Annex

The Government's position on the findings presented in the Integrity Authority's 2023 Annual Analytical Integrity Report

Number	Proposals and Recommendations made by the Integrity Authority	The Government's position *	Elaboration of the Government's position **
1	The scope of data to be submitted to the Arachne Risk Scoring Tool – following its introduction in 2022 – was expanded in 2023 to include the fact of contract amendments, the amount and number of contract amendments, the number of service providers, consortium partners, and valid offers. Additionally, for financing-related data, it now includes the type of cost and the date of invoice settlement. The fact that a contract amendment has been made becomes a real risk indicator when the number, subject, and justification of the amendments are also disclosed and thus subject to scrutiny. With regard to the number of valid tenders, examining their amounts, dates and subjects can also provide essential complementary information, which in the course of analysis may also be connected to the type of the cost included in the funding data.	The Government does not agree with the proposal.	Annex 7 of Government Decree no. 272/2014 (5 November) on the rules governing the use of grants from certain European Union funds in the 2014–2020 programming period, Annex 4 of Government Decree no. 256/2021 (18 May) on the rules governing the use of grants from certain European Union funds in the 2021-2027 programming period, and Annex 2 of Government Decree no. 373/2022. (30 September) on the basic rules and responsible institutions for the implementation of Hungary's Recovery and Resilience Plan contain the data categories agreed with the European Commission. Based on the information available to us, no additional data categories have been requested by the European Commission. Regarding the additional data categories listed in the Integrity Authority's proposal, it should also be ponited out that the reception of these data by the ARACHNE risk scoring tool is not guaranteed. The examination of the additional data categories listed in the Integrity Authority's proposal will be carried out as part of the built-in audit process.
2	Within the Hungarian national allocation system for EU funds, in relation to calls for tenders drafted within particular programmes, the planning (policy assessment) function holds similar significance in relation to tasks carried out within the confines of decision preparation, contract management, funding, oversight, irregularity, and maintenance.	The Government agrees with the proposal.	Measure: The Minister of Public Administration and Regional Development, in collaboration with the National Development Centre, will assess the experience gained in the implementation of planning tasks and, if necessary, propose amendments to the relevant legislation.
3	Within the Hungarian national allocation system of European Union funds, the pre-qualification (a kind of pre-evaluation) phase performed for individual projects plays a similar role to activities related to decision preparation, contract management, funding, monitoring, irregularities, and maintenance. For a given project, it is also necessary for individuals performing tasks in the pre-qualification phase to submit conflict-of-interest declarations, and in the same context, to examine the existence of any potential conflict-of-interest situations.	The Government agrees with the proposal.	Measure: The Minister of Public Administration and Regional Development, in collaboration with the National Development Centre, will assess the experience gained during the operation of the pre-qualification system and, depending on the results of the examination, will propose amendments to the relevant legislation and adjustments to the established practice, if necessary.
4	In addition to the legal provisions of point b) of section 38/B and section 39(8) of Government Decree no. 272/2014 (5 November), as well as point b) of section 43/A and section 52/A(6) of Government Decree no. 256/2021 (18 May), the legislator should consider incorporating the referenced periodical legal provisions into the aforementioned regulations, particularly those related to sections 2.3.2.5 and 2.3.2.5b of Annex 5 to Government Decree no. 272/2014 (5 November), and sections 2.3.2.4 and 2.3.2.8 of the Accounting Instructions, as well as section 215(2)b) of Government Decree no. 256/2021 (18 May), in order to ensure that the rules regarding independence are interpreted together with the risk indicators outlined in the Commission Notice.	The Government agrees with the proposal. However, no further measure is needed.	The institutional system for development policy places high importance on the enforcement of independence, and thus the relevant provisions referred to in the Integrity Authority's recommendation regarding this matter are continuously in focus. The examination of the relevant risk indicators outlined in the Commission Notice is conducted – primarily within the framework of examining the customary market price. On 1 August 2024, Government Decree no. 218/2024 (31 July), which relates to the establishment of the National Development Centre and other amendments concerning development policy, entered into force. Among other things, it amended section 215(2)(b) of Government Decree no. 256/2021 (18 May) on the rules governing the use of grants from certain European Union funds during the 2021–2027 programming period. According to the amendment, the customary market price may be determined based on at least three valid tenders received from potential contractors who are independent of each other and the beneficiary and are capable of fulfilling the contract. The purpose of the amendment was to strengthen the requirement of independence.
