



PUBLIC PROCUREMENT
AUTHORITY

FLASH REPORT

Hungarian public procurement in numbers

Q1 of 2024



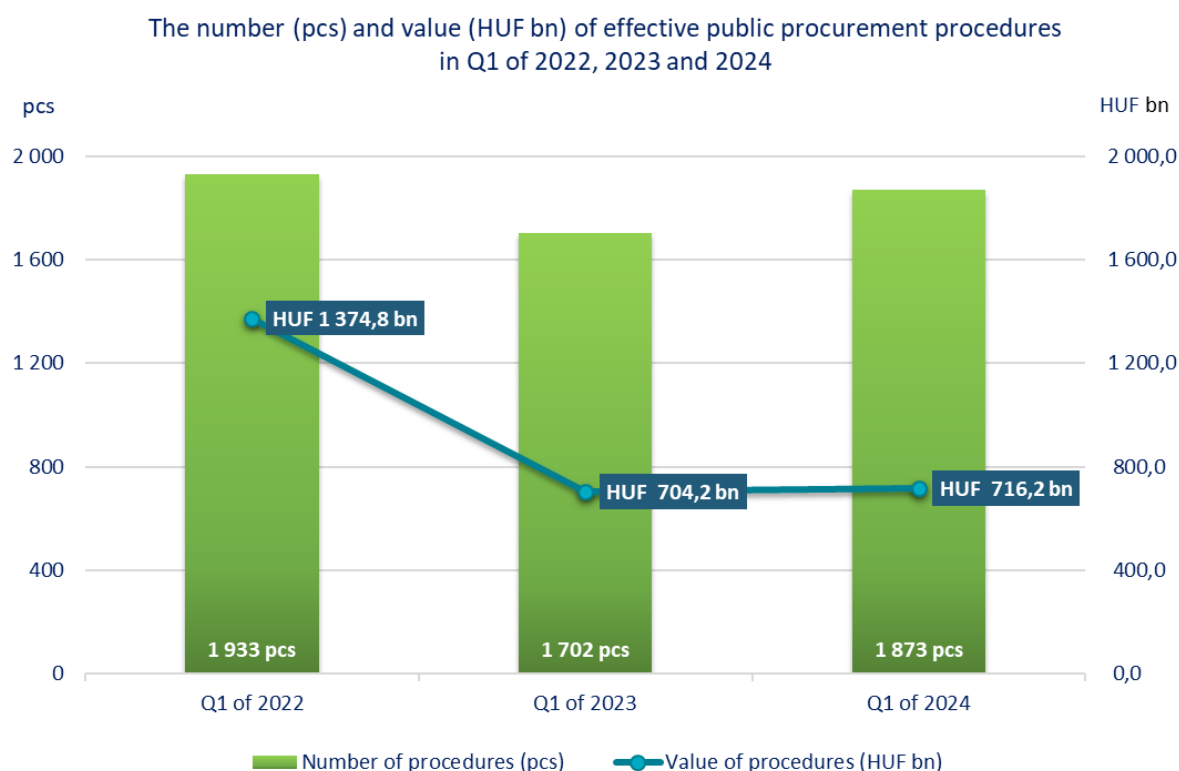
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I. THE VOLUME OF THE HUNGARIAN PUBLIC PROCUREMENTS

1. The number (pcs) and value (HUF bn) of effective public procurement procedures¹ in the first quarter of 2022, 2023 and 2024



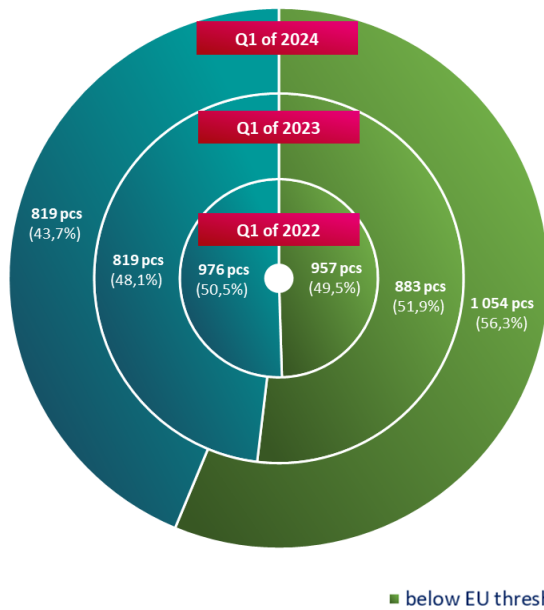
In the first quarter of 2024, contracting authorities conducted in total 1873 effective public procurement procedures, the total value of which amounted to HUF 716,2 billion. In terms of the number of procedures, there had been a 10% increase compared to the first quarter of the previous year. The rise was nearly 2% as regards the value of procedures versus the same period of last year.

¹ Data does not include the data of procedures aimed at the conclusion of framework agreements. Hereinafter procedure/public procurement procedure shall mean effective procedures excluding framework agreements.

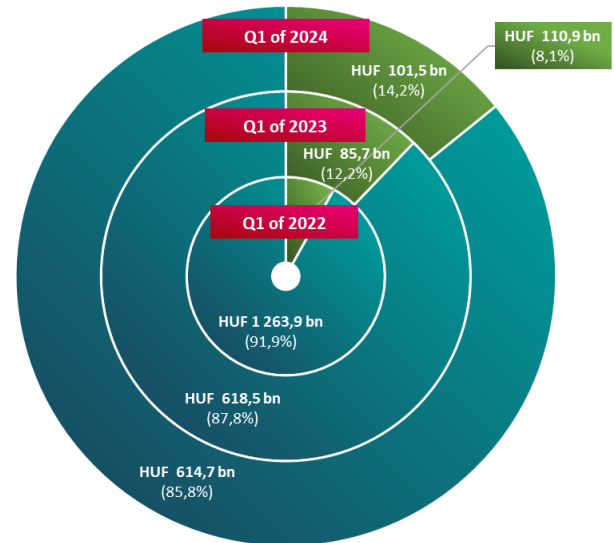


2. Breakdown of the number (pcs) and value (HUF bn) of public procurement procedures above and below EU thresholds in the first quarter of 2024

