do not fulfil their obligation set out in Section 2(1) of Government Decree No 424/2017 of 19 December 2017 on the detailed rules of electronic public procurement. In such cases (for example, in the contractual data of car suppliers, furniture suppliers, or companies commissioned to organise international travel), the identity of the winners and the value of the contracts can be inferred from the publicly available data on the framework agreements.

The vast majority of contracts concluded under DGPPS framework agreements are not accessible on the EPPS platform. (Only data from contracts based on special framework agreements, primarily related to healthcare, are available.) The total value of contracts concluded under framework agreements but not recorded in the EPPS system, and therefore not made public, amounted to approximately HUF 480 billion between 2020 and 2024.[95]

In the case of framework agreements concluded by the DKÜ, the data gap in the EPPS

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[95] *Not including the call-offs of energy carriers – fuel, heating energy – which is also based on framework agreements.*

is partial: it affects 10–40% of the contract value of procedures (call-offs) under certain framework agreements.

In the case of the NCO, all data are available in the EPPS, but the value of actual call-offs under framework agreements is almost always two to three times higher than the amount originally stipulated in the framework agreements. In accordance with the contract notice, the contract concluded under the framework agreement includes an option for extension. The NCO usually stipulates in its public procurement notices that it reserves the right to extend the contract. This causes the total contract value to exceed the amount stipulated in the framework agreement several times over. According to the data available in the EPPS, for example, the framework agreement for event organisation announced in 2019 under identification number EKR000185952019 had a value of HUF 30.00 billion, while the total value of contracts concluded under this framework agreement between 2019 and 2022 amounted to HUF 59.34 billion. The framework agreement for communications services and event organisation announced in 2021 under identification number EKR000391162021 had a value of HUF 8.00 billion, while the total value of contracts concluded under this framework agreement between 2021 and 2022 amounted to HUF 23.96 billion.

b) Data gaps regarding company shares within consortia

Reliable data are not available on the distribution of consortium contract values among individual members. Although Section 8(d) of Government Decree No 424/2017 of 19 December 2017 requires contracting authorities to record such information, the data actually recorded are, in practice, incomplete or inconsistent and therefore unsuitable for analysis.

In view of the lack of substantive data, the Authority applied a simplified method to estimate the shares of consortium members. Accordingly, for each consortium member, the basis for the estimate was the total contract value divided by the number of consortium members. For example, in the case of a consortium consisting of four members, each company's share was assumed to be 25%. This approach does not provide an accurate picture of the actual distribution; however, given the limitations of the available information, it proved to be the most feasible method to apply. The Authority notes that this procedure is suitable only for estimation purposes, as the actual distribution of contract values is not known. It is important to note that this method does not take into account the differing roles or resource inputs of consortium members, which may, in practice, affect the actual shares.

Annex

Data series on centralised public procurement

The source of the data presented below is the EPPS Database of Contract Award Notices[96].

1. Summary data series on framework agreements in centralised public procurement

The following table summarises the contract portfolio of framework agreements (FA1), including the role of key central purchasing bodies (DGPPS, DKÜ and NCO).

Number and value of framework agreements by type of central purchasing body (2019-2024)

Type of organisation		2019			2020			2021			2022		
		Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)	Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)	Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)	Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)
1	DGPPS	22	187,5	30,97%	8	284,7	19,45%	41	809,2	23,80%	14	82,6	4,75%
2	DKÜ	1	2,0	0,33%	10	107,6	7,35%	27	1 640,7	48,25%	8	749,7	43,13%
3	NCO	3	46,0	7,60%	2	80,0	5,47%	4	20,3	0,60%	3	125,1	7,20%
4	Other central purchasing body	27	19,1	3,16%	6	12,6	0,86%	-	-	-	2	3,1	0,18%
5	Non-central purchasing organisation	726	350,7	57,94%	673	978,8	66,87%	611	930,0	27,35%	764	777,8	44,75%
Total		**779**	**605,4**	100,00%	**699**	**1 463,8**	100,00%	**683**	**3 400,2**	100,00%	**791**	**1 738,2**	100,00%

Type of organisation		2023			2024			2019-2024 total		
		Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)	Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)	Number of contracts	Contract value: value (HUF bn)	Contract value: share (%)
1	DGPPS	78	2 440,1	70,10%	54	615,9	18,53%	217	4 419,9	31,54%
2	DKÜ	7	272,4	7,83%	29	1 111,9	33,46%	82	3 884,3	27,72%
3	NCO	2	8,2	0,23%	2	100,0	3,01%	16	379,6	2,71%
4	Other central purchasing body	1	0,3	0,01%	3	1,8	0,06%	39	37,0	0,26%
5	Non-central purchasing organisation	805	759,7	21,83%	980	1 493,8	44,95%	4 559	5 290,9	37,76%
Total		**893**	**3 481**	100,00%	**1 068**	**3 323,5**	100,00%	**4 913**	**14 011,6**	**100,00%**

As can be seen from the table, more than half of the annual contract portfolio under framework agreements (an average of 63.2% between 2020 and 2024) is related to central purchasing bodies.

