



PUBLIC PROCUREMENT  
AUTHORITY

# FLASH REPORT

Hungarian public procurement in numbers

H1 of 2024



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## CHANGES IN REPORTING THE DATA

The Flash Report H1 of 2024 of the Public Procurement Authority was prepared by applying a new statistical methodology. This switch became necessary because in its related regulation, the European Commission changed the display and technical structure of standard forms applied during public procurement procedures reaching or exceeding EU public procurement thresholds by enabling equivalent and coordinated statistical data processing in all Member States.

The above EU legislation obliges the Authority to apply lot based statistical methodology and to provide appropriate information. Statistics issued by the Public Procurement Authority are based on the data of contract award notices accumulated after closing the procedure. Until now, even in the case of procedures enabling lot tendering, just one accumulated contract award notice was published after closing the whole procedure. However, pursuant to the amendment, more contract award notices can be dispatched if lot tendering was enabled in the procedure concerned. Effectively conducted lots are closed with the conclusion of a contract. **Consequently, henceforth the statistics of the Public Procurement Authority are prepared based on the contract award notices related to the individual lots closed effectively with a contract.** In line with the statistical practice applied by the European Commission, **the statistics considers the data of contracts related to the lots under effective framework agreements, nevertheless, contracts concluded as the result of public procurement procedures aimed at the conclusion of framework agreements are not included.** The calculation methodology of one bid contracts differs from the above, as neither contracts concluded as the result of procedures aimed at the conclusion of framework agreements, nor data of contracts related to the lots under these are included, in compliance with the practice of the European Union.

**Although the above mentioned legal requirement currently refers only to procedures above EU thresholds, from now on the Public Procurement Authority publishes contract based statistics also in terms of procedures below EU thresholds.** According to the information available to the Public Procurement Authority, national standard forms will also be amended next year – thus the structure of notices concerning public procurement procedures conducted below and above EU thresholds will become uniform. It has to be highlighted in relation to the change that due to the new methodology, **more detailed and precise data** on Hungarian public procurements **will be available** concerning the procedures and their lots conducted above EU thresholds.



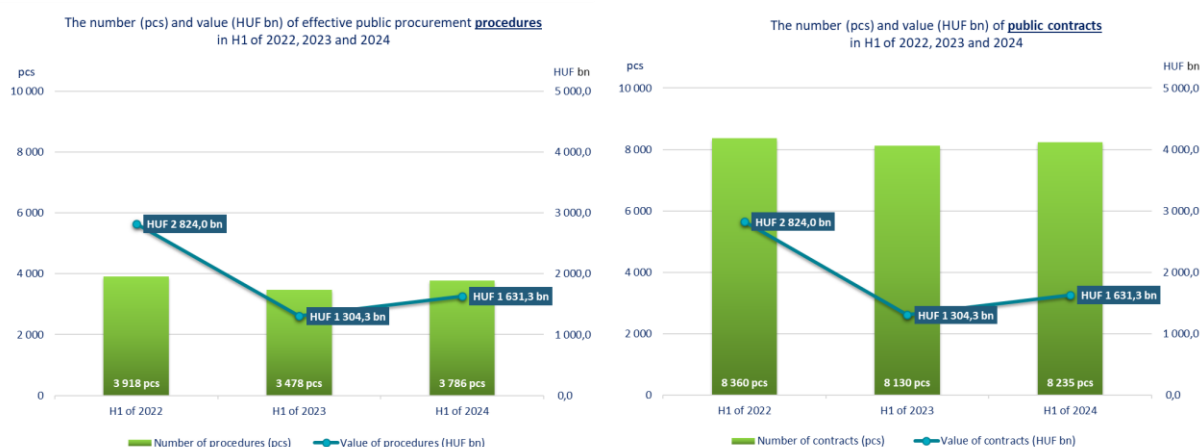
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The Public Procurement Authority pays special attention to the provision of authentic and precise statistical data in order to present an overview on the key indicators and trends of the Hungarian public procurement market. In 2020 the Authority voluntarily joined the Official Statistical Service after successfully completing the accreditation procedure conducted by the Hungarian Central Statistical Office, hence the statistical activity of the Authority officially complies with the provisions stipulated by the National Statistics Practical Code, the legislation applicable to official statistical data provision and the Regulation on European statistics.



## I. THE VOLUME OF HUNGARIAN PUBLIC PROCUREMENTS<sup>1</sup>

### 1. The number (pcs) and value (HUF bn) of effective public procurement procedures<sup>2</sup> and public contracts<sup>3</sup> in the first half of 2022, 2023 and 2024



In the first semester of 2024, public buyers conducted 3786 effective public procurement procedures, which – by applying the contract based methodology introduced – means the conclusion of in total 8235 public contracts, amounting to HUF 1631,3 billion in total.

There has been an increase compared to the statistical data of the same period of the previous year in terms of both the number and value of contracts: the number of contracts calculated for the first semester of 2024 exceeded the data of last year by 1,3 percent, while the value of contracts by 25 percent

Upon applying the procedure based methodology, the number of procedures grew by nearly 9 percent, while their value by 25 percent similarly, in comparison to the same period of the previous year.

<sup>1</sup> The statistics is prepared based on contract award notices referring to lots effectively closed by a contract. In accordance with statistical practice of the EU, contracts concluded as the result of procedures aimed at the conclusion of framework agreements are excluded, only the data of contracts related to lots under effective framework agreements are included.

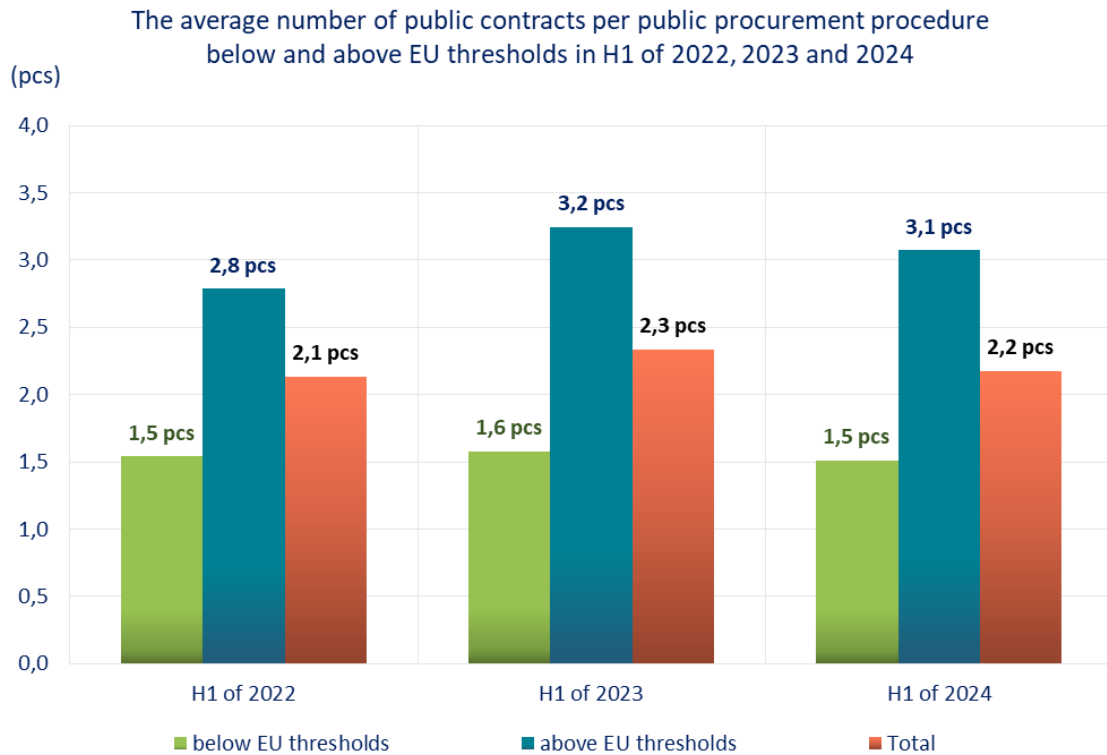
<sup>2</sup> Procedure/public procurement procedure shall mean effective, whole public procurement procedures (even having several lots), not aimed at the conclusion of framework agreements.