The breakdown of the **number** (pcs) of public procurement procedures below and above EU thresholds in Q1 of 2022, 2023 and 2024



The breakdown of the **value** (HUF bn) of public procurement procedures below and above EU thresholds in Q1 of 2022, 2023 and 2024



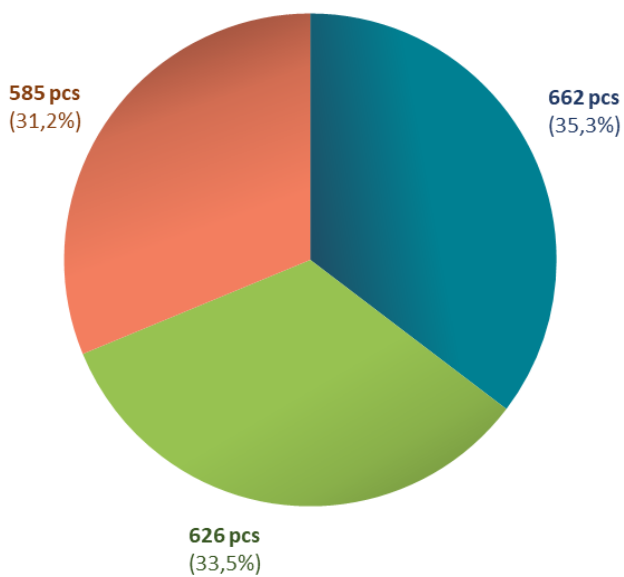
It can be stated based on the data of the first quarters of the previous years that procedures below EU thresholds are becoming more and more dominant in the public procurement market. In the first three months of 2024, ratio of the number of public procurement procedures above and below EU thresholds moved towards procedures below EU thresholds with 4,4 percentage points, while the ratio of the value moved with 2 percentage points compared to the same period of the previous year.



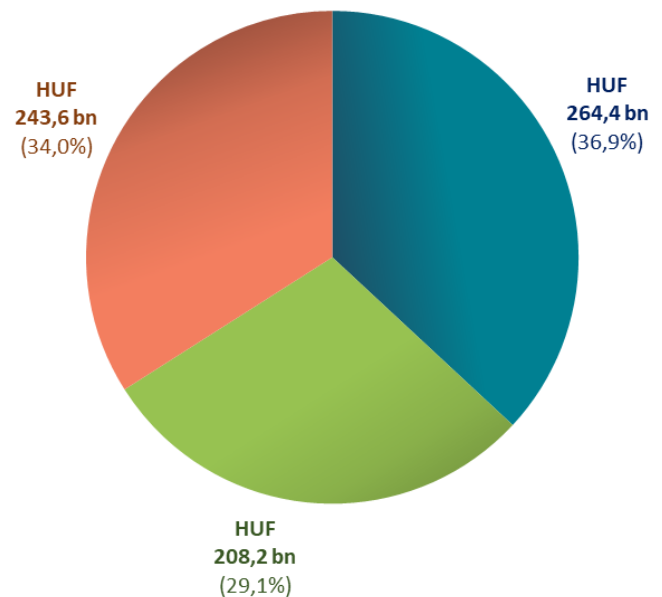
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3. The number (pcs) and value (HUF bn) of public procurement procedures by main subject-matter in the first quarter of 2024

The **number** (pcs) of public procurement procedures by main subject-matter in Q1 of 2024



The **value** (HUF bn) of public procurement procedures by main subject-matter in Q1 of 2024



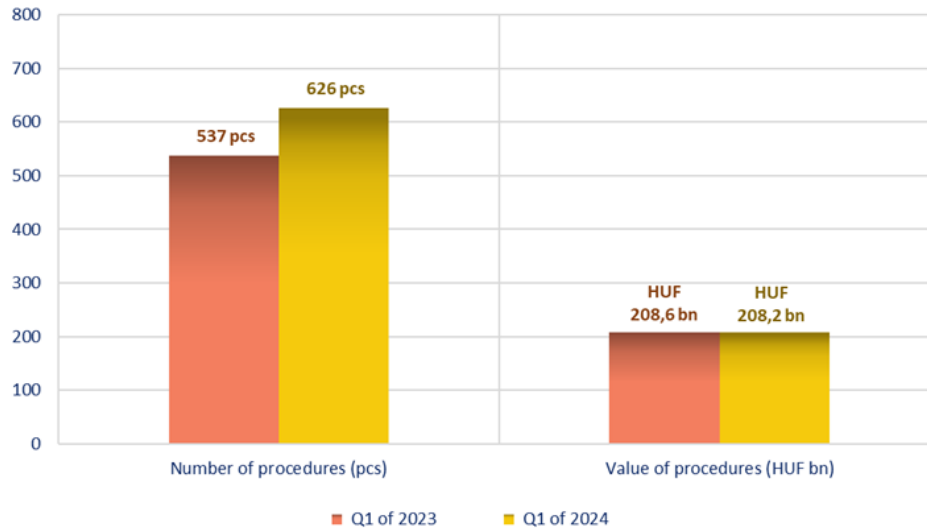
■ Public supply ■ Public works ■ Public service

The most public procurements were public supply, which accounted for 35,3%, while the ratio of public works represented 33,5% and public services 31,2%. The breakdown of the total value of public procurement by subject-matter was similar to the previous year: the ratio of the total value of public works, which earlier had the greatest share, remained low compared to the data of the previous years. In the first quarters of 2024, the total value of public supply was the highest, about HUF 264 billion, the value of public service was a little more than HUF 243 billion, while the total value of public works was about HUF 208 billion, similarly to last year.