At the same time, the data on the value and share of NCO framework agreements are misleading, as they underestimate the actual level of the NCO's share. The reason for this is that, based on the content of the related contracts, the duration of the framework agreements they conclude is typically extended once or twice in a way that the

[96] Electronic Public Procurement System

maximum value is also renewed, effectively multiplying the total value available under the framework agreement. Thus, in these cases, the amount stipulated in the framework agreement is approximately two to three times lower than the value of procurement procedures actually carried out under the framework agreement.

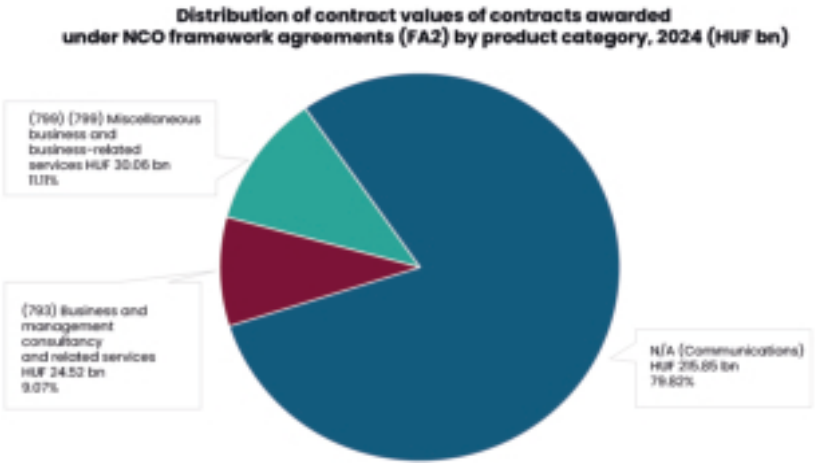
The contract portfolio based on the framework agreements is presented in the table below.

Number and value of FA2 contracts concluded under framework agreements, by type of central purchasing body (2019–2024)

Type of organisation		2019			2020			2021			2022		
		Number of contracts	Contract value (HUF bn)	share (%)	Number of contracts	Contract value (HUF bn)	share (%)	Number of contracts	Contract value (HUF bn)	share (%)	Number of contracts	Contract value (HUF bn)	share (%)
1	DGPPS	3	0,1	0,04%	1	0,0	0,01%	-	-	-	7	19,6	2,52%
2	DKÜ	-	-	-	240	87,5	22,40%	396	171,7	23,18%	464	173,6	22,34%
3	NCO	155	90,8	40,68%	228	188,2	48,20%	476	301,8	40,74%	442	195,8	25,18%
4	Other central purchasing body	-	-	-	3	2,9	0,75%	25	3,4	0,46%	24	27,8	3,58%
5	Non-central purchasing organisation	1 119	132,3	59,28%	1 303	111,9	28,65%	2 325	263,9	35,62%	2 753	360,6	46,39%
FA2 procedures total		1 277	223,2	100,00%	1 775	390,6	100,00%	3 222	740,8	100,00%	3 690	777,4	100,00%
Non-FA1 procedures total		18 695	3 182		16 483	3 284,4		17 528	4 436,2		17 319	4 724	

Type of organisation		2023			2024			2019-2024 total		
		Number of contracts	Contract value (HUF bn)	share (%)	Number of contracts	Contract value (HUF bn)	share (%)	Number of contracts	Contract value (HUF bn)	share (%)
1	DGPPS	6	5,4	0,56%	-	-	-	17	25,2	0,62%
2	DKÜ	761	359,7	37,17%	444	499,4	50,69%	2 305	1 291,9	31,63%
3	NCO	266	141,1	14,58%	321	270,4	27,45%	1 888	1 188,1	29,08%
4	Other central purchasing body	9	2,3	0,23%	18	0,9	0,09%	79	37,3	0,91%
5	Non-central purchasing organisation	2 354	459,3	47,46%	2 124	214,6	21,78%	11 978	1 542,5	37,76%
FA2 procedures total		3 396	967,8	100,00%	2 907	985,3	100,00%	16 267	4 084,9	100,00%
Non-FA1 procedures total		17 857	3 125		15 927	3 638,4		103 809	22 389,9	

The table demonstrates the growing importance of framework agreements. As can be seen, the NCO's share of the actual expenditure is significantly higher than its share of the total value potentially available under framework agreements. This is due, on the one hand, to the utilisation rate of the maximum value of NCO framework agreements, which is significantly higher than the average (approaching 100%), and, on the other hand, to the frequent renewal of framework agreements, as described above.



