



PUBLIC PROCUREMENT
AUTHORITY

FLASH REPORT

Hungarian public procurement in numbers

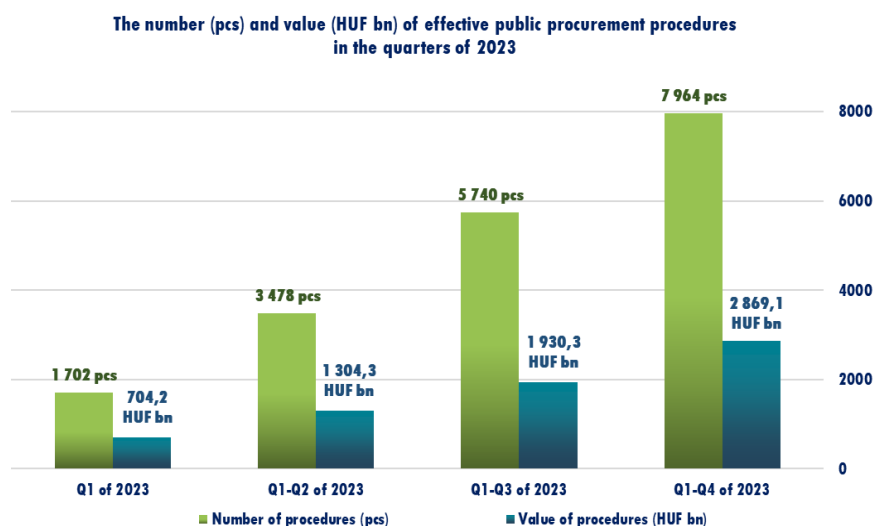
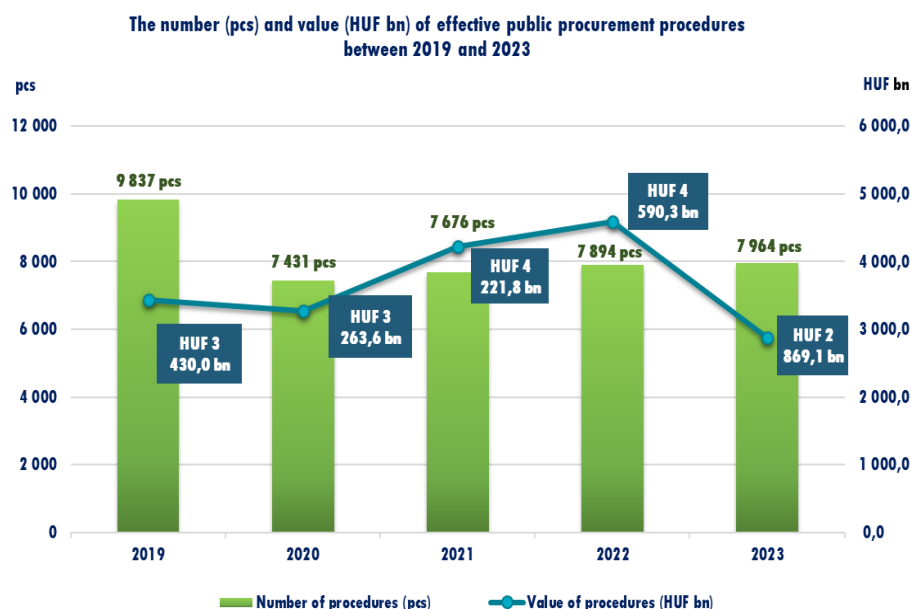
2023

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I. The volume of Hungarian public procurement

1. The number (pcs) and value (HUF bn) of effective public procurement procedures¹

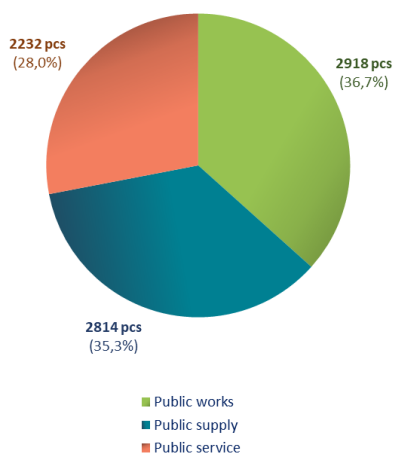


In 2023 contracting authorities conducted in total 7964 effective public procurement procedures, so there has been no significant change in the number of procedures, which was only 0,9% above the value of the previous year. The total final value of effective public procurement amounted to HUF 2869,1 billion, which is about two-third of the data of 2022.

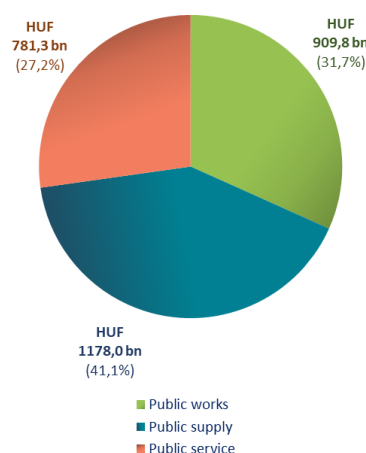
¹ The data excludes the data of procedures aimed at the conclusion of framework agreements. Hereinafter procedure/public procurement procedure shall mean effective procedures without framework agreements.