<sup>3</sup> Public contract shall mean contracts related to effective lots, not aimed at the conclusion of framework agreements.



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## 2. The average number (pcs) of public contracts per public procurement procedure below and above EU thresholds, in the first half of 2022, 2023 and 2024

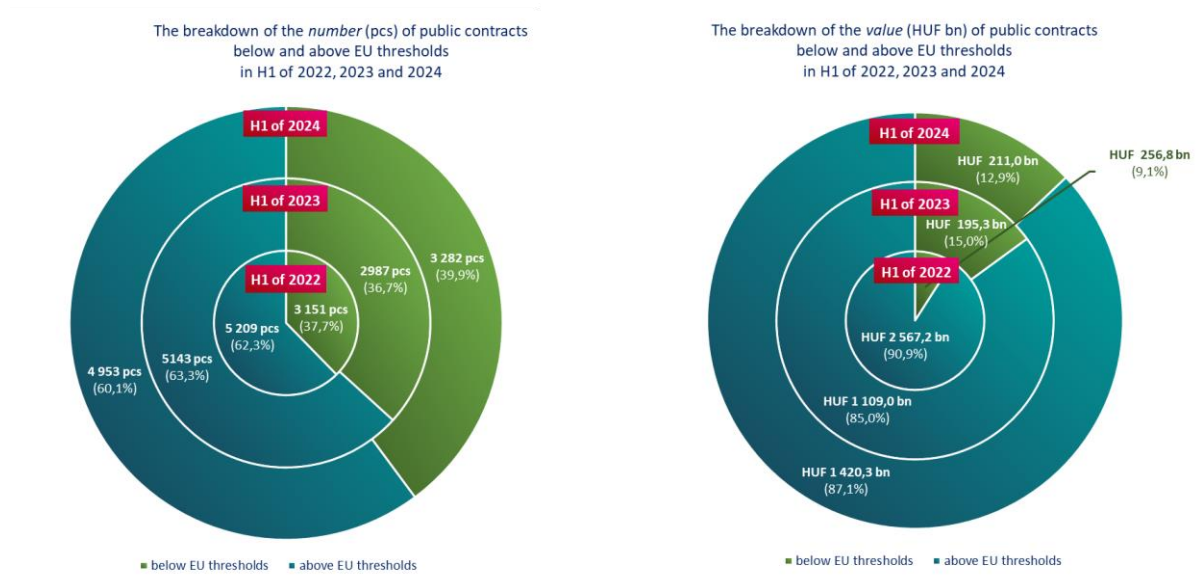


The Public Procurement Authority registered the data of public contracts even prior to the legal amendment requesting the methodological switch; which provides an appropriate basis for comparison as to current and previous data. In the first half of the past three years the average number of public contracts per public procurement procedure was 2,2 on average. As regards high value public procurements above EU thresholds, the number of public contracts was 3 on average. It can be stated based on the data that public buyers apply division into lots in public procurements both above and below EU thresholds, which boosts the intensity of competition and the participation of SMEs as well.



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### 3. Breakdown of the number (pcs) and value (HUF bn) of public contracts below and above EU thresholds, in the first half of 2022, 2023 and 2024



In the first six months of 2024 the breakdown of the number of public contracts below and above EU thresholds was similar to that of the past years, almost 40 percent of the contracts were concluded in public procurement procedures below EU thresholds, while a bit more than 60 percent above EU thresholds. The ratio of the number of contracts related public procurements conducted below EU thresholds rose by 3,2 percentage points compared to the data of the first semester of 2023.

The breakdown of the value of public contracts was in the similar range than that of the data of the first half of the past years. In the first semester of this year, about 13 percent of the contracts were related to procedures below EU thresholds, which is 2,1 percentage points lower than in the same period of the previous year.

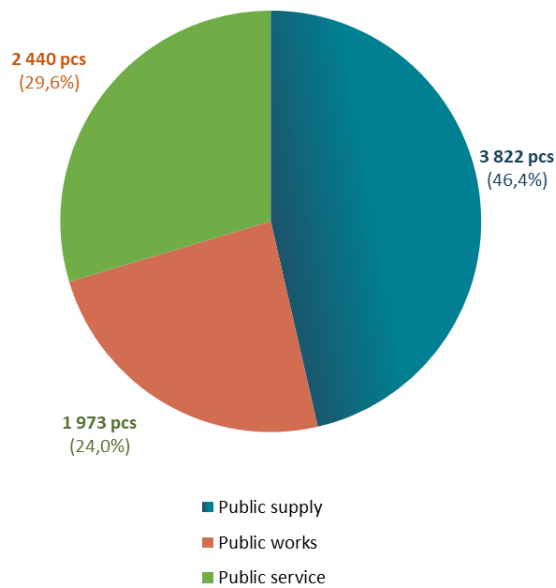




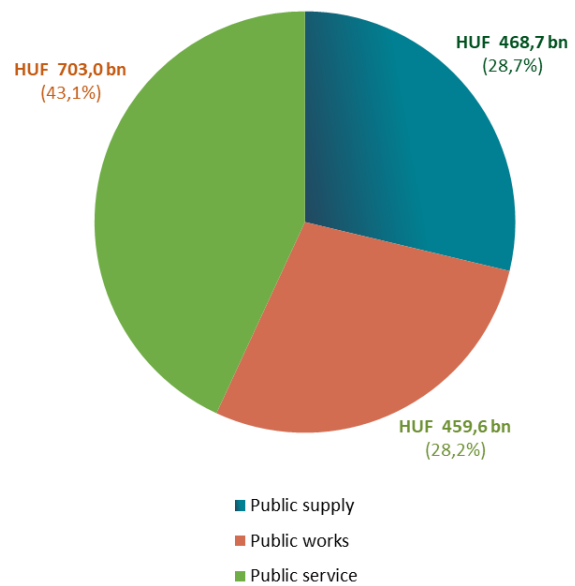
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## 4. Breakdown of the number (pcs) and value (HUF bn) of public contracts by subject-matter in the first half of 2024

The *number* (pcs) of public contracts by *main subject-matter* in the first half of 2024



The *value* (HUF bn) of public contracts by *main subject-matter* in the first half of 2024



In the first semester of 2024, most public procurements accounted for public supply, explaining 46,4 percent of the procurements, while public service represented 29,6 percent and public works 24,0 percent, respectively.