The negligible share of the DGPPS contract portfolio is attributable to the data deficiencies described above. The total value of the missing data can be estimated on the basis of the statement provided by the DGPPS in April 2025, which contains the annual changes in the maximum value stipulated in the framework agreements. If the statutory data reporting obligation had been complied with, the DGPPS's total contract portfolio for 2020–2024 would have exceeded HUF 480 billion even without including procurement procedures for the supply of fuels and energy carriers conducted under framework agreements. Including those procurement procedures, the total contract portfolio would have been several times higher.

2. The decisive role of framework agreements in certain product categories

The following table shows the extent to which the market for a given product category is covered by framework agreements. The ratios indicate what proportion of the annual contract portfolio of a given product category – referred to in the CPV nomenclature as a product division or product group – is based on framework agreements.

In international practice, statistical reports based on the CPV nomenclature are primarily structured by product division, as determined by the first two digits of the CPV code.

An interesting finding presented in Table 3, however, is that while contracts based on framework agreements do not account for an exclusive share within certain product divisions, they do dominate at the product-group level, as defined by the first three digits of the CPV code.

The most typical example of this is the share of the contract portfolio of public procurement procedures concluded by the NCO under framework agreements in CPV division 79 ("Business services") in 2023 and 2024. At the level of the CPV division as a whole, the proportion was 60.9% and 66.1% in the past two years, respectively. The share of contracts concluded under NCO framework agreements was 99.6% and 100%, respectively, in the product category which is not separately indicated but, in practice, clearly includes communications services. (Compared with the total volume of annual communication-related public procurement procedures!)

A similar trend – an exceptionally high share exceeding 90% at the product-group level – can mainly be observed in CPV division 48 ("Software package and information systems").

Contract value of contracts concluded by central purchasing bodies under framework agreements (FA2) as a proportion of total public procurement contract value, by product category, 2023–2024

Year of notice	Central purchasing body	CPV division	CPV product group*	Number of contracts	Total value of contracts (HUF bn)	Contract value / total contract value of category
2023	DGPPS	(33) Medical equipment, pharmaceuticals and personal care products	(331) Medical equipment	2	0,03	0,03%
2023	DGPPS	(33) Medical equipment, pharmaceuticals and personal care products	**CPV division total**	**2**	**0,03**	**0,02%**
2023	DKÜ	(30) Office and computing machinery, equipment and supplies, except furniture and software packages	(302) Computer equipment and supplies	177	85,55	93,32%
2023	DKÜ	(30) Office and computing machinery, equipment and supplies, except furniture and software packages	**CPV division total**	**177**	**85,55**	**92,12%**
2023	DKÜ	(48) Software package and information systems	(488) Information systems and servers	68	72,16	94,26%
2023	DKÜ	(48) Software package and information systems	(489) Miscellaneous software package and computer systems	48	12,18	98,07%
2023	DKÜ	(48) Software package and information systems	**CPV division total**	**116**	**84,34**	**89,51%**
2023	DKÜ	(72) IT services: consulting, software development, Internet and support	(722) Software programming and consultancy services	346	154,50	77,38%
2023	DKÜ	(72) IT services: consulting, software development, Internet and support	**CPV division total**	**346**	**154,50**	**71,70%**
2023	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	N/A	187	76,47	99,62%
2023	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	(793) Business and management consultancy and related services; market research and statistics	6	12,58	59,35%
2023	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	(799) Miscellaneous business and business-related services	73	52,07	89,83%
2023	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	**CPV division total**	**266**	**141,12**	**60,91%**
2024	DKÜ	(30) Office and computing machinery, equipment and supplies, except furniture and software packages	(301) Office equipment, excluding computers, printers and furniture	27	2,02	46,08%
2024	DKÜ	(30) Office and computing machinery, equipment and supplies, except furniture and software packages	(302) Computer equipment and supplies	78	101,38	94,15%
2024	DKÜ	(30) Office and computing machinery, equipment and supplies, except furniture and software packages	**CPV division total**	**105**	**103,40**	**91,82%**
2024	DKÜ	(48) Software package and information systems	(488) Information systems and servers	32	216,21	98,77%
2024	DKÜ	(48) Software package and information systems	(489) Miscellaneous software package and computer systems	32	9,58	95,07%
2024	DKÜ	(48) Software package and information systems	**CPV division total**	**64**	**225,79**	**92,31%**
2024	DKÜ	(72) IT services: consulting, software development, Internet and support	(722) Software programming and consultancy services	195	135,17	70,43%
2024	DKÜ	(72) IT services: consulting, software development, Internet and support	**CPV division total**	**195**	**135,17**	**65,73%**
2024	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	N/A (Communications)	274	215,85	100,00%
2024	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	(793) Business and management consultancy and related services; market research and statistics	5	24,52	82,74%
2024	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	(799) Miscellaneous business and business-related services	42	30,06	24,49%
2024	NCO	(79) Business services: law, marketing, consulting, recruitment, printing and security	**CPV division total**	**321**	**270,42**	**66,11%**