5	To achieve a higher success rate in detecting fraudulent projects, we recommend reducing the number of pre-	The Government agrees with the proposal. However,	The proposal was also included in the Integrity Authority's 2022 Annual Analytical Integrity Report. The Government partially agreed with the proposal and undertook that, following the review of the practices of other

* Literary translation of Hungarian source text is 'Proposal for the Government's position' [Corrected for consistency at translator's discretion.]
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	announced on-site audits and increasing the proportion of extraordinary audits.	no further measure is needed.	Member States, the Minister for Public Administration and Regional Development would propose a method for implementing the recommendation. On 1 August 2024, Government Decree no. 218/2024 (31 July), which relates to the establishment of the National Development Centre and other amendments concerning development policy, entered into force. Among other things, it amended section 443 of Government Decree no. 256/2021 (18 May) on the rules governing the use of grants from certain European Union funds during the 2021–2027 programming period. According to the amended provision, the managing authority may order an extraordinary on-site inspection if information obtained during project implementation or maintenance justifies it. The managing authority may waive informing about the extraordinary on-site inspection if notifying would jeopardize the effectiveness of the inspection. In our view, the above amendment fulfills the requirement outlined in the Integrity Authority's proposal.
6	The Authority continues to advocate for the development of methods and standards that enable the objective assessment of prices achieved under centralised public procurement, as well as the evaluation of their cost-effectiveness.	The Government does not agree with the proposal.	In point 13 of the Government's position under Government Decision no. 1423/2023 (4 October), the comparison with market prices has already been rejected. The price specified in the individual contract concluded cannot be the sole indicator, as it does not directly reflect other factors, such as savings in time, or the cost savings resulting from the implementation of a centralised procurement strategy and the synergy of 'increasingly standardising' procurement systems, achieved through a centralised public procurement system. The essence of centralised public procurement is determined by the predictability, security of supply (based on objective conditions), and the product portfolio of a range of products defined for the beneficiary group specified by the Government. It cannot be compared to the reseller market outside of public procurement, where specific sales strategies, supported by aggressive marketing, are applied on a results-oriented basis. Furthermore, it cannot be compared to prices used in online/webshop sales, where factors such as security of supply and adequate warranty conditions are not guaranteed. In the centralised public procurement system, the market price is determined based on all expected service elements, characteristics, and warranties that appear as contractual conditions during the procurement procedure; it does not merely reflect the price of the physical product (goods/services). The centralised public procurement system serves to achieve the principle of transparent and responsible management of public procurement procedures by consolidating the procurement activities of budgetary bodies, thus creating a large contracting authority, which allows significant financial savings and, in this context, the achievement of national economic objectives. Taking into account the specificities of centralised public procurement procedures, in a centralised public procurement system, tenderers calculate their tender prices according to different methods and criteria than in a classical public procurement procedure or during sales outside the public procurement system. When it comes to market prices, it can also be established that prices can significantly vary for a given item, which is due to the scope of services associated with the item, warranty or guarantee issues, individual market strategies, or even sales following favorable procurement opportunities for a limited number of products provided for a short period. Products subject to centralised public procurement procedures are included in the system in a way that ensures efficient, comprehensive, and responsible service for the institutions, taking into account all related services (e.g., payment deadlines, price maintenance), human resource savings, warranty and guarantee frameworks, as well as economic and environmental considerations (compliance with environmental regulations). In light of the above, 'pure' market prices — i.e., prices without any associated services — are not comparable to the prices of items listed in centralised procurement lists, and thus do not provide an appropriate counterpoint for efficiency analysis. Therefore, it remains impossible to compare and evaluate prices in this way, and thus to measure the cost-effectiveness of the system in the way expected by the Integrity Authority.