2. The number (pcs) and value (HUF bn) of public procurement procedures by main subject-matter in 2023

The number (pcs) of public procurement procedures by main subject-matter in 2023



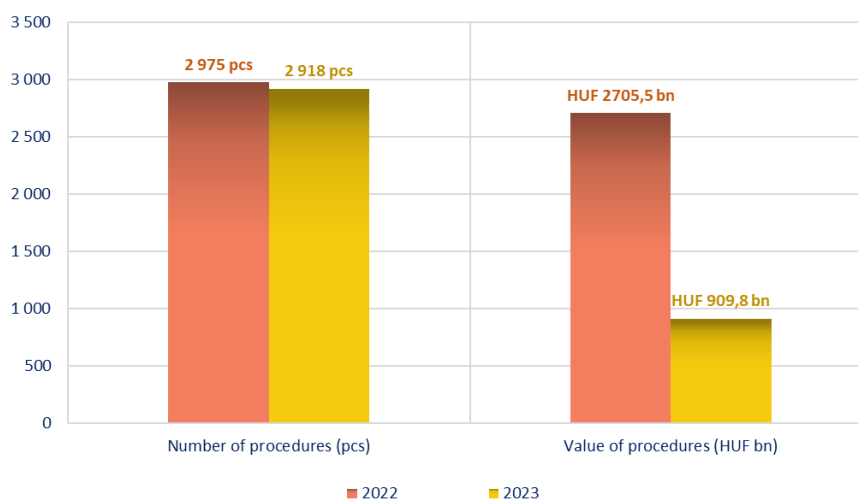
The value (HUF bn) of public procurement procedures by main subject-matter in 2023



The breakdown of the number of public procurement procedures by subject-matter in 2023 was similar to that of last year. Most procedures, in total 2918 accounted for public works, which is in total 36,7% of the public procurement. The number of procedures aimed at public supply was 2814, which explained 35,3% of the procedures. The remaining 28,0% of the procedures, that is 2232 public procurement procedures was public service.

Considerable changes have taken place in the breakdown of the total value of public procurement by subject-matter compared to the previous years. While the ratio of the value of public supply in 2023 rose to the double of the previous year (to 41,1%), the total value of public works, which earlier accounted for the highest ratio, was less than one third (31,7%) of the value of effective procedures. The value of public services was one quarter of the total value. The reason behind the changes above was that while the number of public works was just 1,9% less than the data in 2022, their value lowered to the one-third during one year.

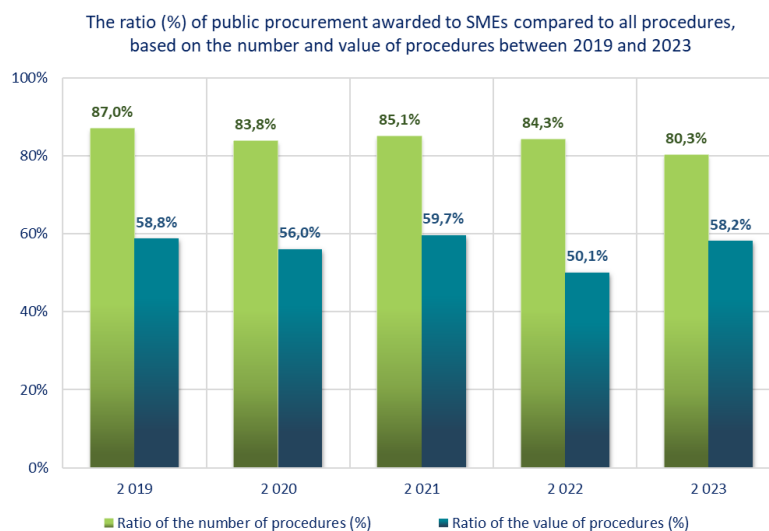
The number (pcs) and value (HUF bn) of public works compared to the same period of the previous year



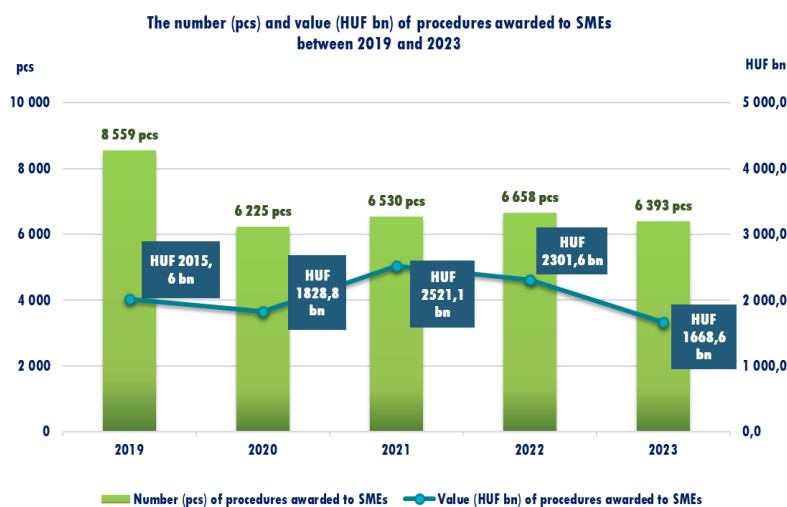
In 2023 only 57 less public works were launched than in the previous year, however, their value considerably lowered, by 66,4%.

II. The SME sector continues to dominate

1. The ratio of public procurement awarded to SMEs between 2019 and 2023



2. The number (pcs) and value (HUF bn) of public procurement awarded to SMEs between 2019 and 2023



80 out of 100 effectively conducted public procurement procedures were awarded to SMEs in 2023, and 58 forints out of 100 forints spent on public procurement were awarded to SMEs. **The ratio of the value of public procurement awarded to SMEs increased by 8% compared to the previous year, consequently Hungarian enterprises had a greater share of public funds in 2023.** The role of SMEs in Hungarian public procurement is well illustrated by the fact that both **the number and value of public procurement awarded to SMEs is significant despite the economic difficulties**, the ratio of the number exceeded 80% in the past five years, and the ratio of the value also continuously remained over 50%.