*N/A: the product group within the product division is not specified.

The table presents the companies with the largest shares in the past two years among contracts concluded under framework agreements. The analysis was prepared for the most significant product categories covered by framework agreements.

3. Contracts and shares of some corporate groups

Among contracts concluded under framework agreements, corporate groups with significant shares and rapidly increasing importance can be identified. Therefore, we calculated the share of contract values concluded under framework agreements for certain corporate groups linked by a common beneficial owner[97].

The following table shows, among other things, the shares accounted for by certain corporate groups in specific years within the relevant CPV division of a given purchasing body. As shown in the last column, in certain product groups, the combined share of companies belonging to the same corporate group significantly exceeds the share attributable to individual companies.

The table was ordered based on the corporate group numbers and the largest contract values. *The columns show*:

- *The ranking, by contract value, of the company with the* ***largest*** *share of the company group's contract value in the relevant category (CPV division, central purchasing body, orange), and the ranking of the* ***corporate group*** *as a whole in the relevant category and year (white).*
  The value (HUF million) and share (%) of the ***largest contracts,*** *as well as the total value of all contracts in the area (Year, CPV, CPBs) (HUF million, yellow)*
  The ***total value of the corporate group's contracts*** *(in HUF million) in the given year and area, and the company group's* ***share*** *(Year, CPV, CPBs, orange)*

[97] *According to the available company database information, a private individual appearing at no more than the third level of the ownership chain. In some cases, simplifications had to be applied. For example, due to the lack of usable information on winning consortium members' shares, the contract value was divided equally among the consortium members. Thus, in the case of a winning consortium consisting of five companies, 20% of the contract value was attributed to each company. In certain cases, company-level data calculated using this method were also used to assess results at the corporate-group level.*

Increase in shares taking corporate groups into account (FA2 contracts)[1]