7	The Authority recommends the development of a system for measuring user feedback in order to improve the effectiveness of the centralised public procurement system.	The Government agrees with the proposal.	<u>Measure:</u> The Minister responsible for public procurement will approach the ministers overseeing the central purchasing bodies to develop a methodology, involving the central purchasing bodies, for measuring the feedback from users of the centralised public procurement system.
8	The market for centralised public procurement is fragmented, with data held in several places across multiple larger subsystems. The Authority recommends conducting an analysis to determine how to ensure the availability of the data in one place and its automatic integration with the data recorded in the EPPS.	The Government does not agree with the proposal.	According to section 31(5) of Act CXLIII of 2015 on Public Procurement (hereinafter: PPA) the contracting authority and the economic operators are not obliged to use the EPPS in their electronic communication, in the case of conducting the tendering stage in the dynamic purchasing system operated by the central purchasing body or for the application of the electronic catalogue, or when the purchase is carried out, whether with or without reopening the tender, on the basis of the framework agreement concluded by the central purchasing body. However the law also stipulates that the central purchasing body or the contracting authority carrying out the purchase must, even in these cases, make publicly available, via the EPPS, or record in the EPPS all the contract notices and data that it is obliged to make publicly available or record in the system with regard to the contract, based on the PPA or its implementating regulations. According to the legislative justification of the above regulation, central purchasing bodies have been required to use electronic communication as of 1 February

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			2017. However, with the general introduction of the EPPS in April 2018, the central purchasing bodies are obliged to use the EPPS for the implementation of public procurement procedures until the conclusion of the framework agreement. The use of the EPPS is not mandatory in the dynamic purchasing system operated by the central purchasing body when implementing individual procurements or procurement carried out based on a framework agreement concluded by the central purchasing body, with or without reopening of competition. This is due to the specific needs arising from the management of framework agreements (or dynamic purchasing systems) by central purchasing bodies, particularly regarding the electronic management of product catalogues associated with framework agreements, which justify the continued use of specially developed systems for such procurements, provided they meet the requirements specified in a separate implementing regulation for these systems. If contracting authorities, at their discretion, use their own systems instead of the EPPS in these cases (or if framework agreement contracting authorities involved in framework agreements use the central purchasing body's system), they are still required to enter the relevant data related to the procedure in the EPPS to ensure the availability of public procurement data in the central system. Maintaining the above regulatory and technical solution is justified, considering that the central purchasing bodies' own systems contain significant additional functionalities compared to the EPPS, which are essential for supporting the statutory tasks of the respective central purchasing bodies. The standalone portals are not only used for conducting procedures within the centralised public procurement system but are also fundamental to the operations of central purchasing bodies, and contain all the data generated in the context of centralised public procurement. These portals are used for the registration of the entities concerned, notification of claims, documentation of various procedures, data recording, uploading of contracts, notification of contract amendments, management of annual plans and many other additional activities. Given the different workflows of Hungarian national central purchasing bodies and the fact that they use different systems (with varying data structures and access management), which may be based on different development platforms, integrating these systems, or even establishing connections to perform specific tasks, is a complicated and complex IT process, which in many cases is likely to be an unfeasible project. Section 2(1) of Government Decree no. 424/2017 (19 December) on the detailed rules of electronic public procurement currently also stipulates that contracting authorities must, even in cases specified under section 31(5) of the PPA to a) publicly disclose the results of the procedure as per section 37(1)(h) and (i) of the PPA via the EPPS using the form provided for this purpose, b) publicly disclose the data specified in points (a)–(c) of section 43(1) of the PPA via the EPPS, in accordance with section 7(3), as well as the data specified in points (a)–(f) of section 43(2) of the PPA, c) record the data pursuant to section 8 in the EPPS on the form provided for this purpose, d) subsequently record the complete procedural documentation in the EPPS on the interface provided for this purpose. In view of the above, the availability of the data and their linkage with the data recorded in the EPPS is currently ensured both from a regulatory and an EPPS functional point of view.