III. Competition is ensured

1. Data of the number and value of one bid public procurement between 2019 and 2023

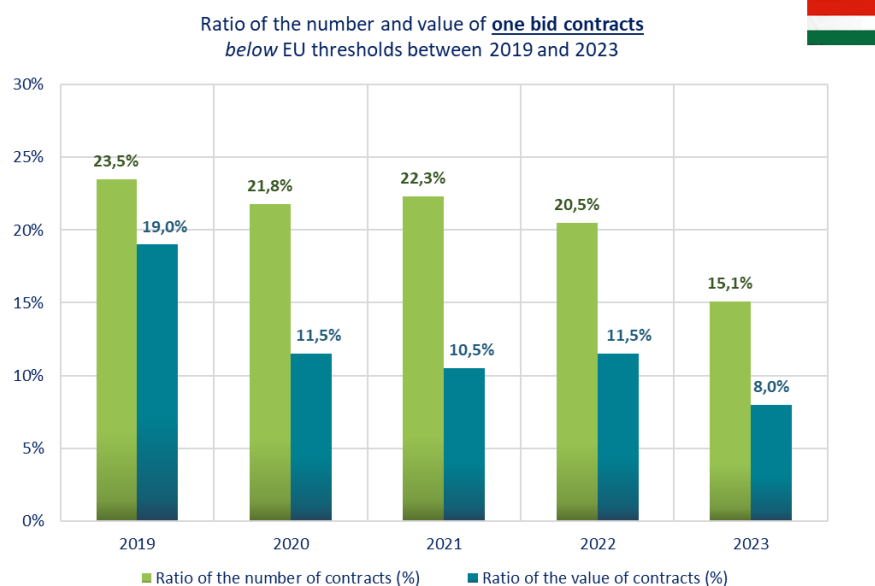
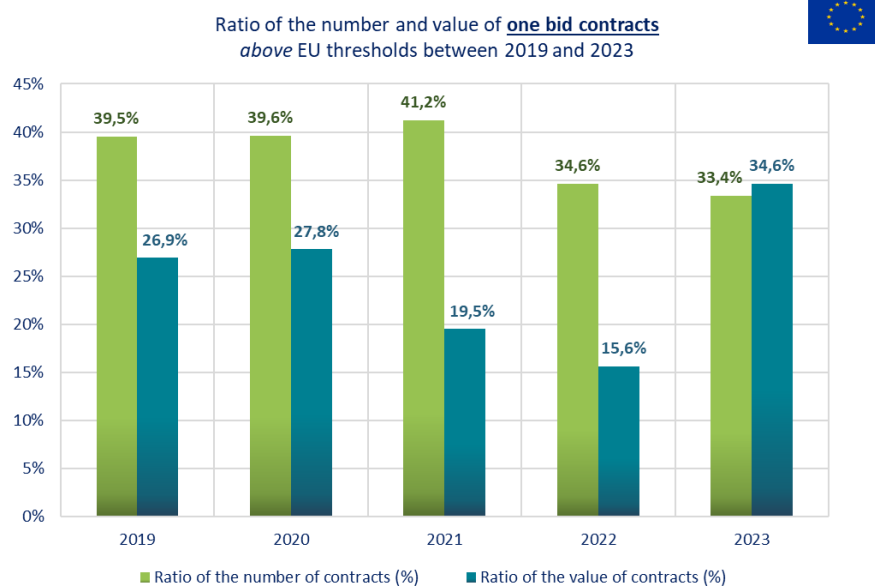
In its reports, the Public Procurement Authority publishes several indicators, which characterise the intensity of public procurement competition; so the Authority continuously monitors the data of the related ratio.

One of such indicators is the tendency 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 herein by applying both methodologies.²

In addition to the indicator mentioned above, the intensity of competition in the public procurement market is characterised by the trend of negotiated procedures without prior publication and the number of bids per public procurement procedure. The present report also covers these indicators.

² The methodology of the statistics concerning one bid contracts differs from the indicators set in the conditions of the conditionality mechanism of the European Commission, the calculation and monitoring of which does not fall within the competence of the Public Procurement Authority.

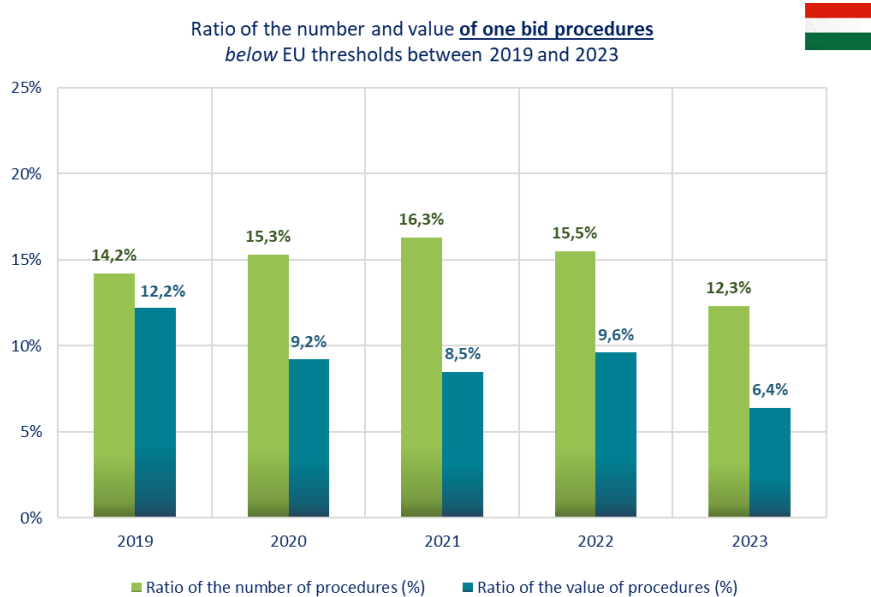
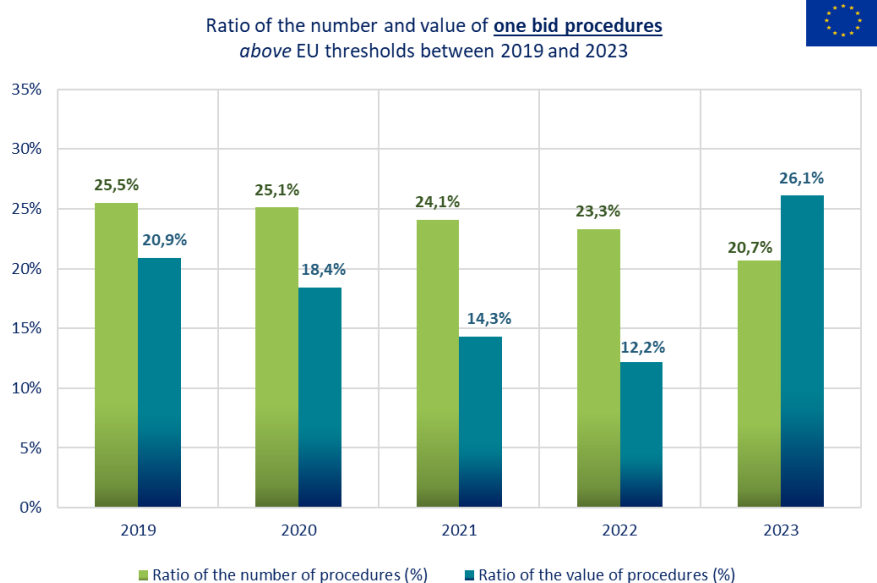
1.1 Data of the number and value of one bid contracts³ between 2019 and 2023