Owner(s) of corporate group	Corporate group number	Members of corporate group[2]	Year	Central purchasing body	Product division (CPV code)[3]	Rank of the largest company[4]	Rank of corporate group	Contract portfolio of the largest company (HUF million)	Share	Total contracts (Year, CPV, CPB, HUF million)	Total corporate group contract value (HUF million)	Share of corporate group
Balásy Gyula	1	New Land Media Kft. LOUNGE DESIGN Kft. MD Kft.	2020	NCO	79	1	1	83 931	44,59%	188 229	139 068	73,88%
Balásy Gyula	1	New Land Media Kft. LOUNGE DESIGN Kft. MD Kft.	2021	NCO	79	1	1	95 610	31,68%	301 762	191 221	63,37%
Balásy Gyula	1	Visual Europe Zrt. Lounge Event Kft. New Land Media Kft. LOUNGE DESIGN Kft. MD Kft.	2022	NCO	79	1	1	43 604	22,27%	195 759	155 140	79,25%
Balásy Gyula	1	New Land Media Kft. LOUNGE DESIGN Kft. Lounge Event Kft. Visual Europe Zrt. MD Kft.	2023	NCO	79	1	1	38 607	27,36%	141 119	129 287	91,62%
Balásy Gyula	1	New Land Media Kft. Lounge Event Kft. LOUNGE DESIGN Kft. Visual Europe Zrt. MD Kft.	2024	NCO	79	1	1	79 740	29,49%	270 424	250 785	92,74%
Szóródi Bence|Lakatosné Rein Andrea|Szép-Szabó Bernadett|Szép Gábor|Gönci Ádám|Farsang Eszter|Balázs Bálint|Kucska Árpád|Sajó Péter|Lakatos István|Hegedüs Márton Áron|Imre Balázs|Berke Tamás	2	EURO ONE Számítástechnikai Zrt BRAVOGROUP RENDSZERHÁZ Kft.	2024	DKÜ	30	1	1	17 819	17,23%	103 404	18 118	17,52%
Vertán György	3	TIGRA Kft. Tigra Rendszerház Kft.	2023	DKÜ	30	7	5	2 399	2,80%	85 549	4 008	4,68%
Vertán György	3	TIGRA Kft. Tigra Rendszerház Kft.	2023	DKÜ	48	14	2	1 847	2,19%	84 340	2 927	3,47%
Vertán György	3	TIGRA Kft. Tigra Rendszerház Kft.	2023	DKÜ	72	12	10	3 208	2,08%	154 497	4 204	2,72%
Vertán György	3	TIGRA Kft. Tigra Rendszerház Kft.	2024	DKÜ	72	3	2	11 992	8,87%	135 166	15 597	11,54%
Szabad Tamás	4	p2m Consulting Kft. p2m Informatika Kft.	2021	NCO	79	7	4	2 365	0,78%	301 762	4 731	1,57%
Szabad Tamás	4	p2m Consulting Kft. p2m Informatika Kft.	2022	NCO	79	10	5	2 839	1,45%	195 759	5 678	2,90%
Szabad Tamás	4	p2m Consulting Kft. p2m Informatika Kft.	2023	NCO	79	7	3	1 816	1,29%	141 119	3 632	2,57%
Szabad Tamás	4	p2m Consulting Kft. p2m Informatika Kft.	2024	NCO	79	7	3	4 766	1,76%	270 424	9 533	3,53%
Fauszt Zoltán	5	SDA DMS Zrt. Campus Codeworks Zrt.	2024	DKÜ	72	6	6	5 399	3,99%	135 166	5 470	4,05%
Zsadányi László	6	LINEA One Kft. Arterior Komplex Kft.	2022	DGPPS	33	1	1	2 000	10,20%	19 603	4 000	20,40%
Balásy Bulcsú	7	FORNAX 31 Kft. FORNAX ICT Kft.	2023	DKÜ	72	24	12	1 938	1,25%	154 497	3 521	2,28%
Fábri Miklós Kornél	8	Inter-Computer-Informatika Zrt. Intalion Kft.	2021	DKÜ	48	12	10	2 156	2,29%	94 124	2 384	2,53%
Fábri Miklós Kornél	8	Inter-Computer-Informatika Zrt. Syspro Informatika Zrt.	2023	DKÜ	48	1	1	2 630	3,12%	84 340	3 293	3,90%
Dr. Császár-Nagy Noémi Andrea|Mészáros János Károly|Nagy Péter|Balázs Géza	9	Areus Zrt. Kancellár.hu Zrt.	2023	DKÜ	48	3	3	2 475	2,93%	84 340	2 569	3,05%
Lévai Tamás Zoltán|Lévai Tibor Sándor	10	USER RENDSZERHÁZ Kft. PROFESSZIONÁL Zrt.	2023	DKÜ	30	31	8	1 213	1,42%	85 549	2 403	2,81%
Lévai Tamás Zoltán|Lévai Tibor Sándor	10	USER RENDSZERHÁZ Kft. PROFESSZIONÁL Zrt. NAS Kft.	2020	DKÜ	48	6	1	1 357	2,96%	45 785	1 628	3,56%
Lévai Tamás Zoltán|Lévai Tibor Sándor	10	USER RENDSZERHÁZ Kft. PROFESSZIONÁL Zrt.	2023	DKÜ	48	24	11	1 648	1,95%	84 340	2 082	2,47%
Wéber Tamás Károly|Wéber Katalin|Wéber Tibor	11	SERCO Zrt. SERCO-SOLUTIONS Kft.	2021	DKÜ	30	1	1	1 963	7,58%	25 906	1 984	7,66%
Somodi Zsolt	12	Exicom Informatika Kereskedőház Kft. EXISTORE KFT	2023	DKÜ	30	16	12	1 553	1,82%	85 549	1 687	1,97%
Szentgyörgyi Gábor János	13	VRS Magyarország Kft. IMG Solution Zrt. IMG Automation Kft.	2022	DKÜ	48	29	9	877	1,34%	65 431	1 606	2,45%

[1] The rows of the table are ordered by corporate group and, within each group, by product division and the year of publication of the contract notice.
[2] Companies linked to the same owner that concluded contracts in a given year and category
[3](30)Office and computing machinery, equipment and supplies, except furniture and software packages
(33) Medical equipment, pharmaceuticals and personal care products
(48) Software package and information systems
(72) IT services: consulting, software development, Internet and support
(79) Business services: law, marketing, consulting, recruitment, printing and security
[4]Contract-value rank of the company with the largest share within the corporate group in the relevant category (CPV division, central purchasing body)

4. Prevailing trends in centralised procurement procedures between 2019 and 2024

Key data on the processes of central purchasing bodies between 2019 and 2024 are presented in the main text of the analysis and in Section 1 of the Annex. A more detailed analysis reveals a number of important trends and correlations.