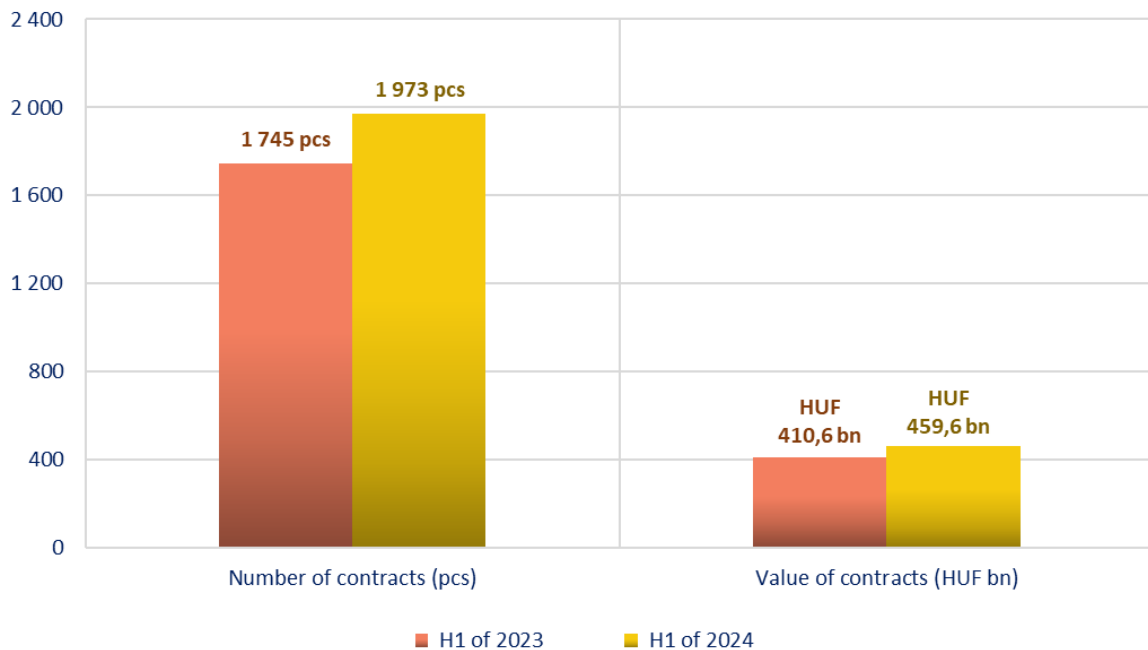
The total value of public service increased by more than half compared to that of the previous year, thus its value was the highest, HUF 703 billion. The value of public supply was HUF 469 billion, while that of public works amounted to HUF 460 billion.





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Changes of the number (pcs) and value (HUF bn) of public work contracts in H1 of 2023 and 2024



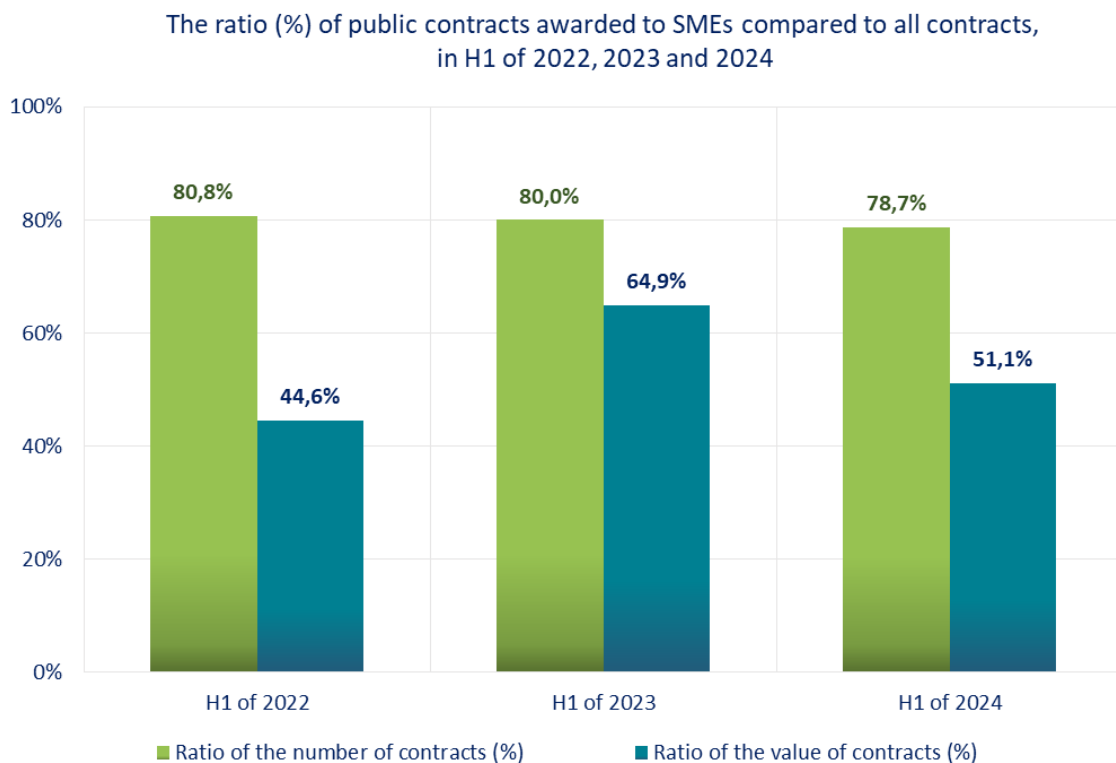
The trend of public works has crucial importance from the aspect of the national economy. Data show the change of the lowering tendency seen in the last year: in the first half of 2024 in comparison to the same period of last year, both the number and value of public works contracts rose by 13,1 percent and by 11,9 percent, respectively.

Public buyers concluded 228 more public works contracts in the first semester of 2024 than in the same period of the previous year, the value of which exceeded the data of the first half of 2023 by HUF 49 billion.