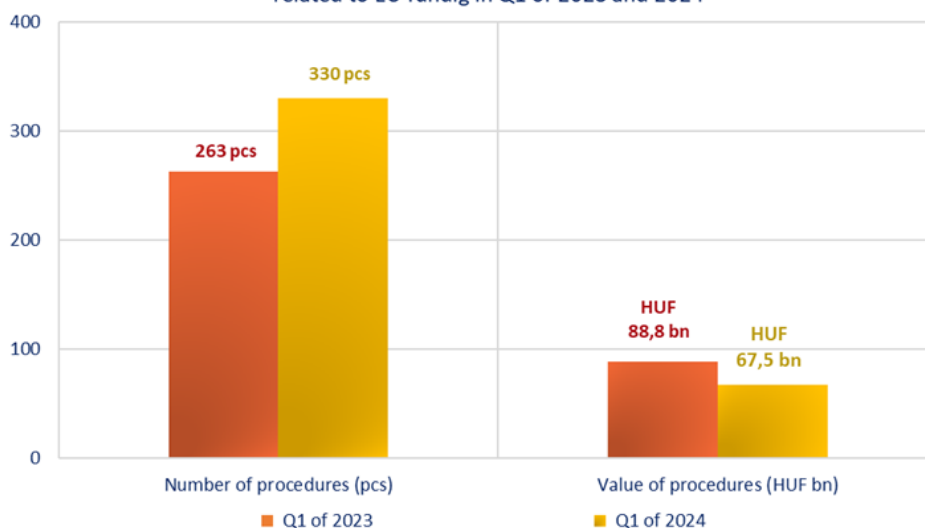
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The number (pcs) and value (HUF bn) of public works in Q1 of 2023 and 2024



The trend of public works has a key importance from economic perspective. The number of public works grew by 16,6% in the first quarter of 2024 versus the same period of the previous year, while its total value was nearly the same; nevertheless, this value (HUF 208,2 billion) is still very low: less than the half of the average of the first quarters of the past three years (HUF 455,3 billion).

Changing the number (pcs) and value (HUF bn) of public works related to EU fundig in Q1 of 2023 and 2024*



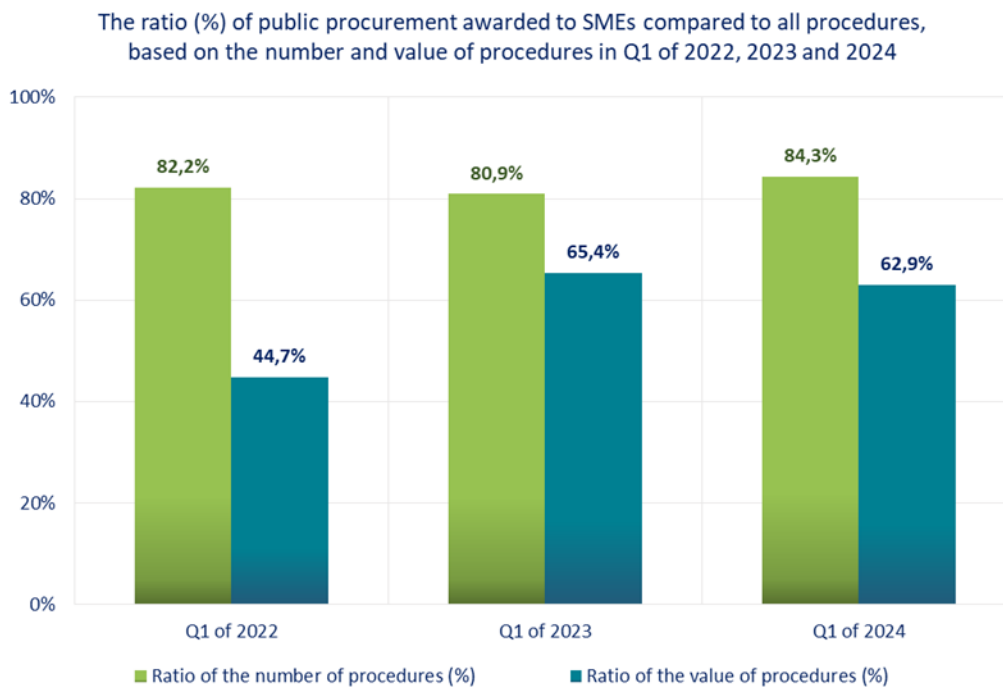
The number of EU funded public works rose by 25%, however, their value dropped with 24% versus the first quarter of the past year.

² Data does not show the aid intensity of EU funds used by public procurement procedures, but the ratio of the total value of public procurement with EU funding.