It should also be emphasised that the data deficiency affecting contracts managed by the DGPPS concerns a significant portion of the data series presented. This issue may distort not only the comparison between individual central purchasing bodies and other contracting entities but also the contract portfolios of product divisions. Data beyond business (mainly communication) services, IT-related product divisions, and the divisions covering radio, television and telecommunications equipment do not appear in the tables at all, including data on products and services required for the infrastructural operation of the public sector.

The following chart presents the trends in the annual number of contracts and contract values of central purchasing bodies between 2019 and 2024.

Chart 1



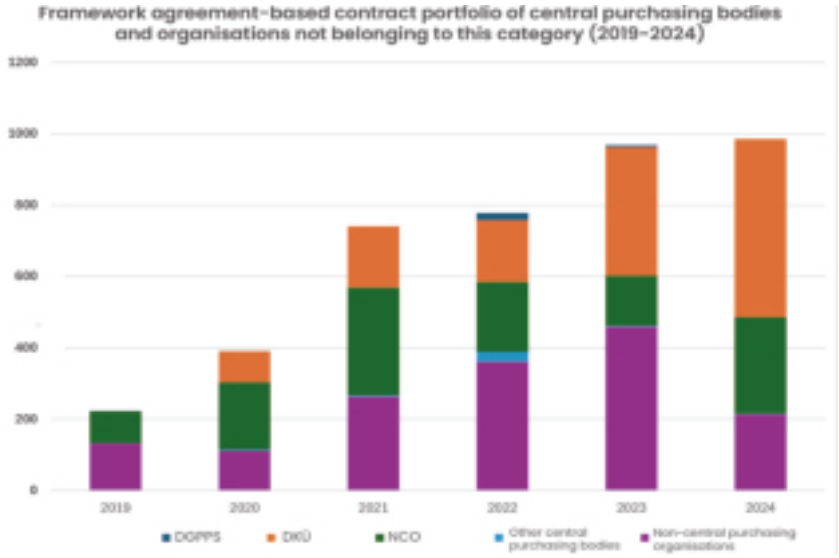
It should also be particularly emphasised when interpreting the data presented in this chart that, in the first months of 2019, the DGPPS was still responsible for conducting IT-related public

procurement procedures. The data deficiency during this period is an important reason for the significant shortfall in magnitude observed compared with the subsequent years.

The combined chart presents both the contract values shown as columns (left axis) and the number of contracts shown as a line (right axis). It can be clearly seen that between 2019 and 2022, the rate of increase in the number of contracts exceeded the rate of increase in contract values. This clearly indicates a decline in the average contract value. However, the trend reversed from 2023 onward. The chart shows that in 2023, the annual increase in the average contract value already exceeded the growth rate of the number of contracts (22.0% compared with 11.2%). However, this trend is most pronounced in 2024: despite a 24.9% decrease in the number of contracts, the total contract value increased by 51.6%. As a result of the combined effects of the trends observed in 2023 and 2024, the average contract value increased by a factor of 2.2 over the past two years.

The following chart presents the contract values based on framework agreements not only for central purchasing bodies but also for all types of institutions.

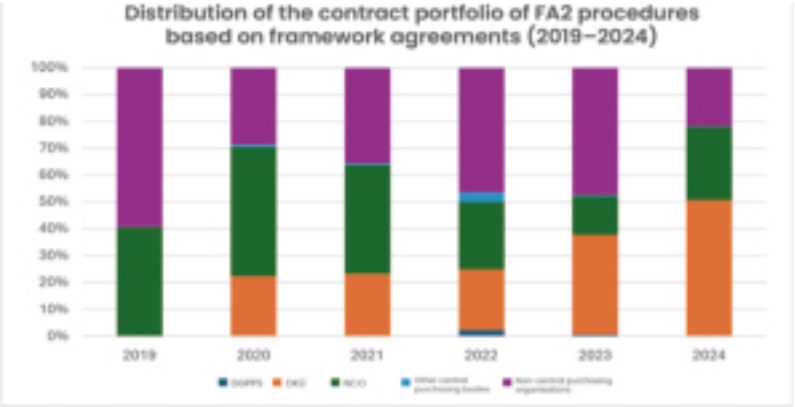
Chart 2



From 2020 onward (when the DKÜ became meaningfully active), the chart clearly demonstrates the dominance of the DKÜ and the NCO among central purchasing bodies. The role of the DGPPS and other central purchasing bodies is not significant because of the aforementioned lack of data on contracts related to procedures conducted by the DGPPS. The FA2 contract portfolio of institutions that cannot be classified as central purchasing bodies increased dynamically between 2020 and 2023, more than quadrupling over the period. However, in 2024, it fell to less than half of the previous year's level.