## II. THE SME SECTOR CONTINUES TO DOMINATE

### 1. The ratio of public contracts awarded to SMEs in the first half of 2022, 2023 and 2024

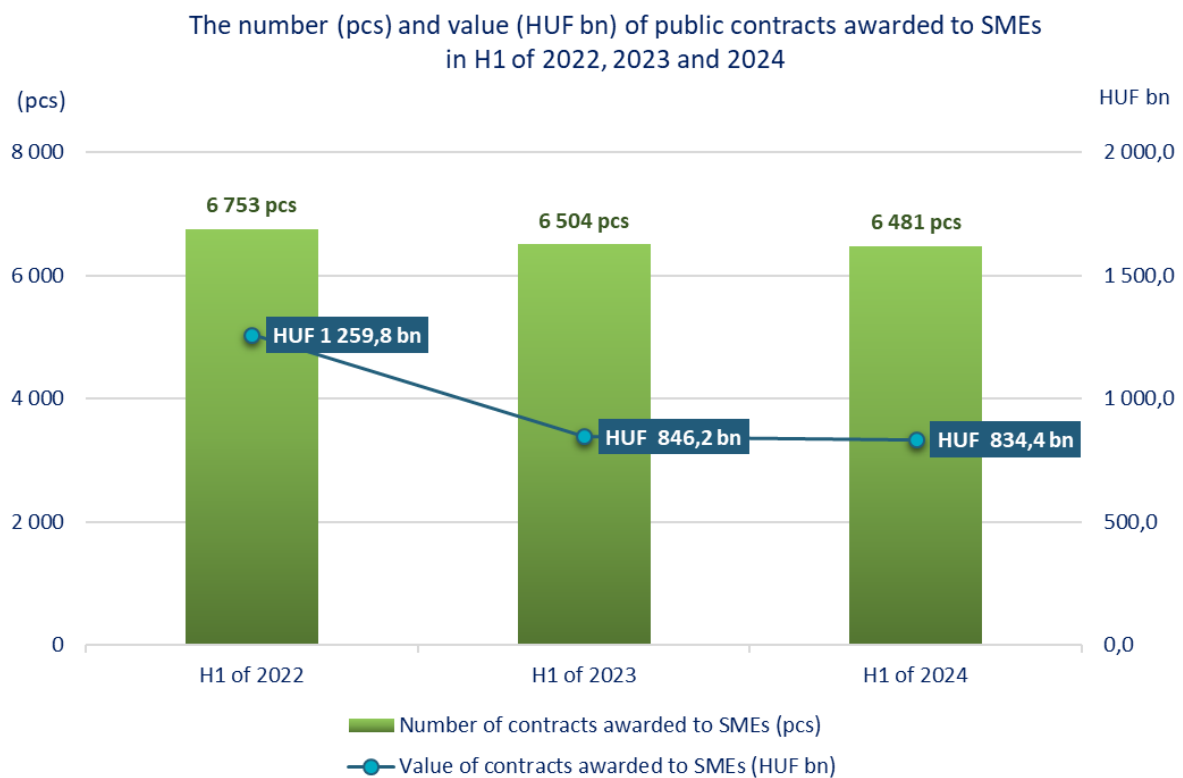


The SME sector continues to occupy a vital role in Hungarian public procurements. In the first six months of 2024, 79 out of 100 public contracts were awarded to SMEs, while about half of the value of public procurements were awarded to SMEs. In comparison to the same period of the previous year, ratio of the number of public contracts awarded to SMEs lowered by 1,3 percentage points, while the ratio of their value decreased by 13,7 percentage points compared to all public contracts. The reason for this is that although the number and value of public contracts awarded to SMEs minimally changed compared to the same period of the previous year, the total value of all public contracts concluded in the period concerned was considerably higher than last year.



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## 2. The number (pcs) and value (HUF bn) of public contracts awarded to SMEs in the first half of 2022, 2023 and 2024



During the first semester of 2024, 6481 public contracts were awarded to SMEs in terms of Hungarian public procurement procedures, amounting to HUF 834,4 billion in total. There was no substantial change in terms of the number and total value of public contracts awarded to SMEs in comparison to the previous year.



### III. COMPETITION IS ENSURED ON THE PUBLIC PROCUREMENT MARKET

#### 1. Data<sup>4</sup> of the number and value of one bid public contracts in the first half of 2022, 2023 and 2024

The Public Procurement Authority continuously monitors several indicators in its reports to measure the intensity of competition on the public procurement market.

Out of these, the tendency of one bid public procurement is one of the most crucial indicator. The Authority has been long monitoring this indicator in compliance with the methodology applied by the Single Market Scoreboard of the European Commission, based on contracts related to public procurement procedures.

The Flash Report includes two additional indicators to observe the intensity of market competition. On the one hand, the Public Procurement Authority follows the number of public contracts related to negotiated procedures without prior publication, on the other hand, the trend of the number of bids per public contract as well.

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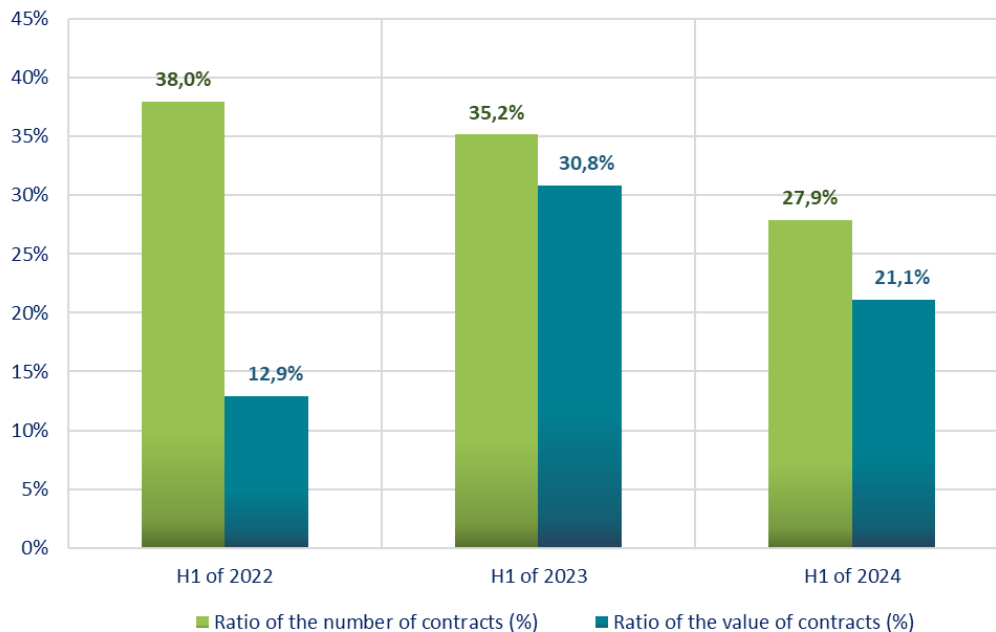
<sup>4</sup> In its statistics on one bid public contracts, the European Commission includes neither the data of contracts aimed at the conclusion of framework agreements, nor that of contracts related to lots under effective framework agreements. In terms of public contracts above EU thresholds, as of 25 October 2023 contract award notices enable the precise identification of public contracts related to the partial performance of framework agreements, thus these are not included in the chart in line with the methodology of the European Commission. As regards public contracts below EU thresholds, charts on one bid contracts cover estimated data without contracts related to the partial performance of framework agreements.