II. THE SME SECTOR CONTINUES TO DOMINATE

1. The ratio of public procurement awarded to SMEs in the first quarter of 2022, 2023 and 2024



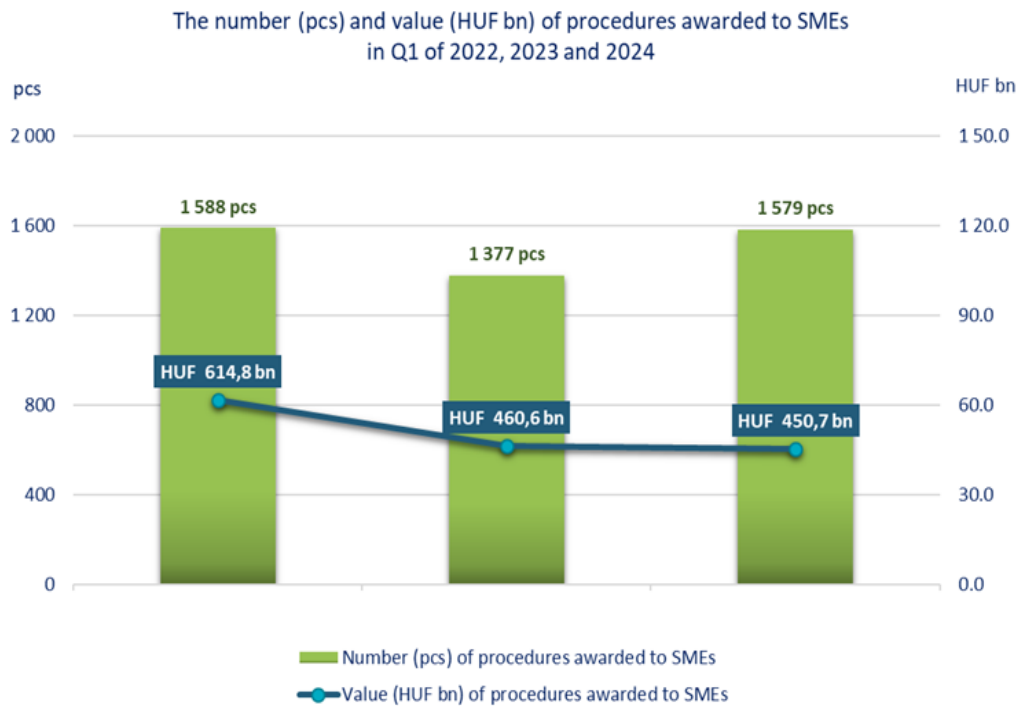
The ratio of the number of procedures awarded to SMEs compared to all procedures increased with 3,4 percentage points in the first quarter of 2024 versus the same period of the previous year; however, the ratio of their value was 2,5% lower than in the first quarter of 2023. The above means that 84 out of 100 effective public procurement procedures were awarded to SMEs and 63 forints out of 100 spent on public procurements were awarded to SMEs in the first quarter of 2024.

The SME sector continues to dominate the Hungarian public procurements, upon comparing the results of the first quarters of the past five years, at least 80% of effective public procurements were awarded to SMEs in each of the periods concerned.



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



Although 202 more public procurement procedures were awarded to SMEs than one year ago, the total value of these procedures was 2,1% less than in the first quarter of 2023.



III. COMPETITION IS ENSURED

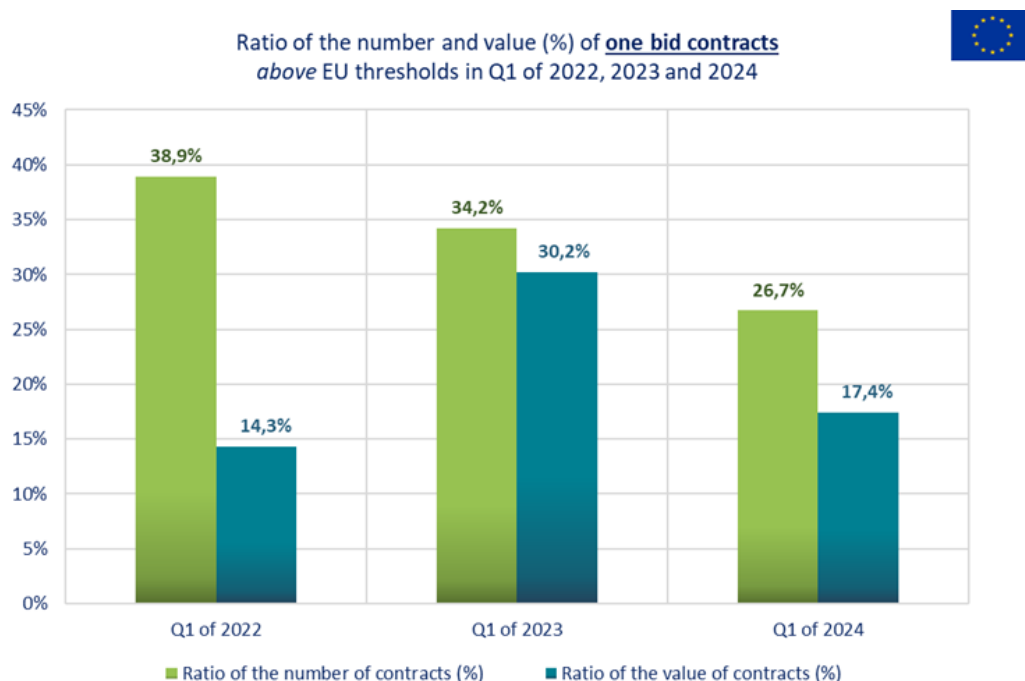
1. Data of the number and value of one bid public procurement in the first quarter of 2022, 2023 and 2024

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

One of the most important from these indicators is the trend of one bid public procurement. The Authority analyses this indicator by applying two methodologies: on the one hand, it considers public contracts as in the Single Market Scoreboard of the European Commission; on the other hand, it considers entire public procurement procedures in line with its previous practice. Thus, the trend of one bid public procurement is presented in the published flash reports by applying both methodologies.³

The flash report covers two additional indicators to monitor the intensity of market competition. The Authority monitors the trend of negotiated procedures without prior publication and also the changes in the number of bids per public procurement procedure.