The following chart specifically shows the distribution of the contract portfolio of the purchasing bodies.

Chart 3

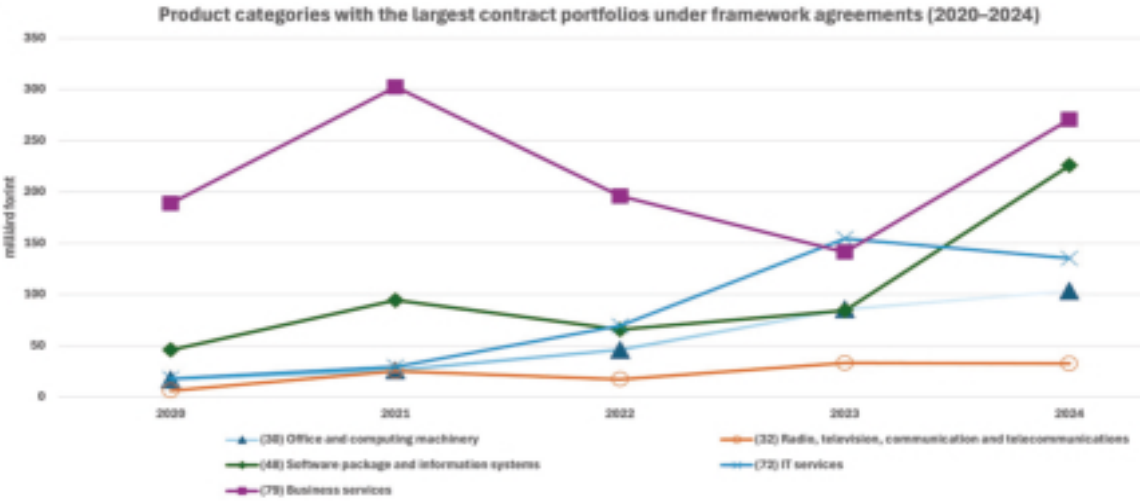


The most important information conveyed by this chart concerns the trends observed in 2024:

- The share of the contract portfolio attributable to non-central purchasing organisations decreased significantly not only in absolute terms (Chart 2) but also proportionally, falling from 47.5% to 21.5% compared with 2023. The primary explanation for this is the decrease in the value of FA2 contracts involving the use of EU funds, from HUF 298.3 billion to HUF 18.6 billion. (In this category, the value of contracts not involving EU funding increased from HUF 160.9 billion to HUF 195.9 billion.
- by contrast, the share of the NCO's contract portfolio increased from 14.6% in 2023 to 27.4%;
- while the share of the DKÜ increased from 37.2% to 50.7%.

The following chart presents the framework agreement-based (FA2) contract portfolio in the product divisions with the largest contract portfolios.

Chart 4

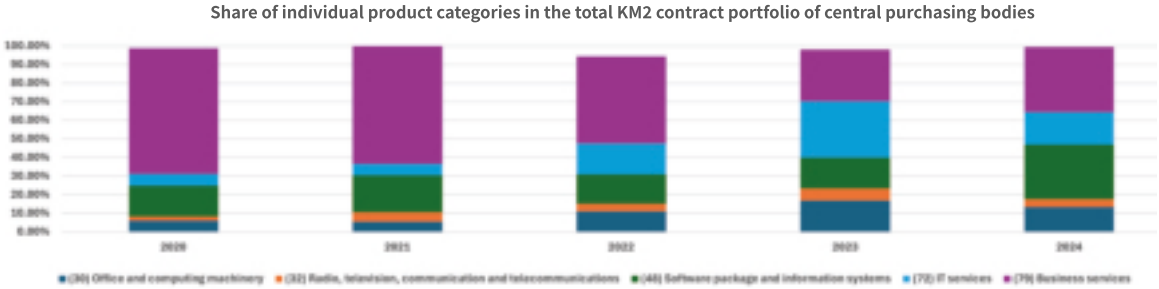


Based on CPV product divisions, the largest framework agreement-based contract portfolio, with the exception of 2023, is observed in business services, which predominantly relates to public procurement procedures serving communication purposes. (In 2023, the contract portfolio of IT services, amounting to HUF 154.5 billion, slightly exceeded the total value of HUF 141.1 billion recorded for business services.) In 2024, the 91.7% increase in business services (from HUF 141.1 billion to HUF 270.5 billion) and the 167.7% increase in the software package and information systems division are particularly noteworthy. In the latter case, expenditure reached HUF 225.8 billion in 2024, representing 2.7 times the previous year's value of HUF 84.3 billion.