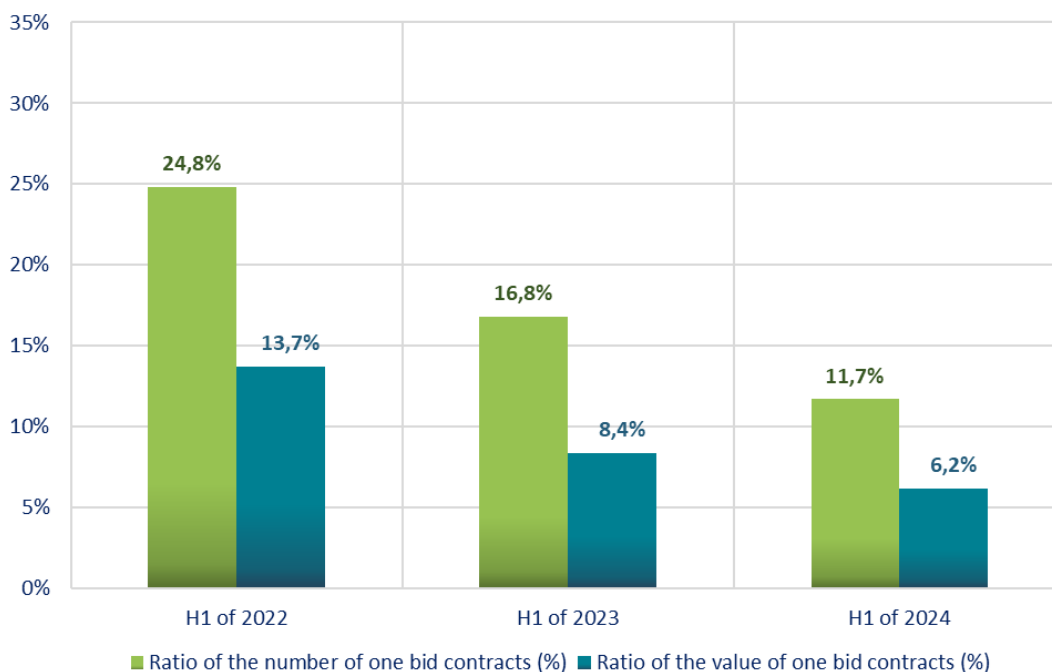
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Ratio of the number and value (%) of **one bid contracts** above EU thresholds in H1 of 2022, 2023 and 2024 (without FA2)



Ratio of the number and value (%) of **one bid contracts** below EU thresholds in H1 of 2022, 2023 and 2024 (without FA2)



The ratio of the number of one bid public contracts is continuously lowering both above and below EU thresholds compared to the data of the first half of the previous years. The ratio of



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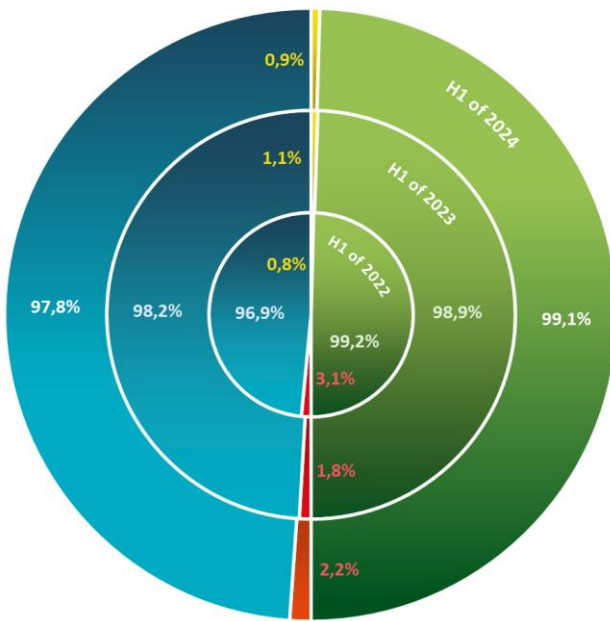
the number of one bid public contracts above EU thresholds, which includes high value public procurements also reviewed by the European Commission, was nearly 7,3 percentage points less, while the ratio of their value was 9,7 percentage points less in the first semester of 2024 than a year ago. Upon comparing the ratio of the number of public contracts with the data of the first half of 2022, there is an over 10 percentage point decrease in terms of public procurement above EU thresholds.



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## 2. Key indicators of public contracts related to negotiated procedures without prior publication closed in the first half of 2022, 2023 and 2024

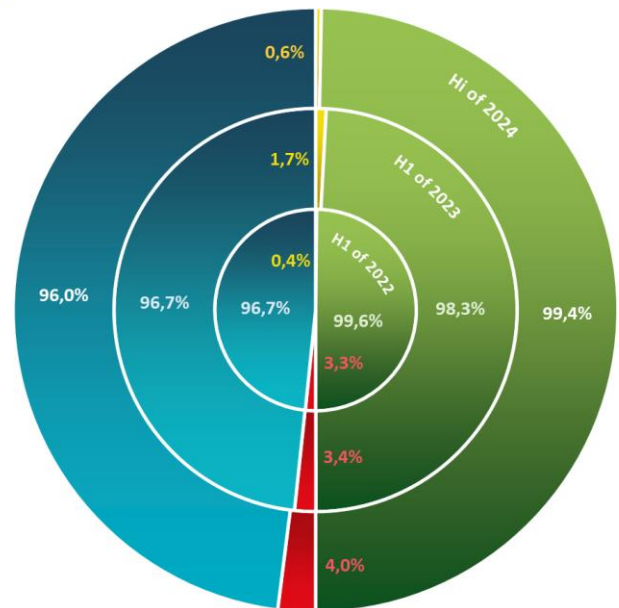
Ratio of the number (%) of public contracts related to negotiated procedures without prior publication closed below and above EU thresholds, compared to all contracts in H1 2022, 2023 and 2024



- Ratio of the number of NPWPP lots (%) below EU thresholds
- Ratio of the number of other lots (%) below EU thresholds
- Ratio of the number of NPWPP lots (%) above EU thresholds
- Ratio of the number of other lots (%) above EU thresholds



Ratio of the value (%) of public contracts related to negotiated procedures without prior publication closed below and above EU thresholds, compared to all contracts in H1 2022, 2023 and 2024



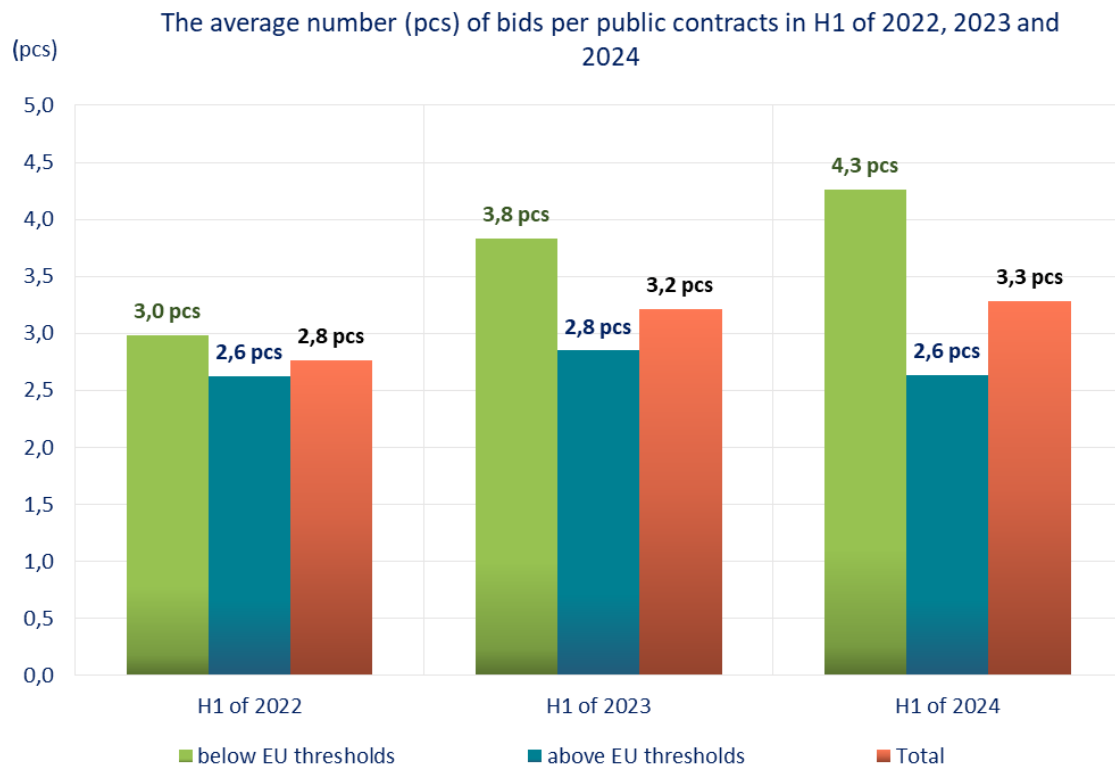
- Ratio of the value of NPWPP lots (%) below EU thresholds
- Ratio of the value of other lots (%) below EU thresholds
- Ratio of the value of NPWPP lots (%) above EU thresholds
- Ratio of the value of other lots (%) above EU thresholds