Upon looking at one bid public procurement by applying the contract based methodology of the European Commission – also considering the provisions of Government Decree No. 63/2022. (II. 28.) on measures aimed at reducing the number of one bid public procurement – it can be stated that **in 2023 the ratio of the number of one bid contracts above EU thresholds continued to lower with 1,2%**, however, their ratio of value increased. It is a positive change that both the ratio of the number and value of one bid contracts below EU thresholds was substantially lower than in 2022.

³ 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.

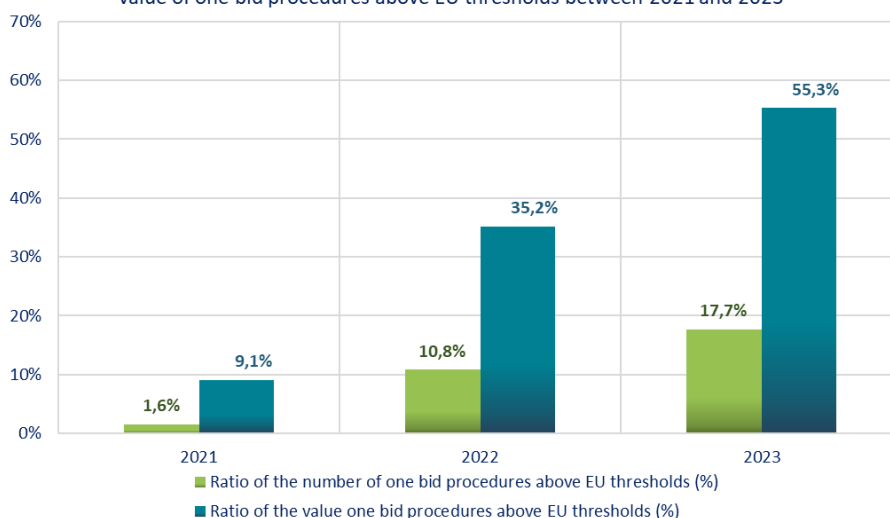
1.2 Data of the number and value of one bid procedures between 2019 and 2023



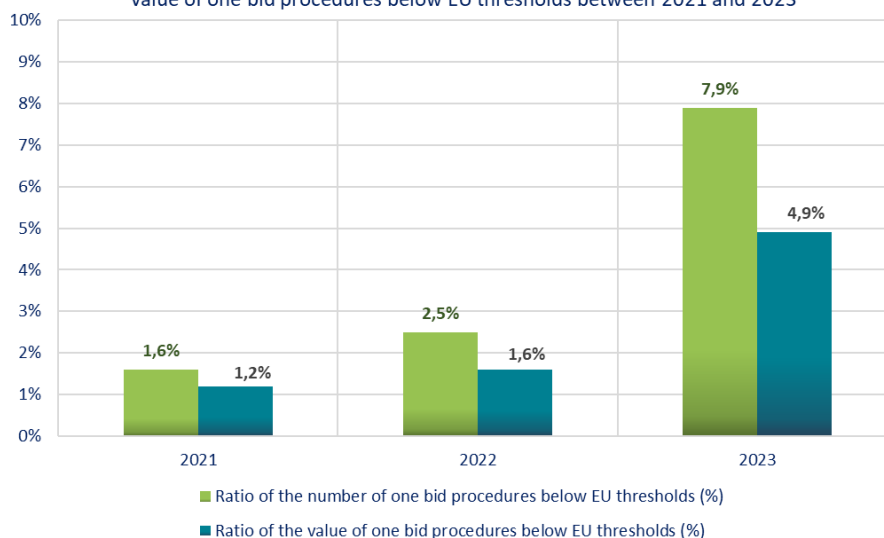
When applying the procedure based methodology, in 2023 the ratio of the number of one bid procedures decreased with 2-3 percentage points compared to the previous years, both above and below EU thresholds. The ratio of the value of one bid procedures above EU thresholds substantially rose compared to the data of last year (similarly upon applying the contract based methodology), nevertheless, the ratio of the value of one bid public procurement below EU thresholds decreased further, in line with the trend of the past five years.



Ratio of the number and value of procedures to procure "Petroleum products, fuels, electricity and other energy sources" compared to the number and total value of one bid procedures above EU thresholds between 2021 and 2023