Chart 5

The following chart presents, in the context of central purchasing bodies,

- the share of FA2 contract portfolio in the product divisions with largest contract portfolios, as well as
- the internal distribution of contract portfolios within these key product divisions.



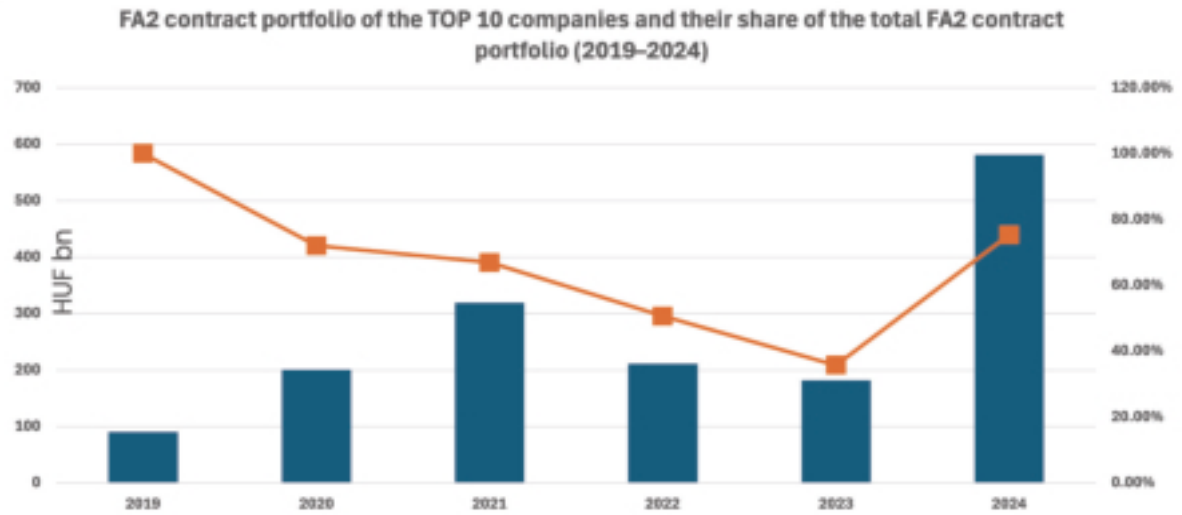
.

The chart clearly shows that the most important trend in the period between 2020 and 2024 was the increasing weight of information technology-related product divisions. (The DGPPS's data provision deficiencies in 2019 also affect IT-related public procurements; therefore, data for that year are not included in the chart.) The share of their combined contract portfolio increased continuously between 2020 and 2023, primarily at the expense of the business services product division's contract portfolio (which, however, increased in nominal terms). In 2024, this trend reversed: the share of business services increased from 27.8% to 35.1%, while that of the three IT product divisions decreased from 63.8% to 60.2%.

The chart clearly shows that over the past five years, the combined share of the key product divisions accounted for almost the entire FA2 procedure portfolio, ranging between 98% and 100%, with the exception of 2022, when it was 94.5%. It must also be emphasised here that the calculation does not include data from procedures conducted by the DGPPS.

The following chart provides insight into the concentration of companies among central purchasing bodies. It shows what share of the total number and value of contracts of central purchasing bodies is accounted for by the ten companies with the largest contract portfolios.

Chart 6



As shown in the chart, the CI10[98] indicator – representing the share of the ten companies with the largest contract portfolios in the total FA2 portfolio of central purchasing bodies – gradually decreased between 2019 and 2023, reaching 35.7% (line chart, right-hand vertical axis). The decline in the CI10 indicator was continuous despite the fact that, during the first half of the period, the nominal value of the contract portfolio of the TOP10 companies increased (bar chart, left-hand vertical axis), only declining between 2021 and 2023. In 2024, the contract portfolio of the TOP10 companies, as well as the CI10 indicator (that is, their share), increased dramatically. In 2024, the contract portfolio of these companies increased 3.2-fold, from HUF 181.7 billion to HUF 581.0 billion, while their share rose from 35.7% to 75.4%. **In other words, concentration within the FA2 contract portfolio increased sharply in 2024.**

[98] *The CI10 – a concentration indicator calculated for the ten largest participants – represents the share of the total contract value accounted for by the ten companies with the largest contract portfolios.*