The other key indicator of competition on the public procurement market is the trend of public contracts related to negotiated procedures without prior publication effectively closed. In the first semester of 2024 the ratio of the number and value of contracts related negotiated procedures without prior publication remained low compared to all public contracts. The ratio of the number of public contracts related to negotiated procedures without prior publication lowered by 0,2 percentage points below EU thresholds; while above EU thresholds it grew by 0,4 percentage points compared to the data a year ago. The ratio of the value of public contracts related to negotiated procedures without prior publication effectively closed below EU thresholds decreased by 1,1 percentage points, while it rose by 0,6 percentage points above EU thresholds compared to all public contracts.





### 3. The average number of bids per public contract in the first half of 2022, 2023 and 2024



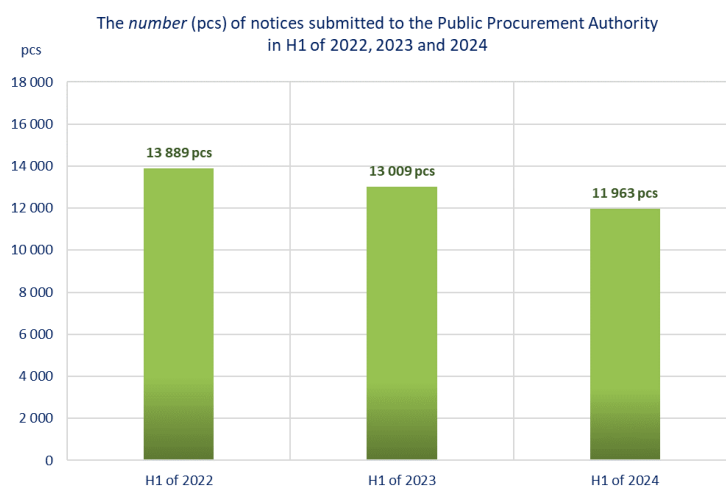
In the reporting periods of the past three years the average number of bids per public contract has been continuously rising below EU thresholds, while it has been stagnating in the case of public procurements above EU thresholds.

In terms of all public contracts the average number of bids was 3,3 in the first semester of 2024, which almost equals the data of the same period of the previous year. Competition is continuously ensured on the Hungarian public procurement market, **as the best bid has to be selected out of more than 3 tenders on average per public contract.**

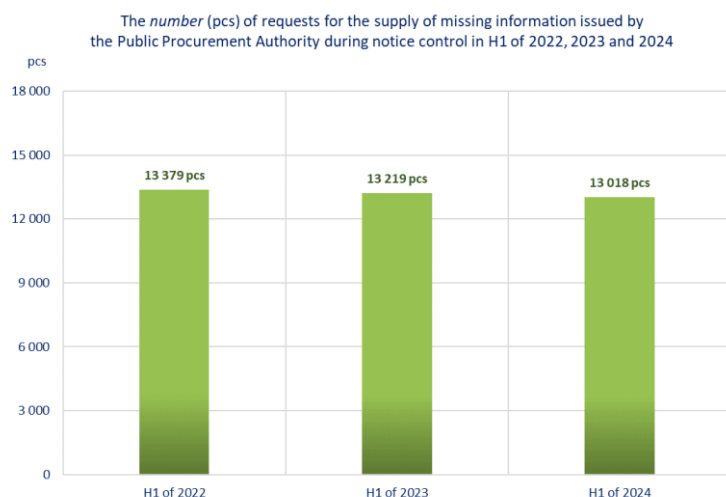


## IV. STRICT CONTROL, ENHANCING COMPLIANCE

### 1. Data on the number of notices related to public procurement procedures in the first half of 2022, 2023 and 2024



In the first six months of 2024 the Public Procurement Authority registered and processed in total 11963 notices in relation to public procurement procedures. The Public Procurement Authority places increased emphasis on the control of notices in order to publish them in compliance with public procurement legislation and with coherent content within the notice concerned, by keeping applicable deadlines.



In the first half of 2024 the Public Procurement Authority issued again a considerable number, in total 13018 requests for the supply of missing information addressed to contracting authorities in order to correct the mistakes of public procurement notices, which means that an average of 105 requests for the supply of missing information were issued on a working day. In the reporting period the number of requests for the supply of missing information again exceeded the number of notices due to the strict and consequent control practice. In the