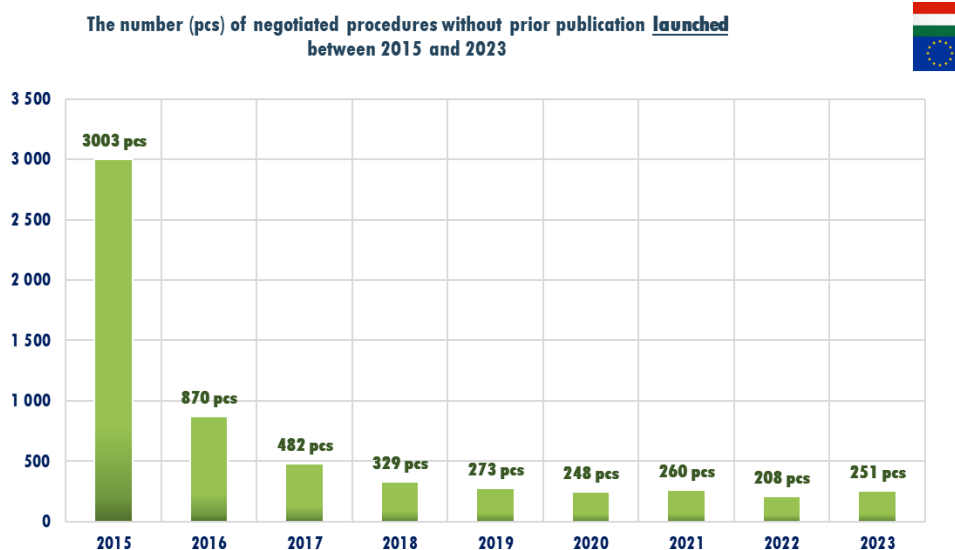


Ratio of the number and value of procedures to procure "Petroleum products, fuels, electricity and other energy sources" compared to the number and total value of one bid procedures below EU thresholds between 2021 and 2023

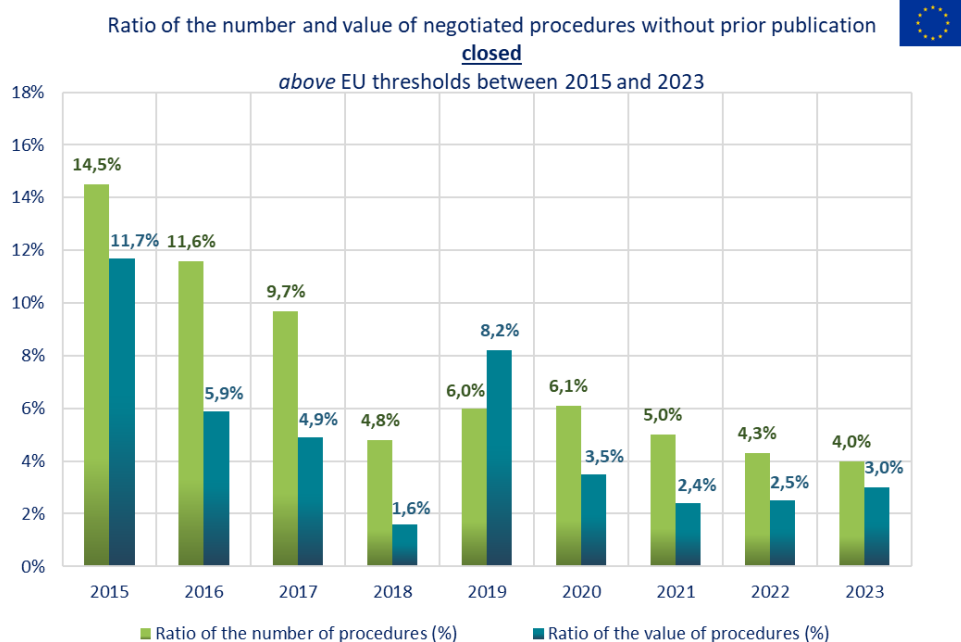


The moderate decrease of the number of one bid procedures and the rise of the ratio of their value occurring on the last year may be explained with the concentration taking place on the world market of energy carriers and related constraint of supply sources. The number and value one bid public procurement to purchase "petroleum products, fuels, electricity and other energy sources" considerably grew, their number tenfold during three years, while their value increased by seven times. Ratio of the number of one bid procedures above EU thresholds to purchase fuels advanced from 1,6% to 17,7%, while the ratio of their value rose from 9,1% to 55,3% during the past three years. A similar, but smaller increase occurred in terms of the number and value of one bid procedures aimed at purchasing energy products below EU thresholds in the course of the last three years.

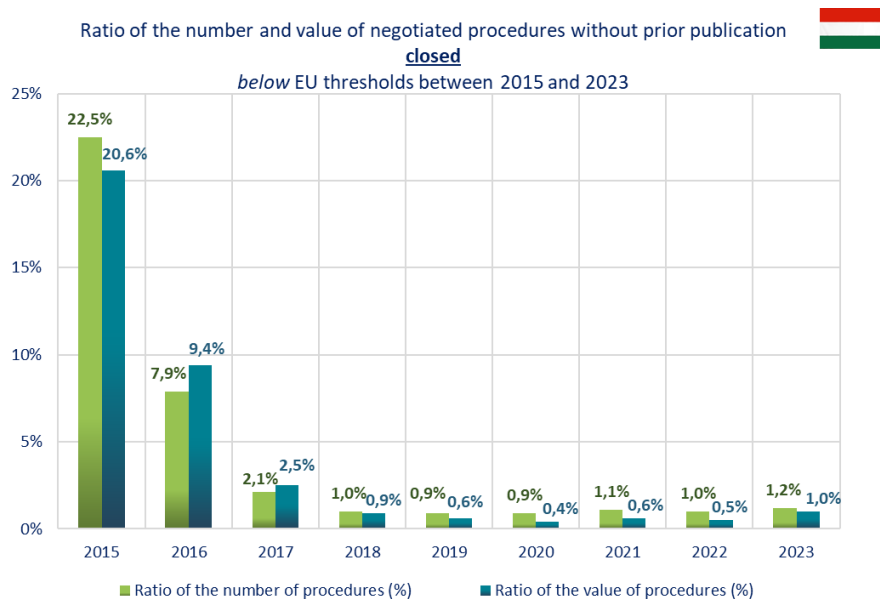
2. Key indicators of negotiated procedures without prior publication between 2015 and 2023



Although the number of negotiated procedures without prior publication launched⁴ increased in 2023, however, on the long-term data since 2019 the number of such procedures remained stable at a considerably lower level than in the previous years.