1.1 Data⁴ of the number and value of one bid contracts in the first quarter of 2022, 2023 and 2024

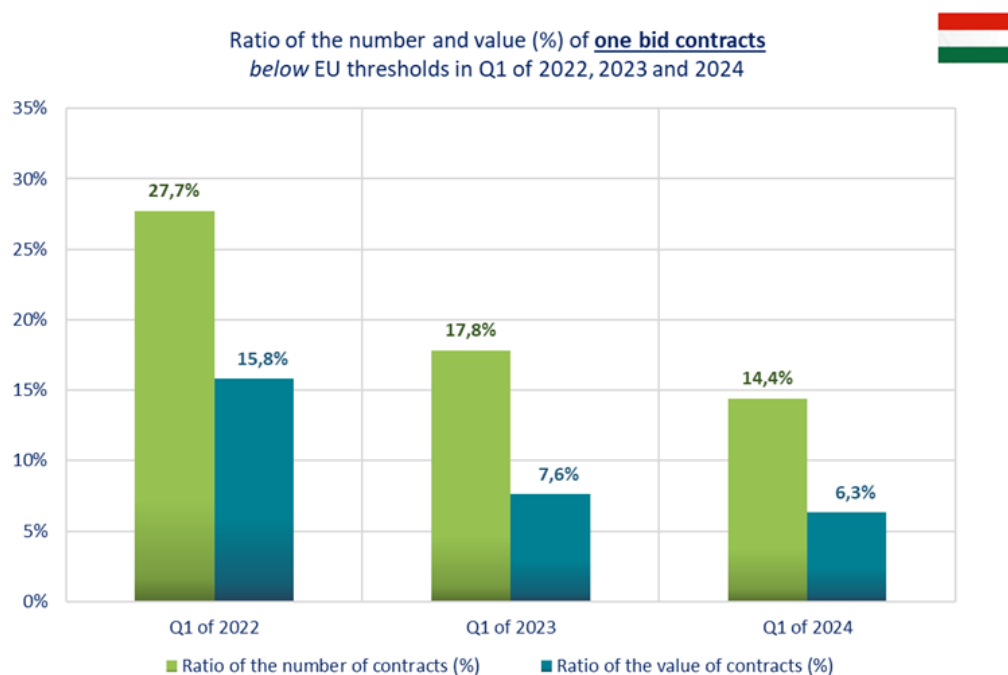


³ The methodology of the statistics concerning one bid public contracts differs from the indicators set in the conditionality mechanism of the European Commission, the calculation and monitoring of which does not fall within the competence of the Public Procurement Authority.

⁴ The charts on one bid contracts include estimated data, excluding procedures related to the partial performance of framework agreements, considering that such procedures can be filtered only approximately based on the free text content of the notices published by contracting authorities.



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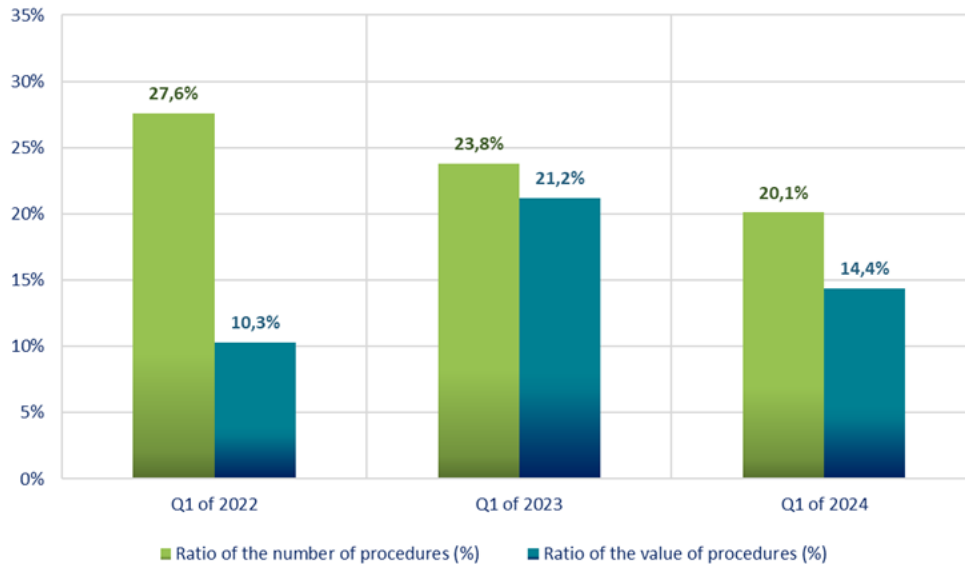


Upon applying the contract based statistical method, the ratio of the number of one bid contracts continuously lowered both above and below EU thresholds compared to the first quarter data of the previous years. The ratio of the number of one bid contracts above EU thresholds, which includes high value public procurements also monitored by the European Commission dropped by nearly 7,5% in the first quarter of 2024, while the ratio of their value shrunk by 12,8% versus the same period of last year.

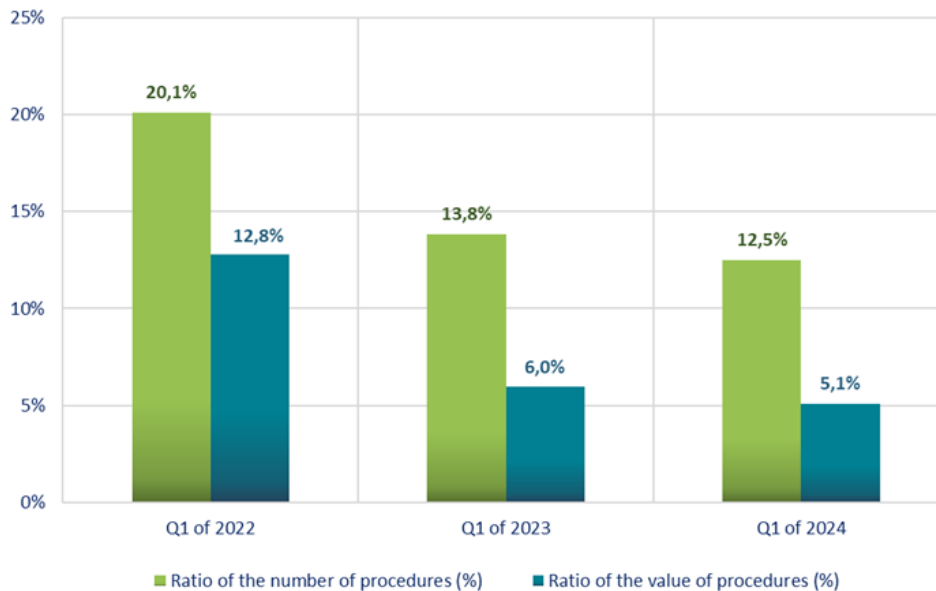


1.2 Data of the number and value of one bid procedures in the first quarter of 2022, 2023 and 2024

Ratio of the number and value (%) of one bid procedures above EU thresholds in Q1 of 2022, 2023 and 2024