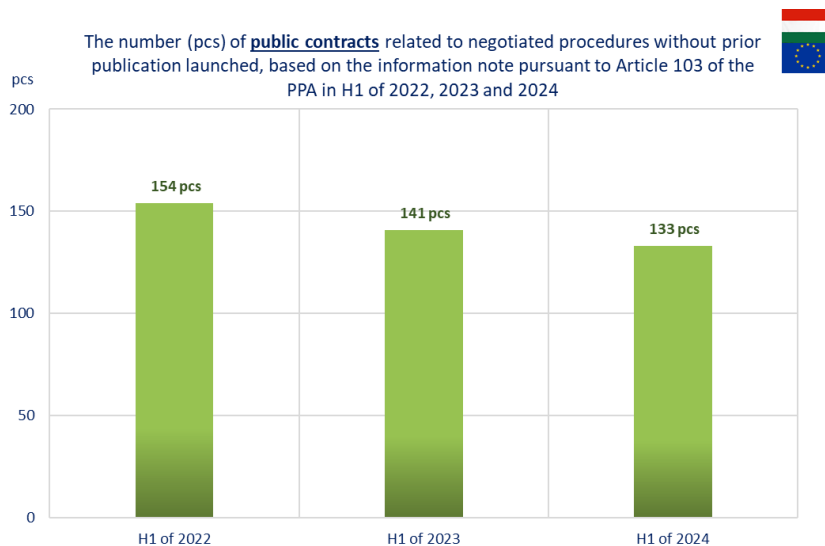
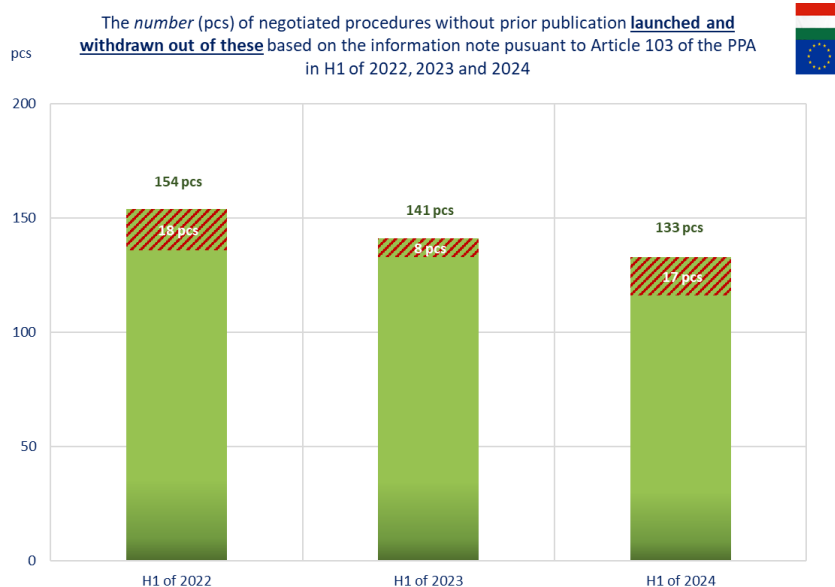
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first semester of 2024, there was 1,09 request for the supply of missing information issued per notice, which is 7,1 percent more than in the same period of the previous year.



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## 2. The number of negotiated procedures without prior publication launched and withdrawn out of these and the number<sup>5</sup> (pcs) of public contracts related to negotiated procedures without prior publication in the first half of 2022, 2023 and 2024



The total number of negotiated procedures without prior publication launched remained very low and has been continuously lowering as regards the same period of the three years concerned. In the first half of 2024 in total 110 negotiated procedures without prior publication were launched, which is a nearly 3 percent drop compared to the data of the previous year. Due to the compliance control of the Public Procurement Authority, contracting authorities

<sup>5</sup> The statistical data collection is based on the information notes submitted to the Public Procurement Authority by contracting authorities pursuant to Article 103 of the PPA.



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withdrew 14 invitations to tender launching negotiated procedures without prior publication. The number of public contracts related to negotiated procedures without prior publication was 133, which is about 6 percent lower than in the same period of the previous year.

### 3. Data on the contract control activity in the first half of 2022, 2023 and 2024



The direct objective of the contract control activity is to reveal public procurement infringements and to support the application of the related legal consequences.

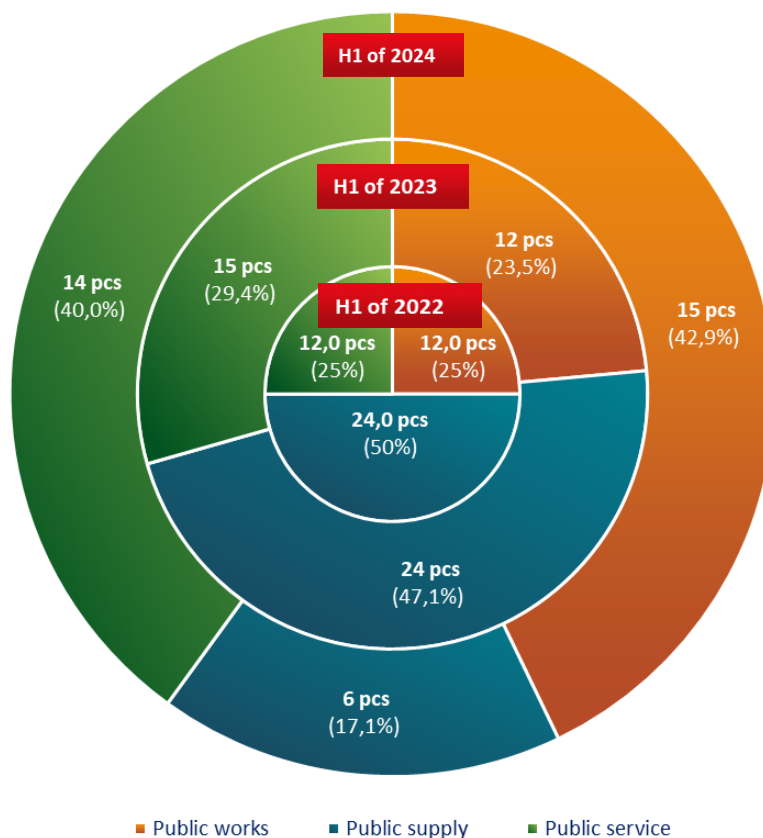
The contract control activity covers three main case types: the contract control procedure, other investigation not requiring contract control procedure and the investigation of breaches of contract reported by contracting authorities. The common feature of all is that they are related to a public contract already concluded, however, different investigation may be justified depending on which phase of the contract (conclusion – performance – termination) the Public Procurement Authority concentrates on. The contract control procedure primarily reveals the circumstances of contract performance, nevertheless, it also may cover all phases of the public procurement procedure.

In the first half of 2024 the number of additional controls beyond planned rose by 26 compared to the same period of the past year, furthermore, the breaches of contracts reported by contracting authorities and the number of investigations launched based on notification of public interest not requiring the conduct of contract control procedure also advanced.



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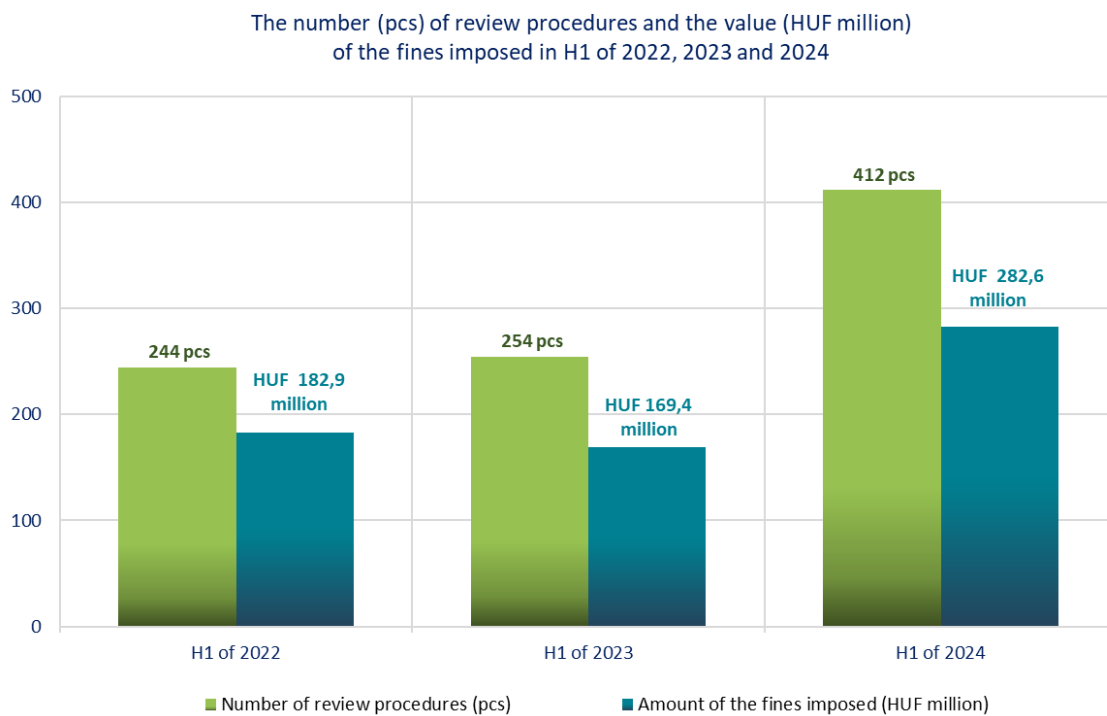
Breakdown (%) of controls conducted  
*by main subject-matter*  
in H1 of 2022, 2023 and 2024