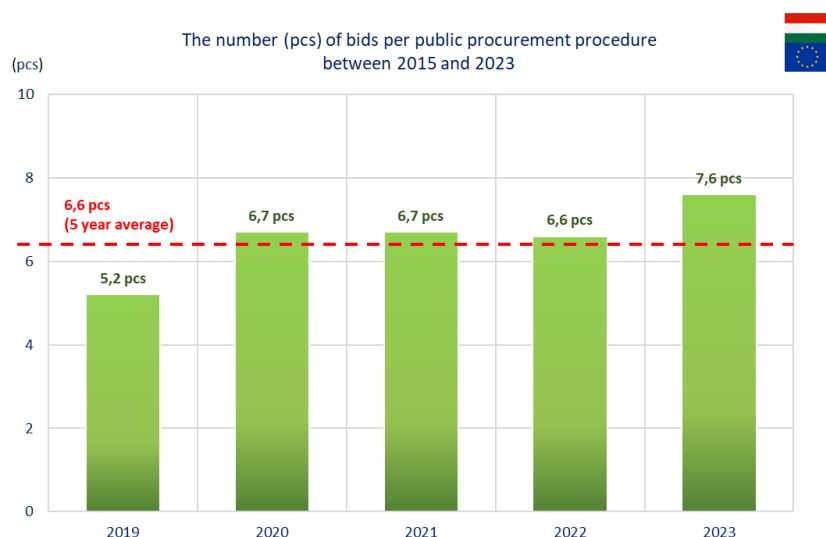


⁴ The number of procedures launched differs from the number of procedures closed due to the carry-over effect.



The ratio of the number and value of negotiated procedures without prior publication closed below EU thresholds stayed at the low level of the past five years, around 1%. There has been almost no change in terms of the ratio of the number and value of negotiated procedures without prior publication above EU thresholds compared to 2022: the ratio of the number lowered with 0,3 percentage points, while the ratio of the value grew with 0,5 percentage points.

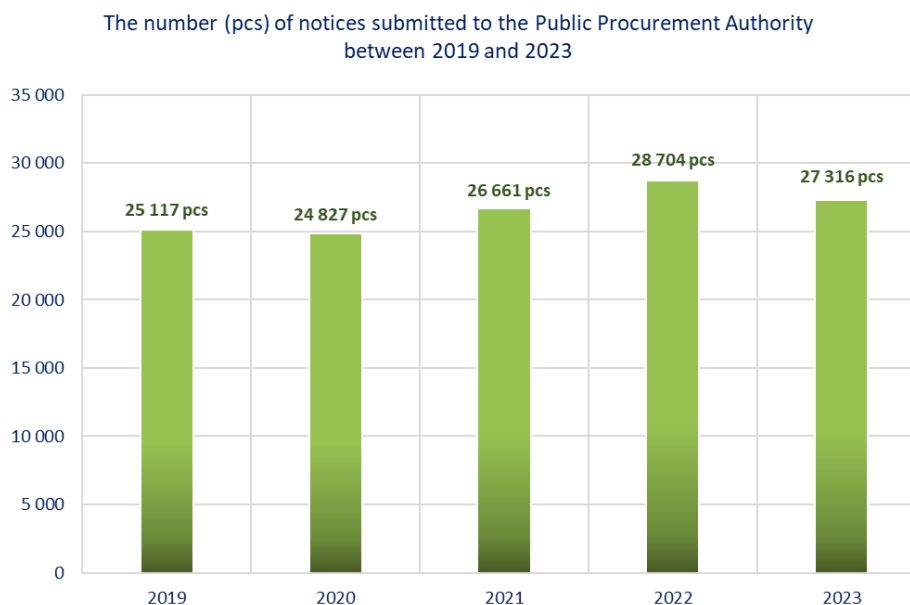
The average number of bids per public procurement procedure between 2019 and 2023



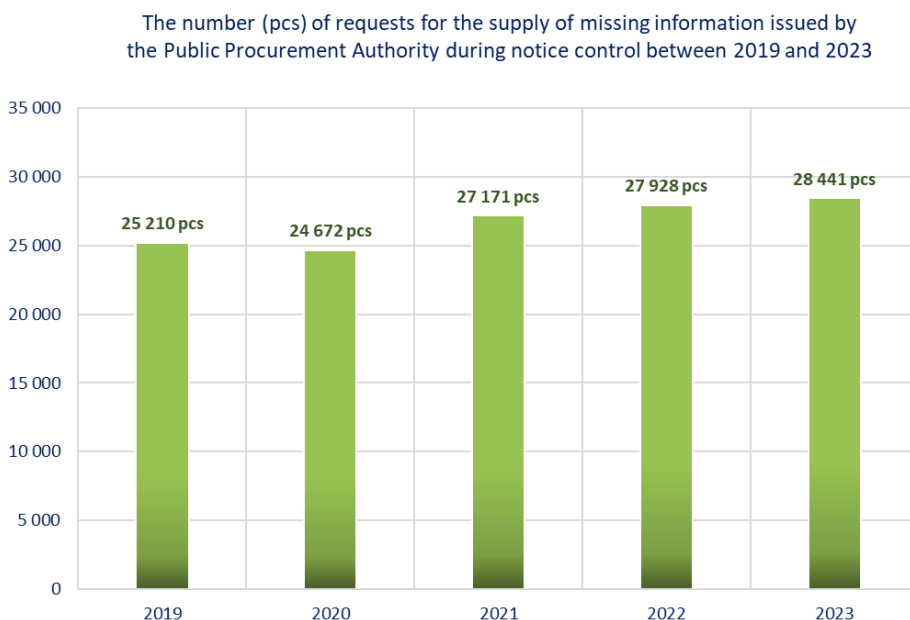
The average number of bids, that is the number of bids per procedure was about 8 (7,6) in 2023, which is a firm growth after the stagnation of the previous years and also signals intensifying competition in the Hungarian public procurement market.