Ratio of the number and value (%) of one bid procedures below EU thresholds in Q1 of 2022, 2023 and 2024

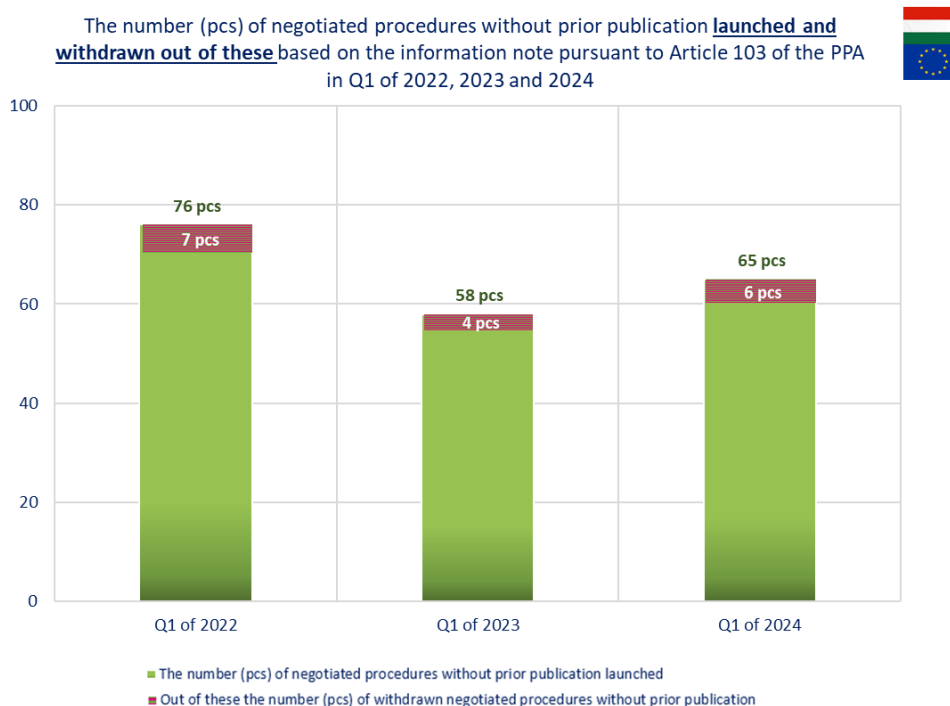


In the first quarter of 2024 the same tendencies can be seen upon applying the procedure based methodology than in the case of contract based methodology. In terms of procedures both below EU thresholds, which includes low value public procurements and procedures above EU thresholds the ratio of the number and value of one bid public procurement procedures continued to lower compared to the same period of the previous year.



2. Key indicators of negotiated procedures without prior publication⁵ in the first quarter of 2022, 2023 and 2024

2.1 The number (pcs) of negotiated procedures without prior publication launched and withdrawn out of these in the first quarter of 2022, 2023 and 2024



Although in the first three months of 2024 the number of launched negotiated procedures without prior publication slightly increased (with 7) compared to the same period of last year, the number of these public procurements is still very low. Due to doubts concerning the justification of the chosen legal basis, contracting authorities lawfully withdrew the invitation to tender in 6 cases and refrained from conducting the negotiated procedure without prior publication.

⁵ Statistical data collection is based on information notes sent to the Public Procurement Authority by contracting authorities pursuant to Article 103 of the Public Procurement Act.

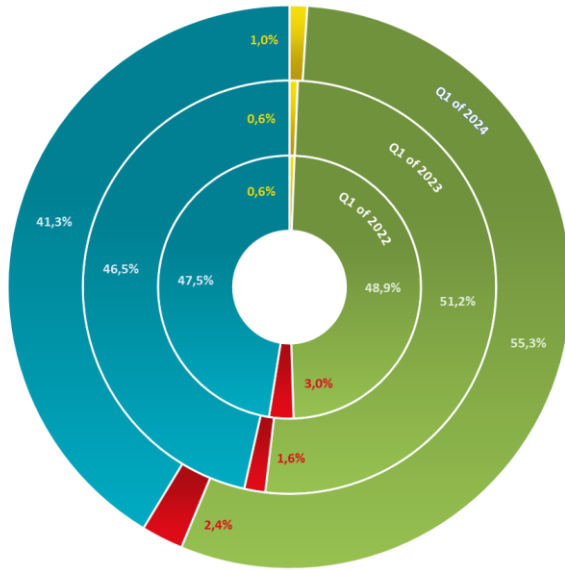


2.2 Ratio of the number and value (%) of negotiated procedures without prior publication closed in the first quarter of 2022, 2023 and 2024

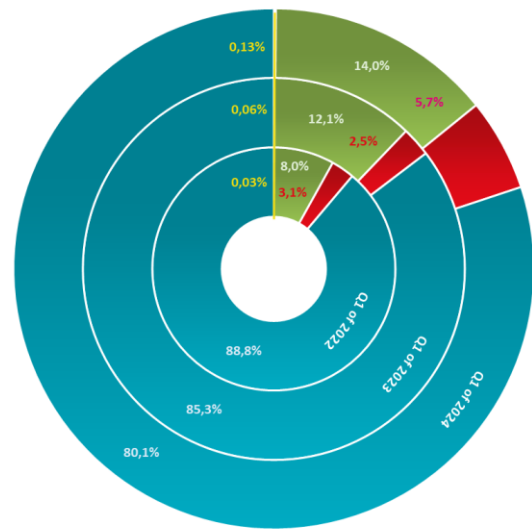
Ratio of the number (%) of negotiated procedures without prior publication closed below and above EU thresholds, compared to all procedures in Q1 2022, 2023 and 2024