In the past two years almost 50 percent of the contract controls ordered were aimed at public supplies. In the first semester of 2024, in comparison to this tendency the control of public services and public works significantly grew, the former accounted for 42,9, while the latter represented 40 percent of all controls ordered based on the annual control plan.



#### 4. The number (pcs) of review procedures and value (HUF million) of the fines imposed in the first half of 2022, 2023 and 2024



\* 116 review procedures were in progress based on the data of the first semester of 2024.

In the first six months of 2024 the number of review procedures considerably escalated compared to the same period of the previous years; the intensification of the number of review procedures indirectly demonstrates the existence of intense competition. The Public Procurement Arbitration Board has consequent fining practice: higher value fine is imposed on for graver infringements.

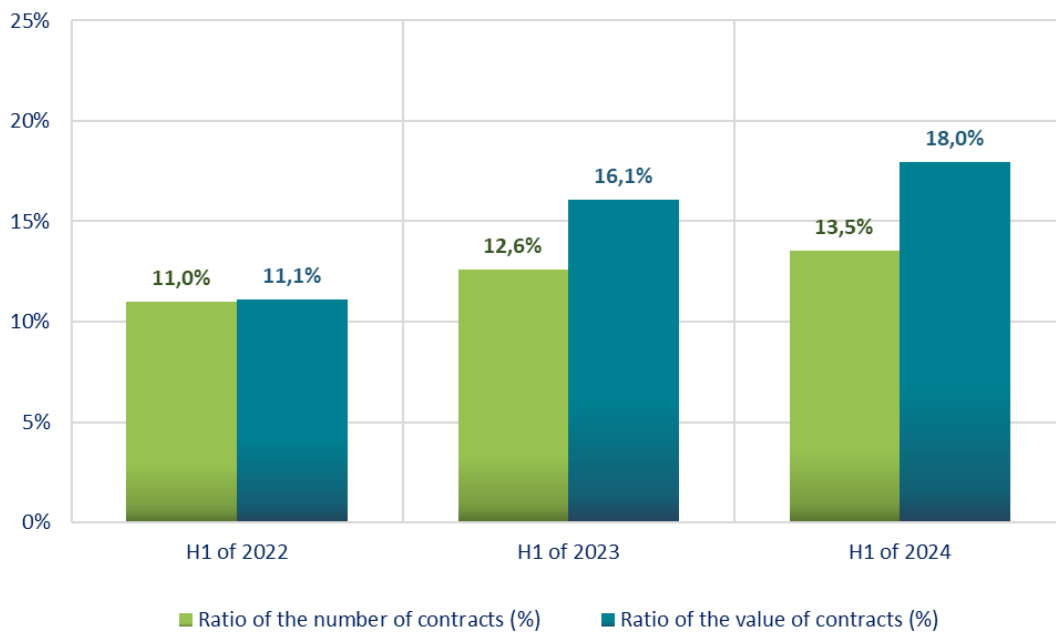




## V. SUSTAINABILITY ASPECTS IN HUNGARIAN PUBLIC PROCUREMENTS

### 1. Data of public contracts with environmental and social aspects in the first half of 2022, 2023 and 2024

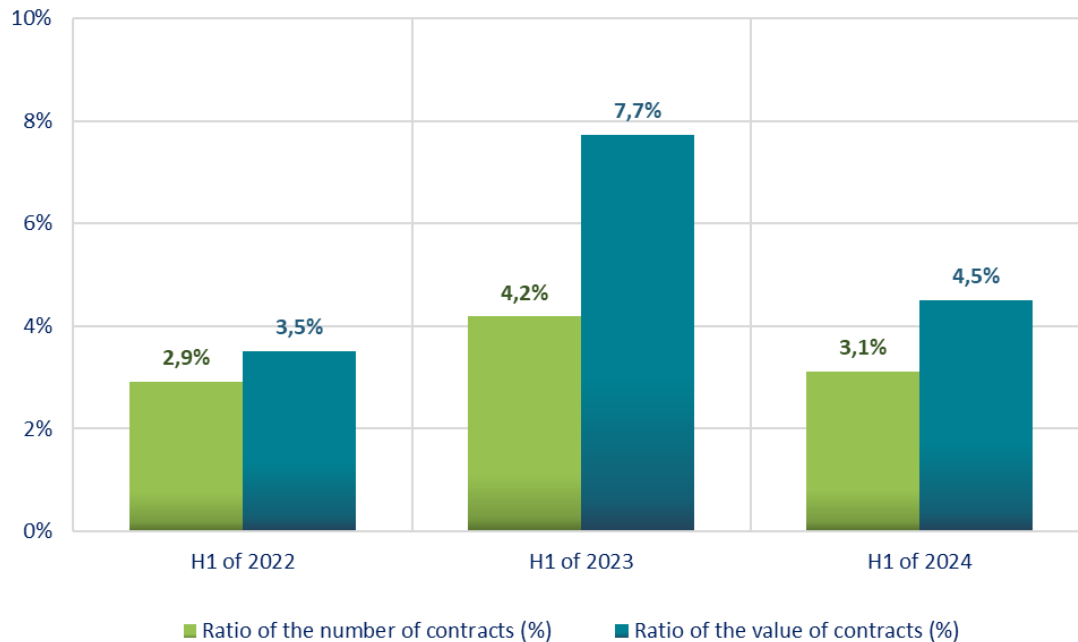
The ratio of the number and value (%) of public contracts with **green** aspects **below** EU thresholds in H1 of 2022, 2023 and 2024





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The ratio of the number and value (%) of public contracts with **social** aspects **below** EU thresholds in H1 of 2022, 2023 and 2024



In the first half of 2024 the ratio of the value of public contracts with environmental aspects below EU thresholds increased by almost 2 percentage points compared to the same period of the previous year. In terms of the ratio of their number, a nearly 1 percentage point rise can be measured, meaning that on average approximately every seventh procedure considered green aspects. However, the ratio of the number and value of public contracts with social aspects dropped, the former was 3,2, while the latter was 1,1 percentage points less than a year ago.