IV. Strict control, enhancing compliance

1. Data on the number of notices between 2019 and 2023

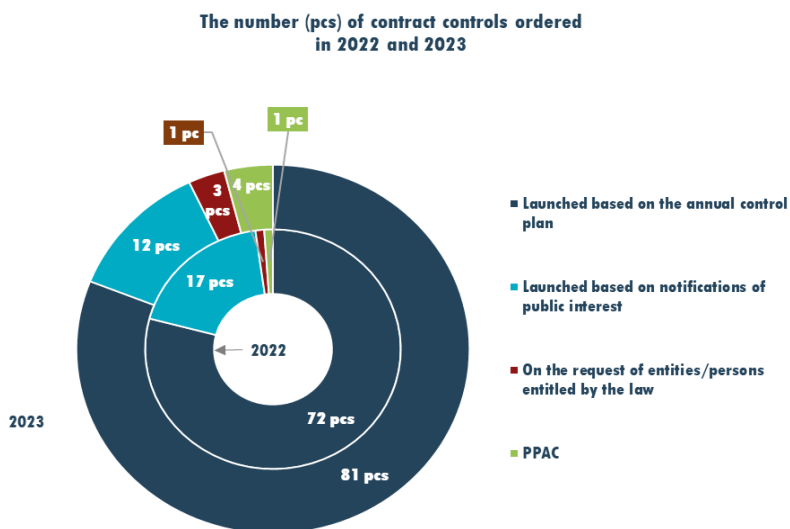


In 2023 in total **27316 notices were registered and processed**, in relation to 7964 effectively closed and 1104 ineffective public procurement procedures.



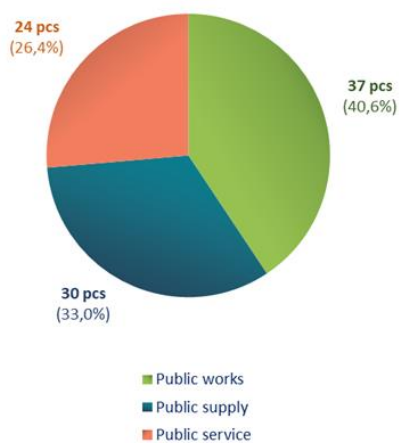
In 2023, the Public Procurement Authority issued 28441 requests for the supply of missing information in the course of the notice control. Because of the strict and consequent control practice, the number of requests for the supply of missing information exceeded the number of notices, so there was at least one request for the supply of missing information per each notice.

2. Control of public contracts

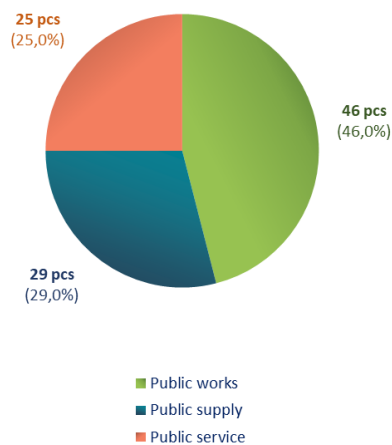


The Public Procurement Authority controls the performance and amendment of public contracts, in terms of which it fully implemented its annual control plan in 2023: all controls included in it were launched.

Breakdown (%) of controls conducted by the subject-matter of public procurement in 2022



Breakdown (%) of controls conducted by the subject-matter of public procurement in 2023

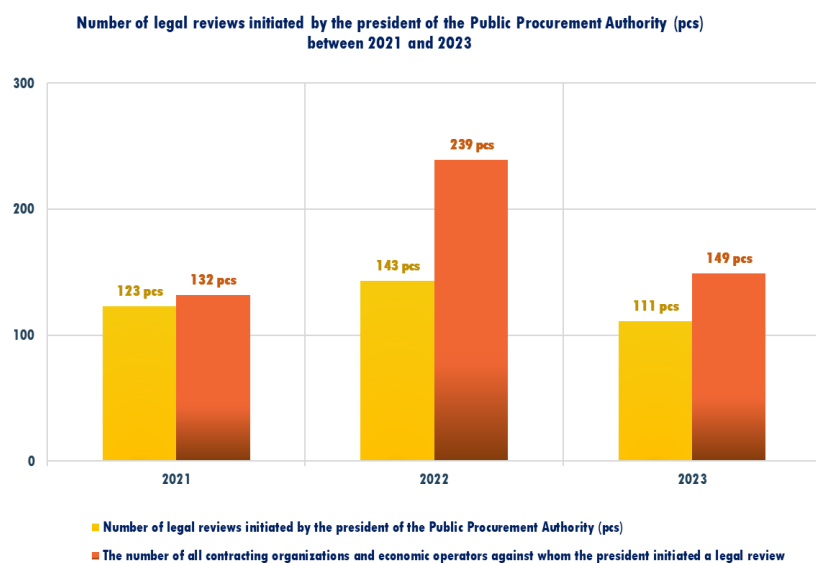


The number of public works under control in 2023 increased with almost 6 percentage points compared to the data of the previous year.

3. The number (pcs) of review procedures and the amount (HUF million) of the total fines imposed between 2021 and 2023

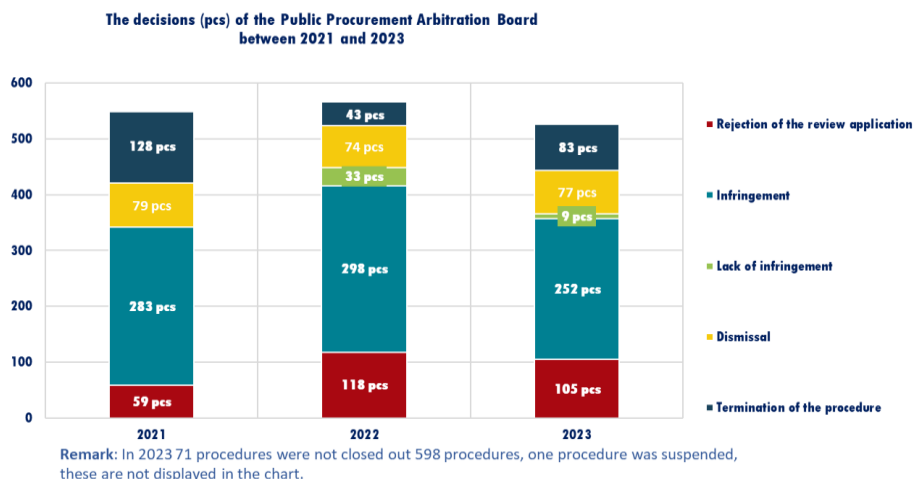


The number of review procedures significantly rose in 2023 compared to the previous year. The Public Procurement Arbitration Board has consistent practice in terms of imposing fines: higher fines are imposed for graver infringements.