9	For the centralised product categories, the Authority proposes conducting targeted impact assessments to analyse the effectiveness of centralised public procurement, taking into account the experiences of the relevant institutions and presenting both the benefits and drawbacks.	The Government does not agree with the proposal.	As elaborated in points 12 and 13 of Government Decision no. 1423/2023 (4 October) the Government's position is that the central purchasing body ensures the provision of specialised technical, professional, and market knowledge — along with so-called ancillary public procurement services i.e., public procurement consultancy — knowledge that is often lacking in many of the concerned organisations. This ensures the efficient and professional realisation of procurement needs and the optimization of costs.Framework agreements concluded for the benefit of the organisations concerned serve to guarantee continuous supply security and are suitable for handling unforeseen, exceptional needs promptly. The essence of centralised public procurement is determined by the predictability, security of supply (based on objective conditions), and the product portfolio of a range of products defined for the beneficiary group specified by the Government, in particular by taking account of the following considerations: - product ranges and contractual conditions adapted to the needs of the organisations concerned (e.g., 30-day payment terms); - a broader range of technical solutions compared to reseller practices; - transparent, predictable, and easily enforceable warranty/guarantee terms; - guarantees supporting operational reliability (e.g., provision of replacement equipment); - basic delivery and installation services; - short delivery deadlines for products, relative to the size of the product range; - professional satisfaction of one-time or regular procurement needs; - proportional contractual guarantees; performance is supported by accessible manufacturer representation (organisation directly linked to the manufacturer); - setting a price ceiling that addresses periodic exchange rate risks, and manages disruptions in the supply chain (e.g. the emergence of a shortage in the market);

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			- security of supply, i.e., the imposition of an obligation to submit offers and to conclude contracts; the provision of liability; - clear and unambiguous contractual terms, which may differ from market conditions (even those lasting a few hours or days). According to the preamble of Directive 2014/24/EU (Recital 69), centralised purchasing techniques are increasingly used in most EU Member States. In Article 37(1) of the directive the EU legislator, assigned the competence to the Member States to decide whether certain public procurements should be carried out through central purchasing bodies or through one or more designated central purchasing bodies. The centralised procurement method can flexibly address the high volume of demands that arise simultaneously and, in many cases, are not precisely predictable in advance. It also ensures that procurements aimed at fulfilling specific needs can be quickly realised. The swift implementation of procurement needs has always been a fundamental requirement for contracting authorities subject to public procurement rules, and it becomes even more important when dealing with procurements funded by EU sources, as the timely and proper use of these funds is critical. See point 7 of this response for the measure that takes into account the experiences of the institutions involved in the centralised public procurement system. In view of the above, no further measures are required regarding this recommendation.
10	The Authority recommends the elimination of the mandatory participation requirement in centralised public procurement procedures, regardless of the value threshold, while also enhancing the monitoring of compliance with the aggregation obligation.	The Government does not agree with the proposal.	As elaborated in point 16 of Government Decision no. 1423/2023 (4 October), the Government's position is that the purpose of the centralised public procurement system is to allow for the procurement of products and services for recurring needs, intended for the same use, under a unified set of conditions, and to enable the needs arising to be managed quickly and efficiently, through a cost-effectiveness approach that is understood in a comprehensive manner, including the implementation of benefits and discounts that can be achieved by procuring aggregate volumes for institutional procurement. There is no justification for amending the obligation, also due to security concerns and the need to ensure the supply of goods and services necessary for day-to-day operations. The centralised public procurement system serves to achieve the principle of transparent and responsible management of public procurement procedures by consolidating the procurement activities of budgetary bodies, thus creating a large contracting authority, which allows significant financial savings and, in this context, the achievement of national economic objectives. The centralised public procurement system ensures the procurement process and establishes uniform technical requirements for public administration institutions, providing and ensuring the technical and public procurement expertise, which is either not available or not fully available in these institutions. The centralised public procurement system supports the fulfilment of public procurement obligations and prevents the circumvention of the Public Procurement Act. The abolition of mandatory centralised public procurement, regardless of the value threshold, is still not justified, considering that: - the central purchasing bodies also conduct technical assessments of institutional procurement needs, which are necessary to ensure that even procurements below the value threshold meet appropriate technical and professional standards (e.g., the procurement of equipment with guaranteed service life, serviceability, and compatibility); - in the absence of data on procurements below the value threshold, the central purchasing body would not have the information required to understand the institutional needs and thus optimise their purchases, nor would it be able to implement the synergies available through centralised public procurement that bring the benefits described above; - security of supply is greatly supported by the fact that the central purchasing body is aware of institutional needs, even below the value threshold, as part of the procurement requests, rather than relying on the success of random voluntary participation to determine whether a particular procurement can be realised; ensuring compliance with the prohibition on splitting the estimated value into parts can be greatly facilitated if procurements below the value threshold are also recorded in the centralised system.