Ratio of the value (%) of negotiated procedures without prior publication closed below and above EU thresholds, compared to all procedures in Q1 2022, 2023 and 2024



- Ratio of the number of negotiated procedures (%) below EU thresholds
- Ratio of the number of other procedures (%) below EU thresholds
- Ratio of the number of negotiated procedures (%) above EU thresholds
- Ratio of the number of other procedures (%) above EU thresholds



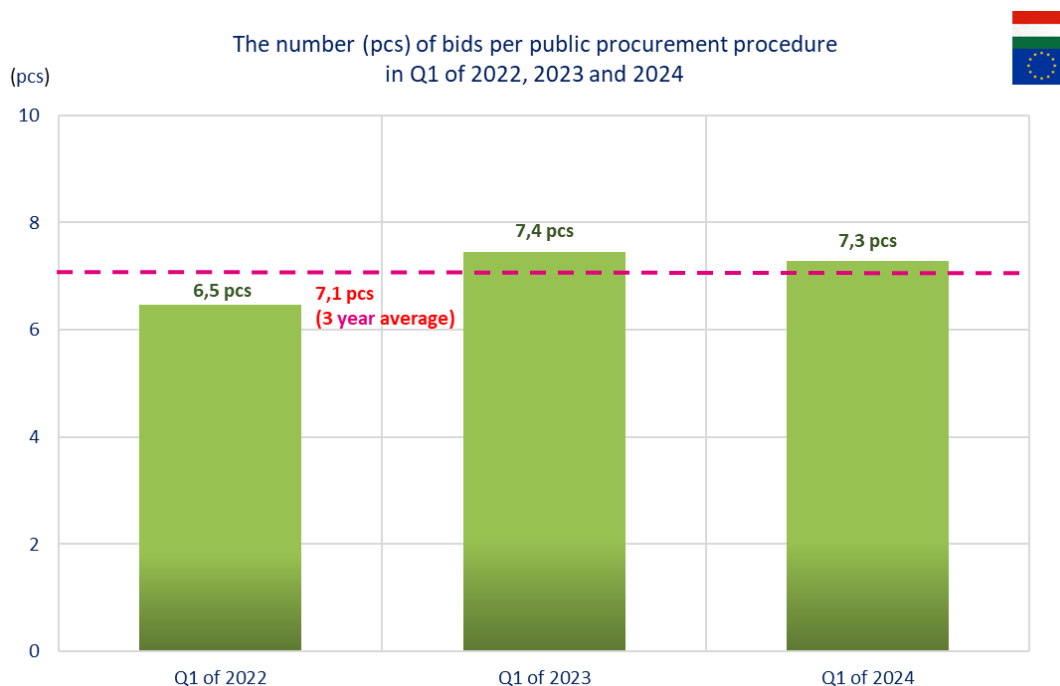
- Ratio of the value of negotiated procedures (%) below EU thresholds
- Ratio of the value of other procedures (%) below EU thresholds
- Ratio of the value of negotiated procedures (%) above EU thresholds
- Ratio of the value of other procedures (%) above EU thresholds

The other key indicator of competition in the public procurement market is the trend of closed negotiated procedures without prior publication. In the first three months of 2024, the ratio of the number and value of effectively closed negotiated procedures without prior publication remained low compared to all public procurements, although their ratio increased both above and below EU thresholds compared to the same period of the previous year. The ratio of the number of closed negotiated procedures without prior publication below EU thresholds rose by 0,4; while above EU thresholds by only 0,8 percentage points. The ratio of the value of closed negotiated procedures without prior publication advanced with 0,07 percentage points below EU thresholds and with 3,2 percentage points above EU thresholds compared to all procedures.



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3. The average number of bids per public procurement procedure in the first quarter of 2022, 2023 and 2024



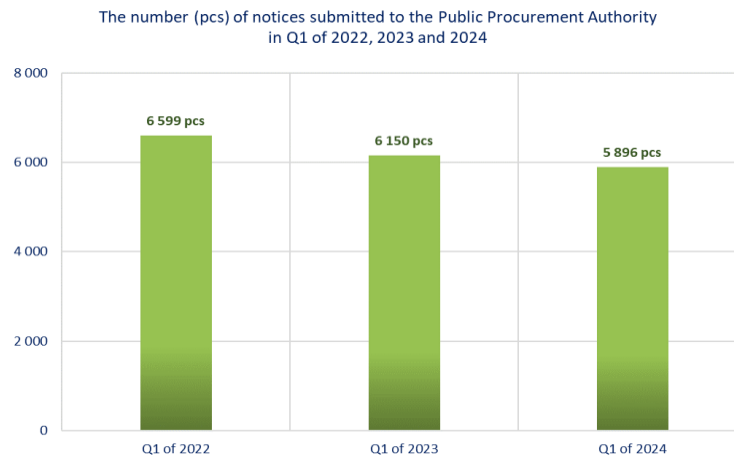
The average number⁶ of bids was 7,3 in the first quarter of 2024, which nearly equals the data of the same period of the past year. This value exceeds the level of the average of the last 3 years, which suggests that competition is continuously ensured in the Hungarian public procurement market, as on average the best tender has to be selected out of more than seven bids.

⁶ Based on the methodology applied by the Public Procurement Authority, data exclude the data of procedures aimed at the conclusion of framework agreements; furthermore, procedure/public procurement procedure shall always mean effective procedures without framework agreements.