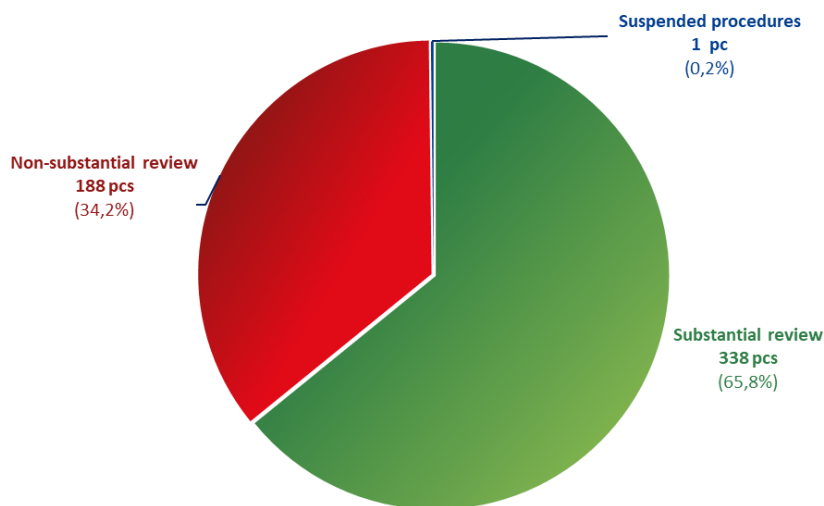


In 2023 the number of review procedures initiated by the President of the Authority lowered, while those initiated by contracting authorities and economic operators advanced, which suggests intensifying market competition.

4. Decisions of the Public Procurement Arbitration Board⁵



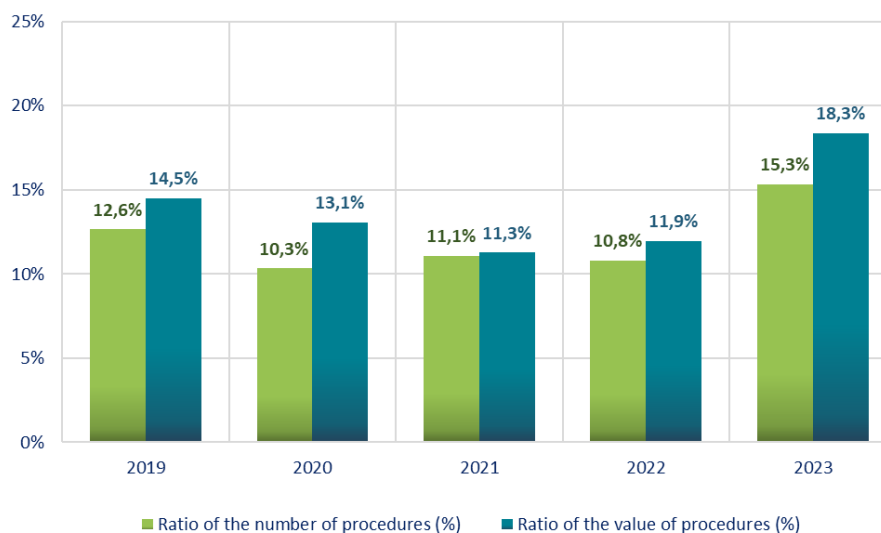
The number (pcs) and breakdown (%) of review procedures closed in 2023



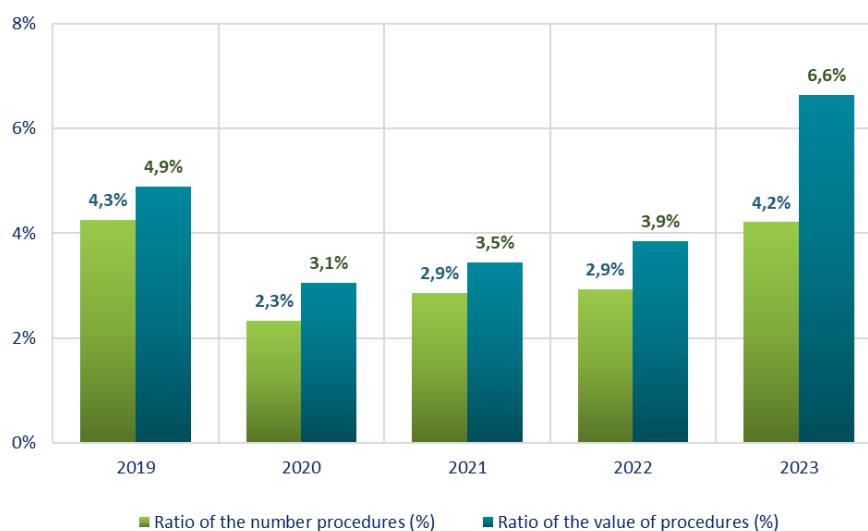
⁵ Data in points 3-4 reflect the status on 23 January 2024.

V. Sustainability aspects in Hungarian public procurement

The ratio of the number and value of procedures with **green** aspects below EU thresholds between 2019 and 2023



The ratio of the number and value of procedures with **social** aspects below EU thresholds between 2019 and 2023



The ratio of the number and value of public procurement with environmental and social aspects below EU thresholds significantly developed in 2023 compared to the past three years, which illustrates that contracting authorities give more focus on the application of sustainability aspects in Hungarian public procurement. The stable objective of the Public Procurement Authority is the implementation of sustainability aspects, which may also contribute to the reinforcement of environmental and climate protection and economic sustainability.