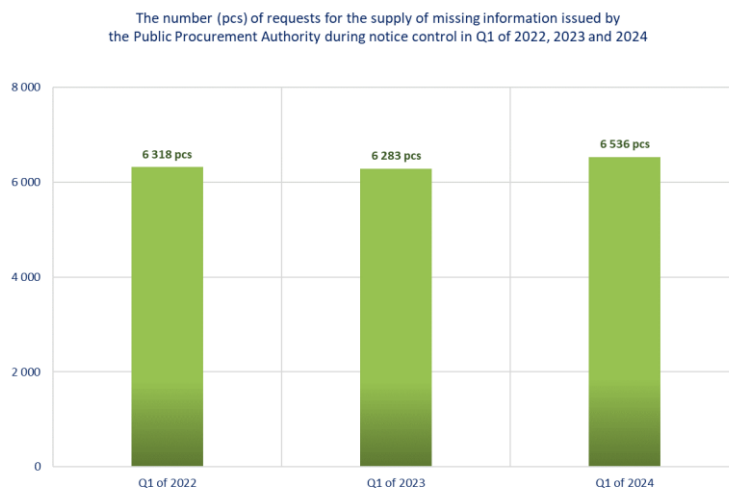


IV. STRICT CONTROL, ENHANCING COMPLIANCE

1. Data on the number of notices in the first quarter of 2022, 2023 and 2024



In the first three months of 2024 in total 5896 notices were received and processed by the Public Procurement Authority. The Public Procurement Authority places increased emphasis on controlling notices so that they are published in compliance with the regulations applicable to public procurement and having coherent content within the given notice, keeping the deadline set.

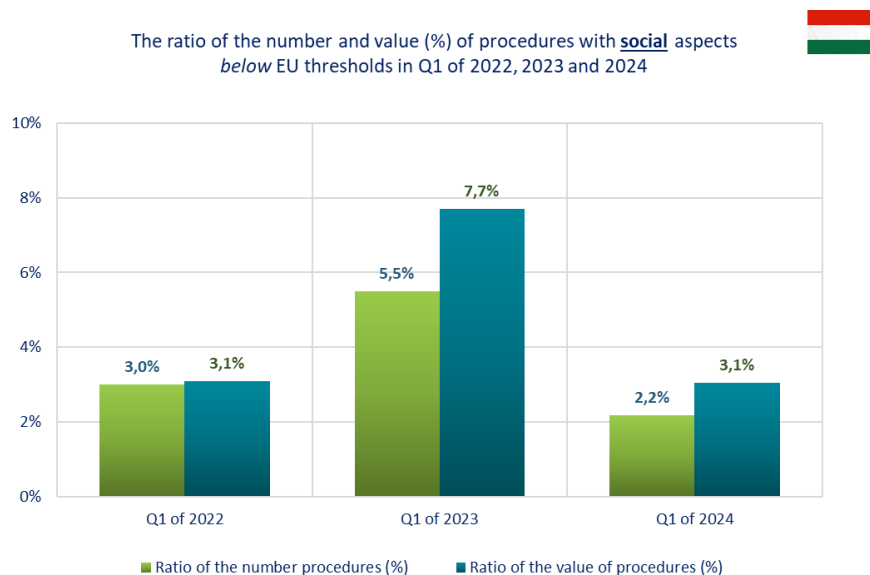
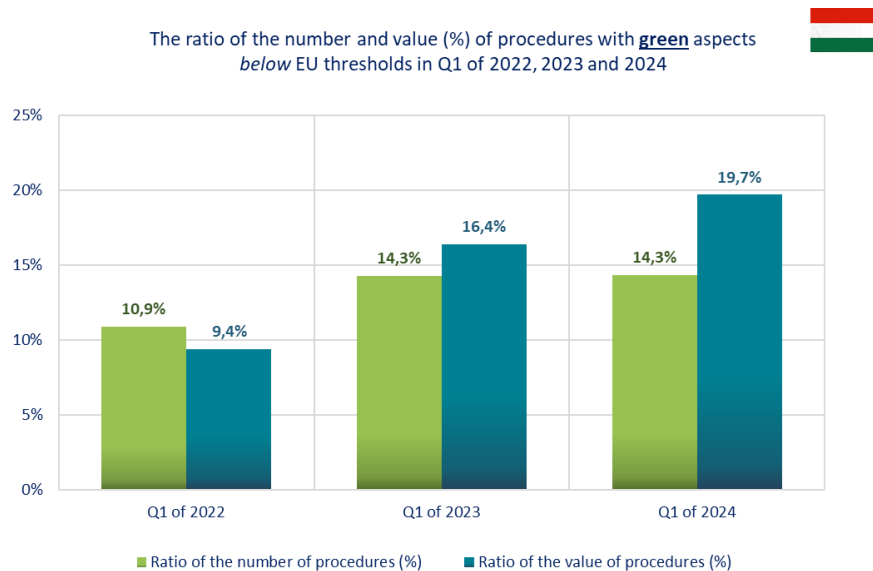


The Authority established a strict control practice in this respect: in the first quarter of 2024, the Authority issued a significant number, in total 6536 request for the supply of missing information to contracting authorities (this means 105 requests for the supply of missing information daily), in order to rectify the shortcomings of public procurement procedures. Consequently, the number of requests for the supply of missing information exceeded the data of last year with 4% and also exceeded the number of notices, meaning that each notice was associated with at least one request for the supply of missing information. Furthermore, the Authority also controls public procurement notices upon the related request.



V. SUSTAINABILITY ASPECTS IN HUNGARIAN PUBLIC PROCUREMENT

1. Data on public procurements with green and social aspects in the first quarter of 2022, 2023 and 2024



In the first quarter of 2024, the ratio of the value of public procurements with environmental aspects below EU thresholds rose by more than 3 percentage points compared to the same period of the previous year. The ratio of their number equalled the data of the first quarter of the past year, which means that on average about each seventh procedure considered green aspects. However, the ratio of the number and value of public procurements with social aspects were both lower, it dropped by half compared to the same period of the previous year.