11	The Authority recommends surveying practical experiences related to the use of dynamic procurement systems, raising awareness of the use of this legal instrument amongst contracting authorities and tenderers alike, and, as part of this, the targeted development of the electronic public procurement system.	The Government agrees with the proposal.	Based on Government Decision no. 1230/2023 (16 June), the enhanced Performance Measurement Framework regularly includes the review of data related to the use of dynamic purchasing systems. In line with the action plan set out in Government Decision no. 1118/2023 (31 March), which outlines measures to increase competition in public procurement (2023–2026), new features became available in the EPPS as of June 30, 2024. These features contribute to easier access to business opportunities for economic operators and enable a more structured search of public procurement procedures. As part of this, it is also possible to search for dynamic purchasing systems in which it is currently possible to submit a request to participate. <u>Measure:</u> The Minister responsible for public procurement plans to further examine the competition and legal application characteristics of dynamic purchasing systems within the enhanced Performance Measurement Framework, as outlined in Government Decision no. 1230/2023 (16 June). According to information from the Public Procurement Authority, based on experience gained, the guidelines on dynamic purchasing systems, issued by the

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			Council operating within the Public Procurement Authority in 2022, may be updated as necessary.
12	The Authority recommends reviewing the justification for maintaining so-called mixed-model framework agreements that allow both direct ordering and reopening of competition. The Authority also recommends analysing and reviewing the justification of the practice followed by central purchasing bodies, which allows for the conclusion of framework contracts based on framework agreements – without a specific order being placed.	The Government partially agrees with the proposal.	Article 33(4)(b) of Directive 2014/24/EU explicitly allows the use of mixed framework agreements referred to in the recommendation. In the case of procurements financed by EU funds, as a general rule, reopening the competition is mandatory for mixed framework agreements [e.g., section 207(6) of Government Decree no. 256/2021 (18 May); section 27(5) of Government Decree no. 373/2022 (30 September)], while in other cases, the contracting authority is entitled to decide which contract award procedure it considers appropriate, depending on the characteristics of its specific procurement. The Directorate General for Public Procurement and Supply (DGPPS), in conducting public procurement procedures, examines the specific characteristics of the key product group with particular attention, based on which the type of procedure is selected. This also determines the legal structure and terms of the framework agreement to be concluded as a result of the procedure. Framework agreements concluded and managed by DKÜ Zrt. do not allow for the conclusion of framework contracts without specific orders. The National Communications Office (NCO) has only concluded framework agreements where call-offs can be made through written consultations. In mixed framework agreements, direct orders are not mandatory when procuring using the Defense Procurement Agency (DPA), so in this procurement category, the organisations concerned can also apply competition reopening, regardless of the value threshold. The possibility of concluding a framework contract does not depend on whether it is based on an existing framework agreement, but rather on the characteristics of the specific purchasing needs of the contracting authority. Section 58(1) of the PPA explicitly authorises the contracting authority to define the quantity of the procurement in the contract draft, potentially allowing for a deviation in quantity or an optional section, which in practice results in a framework contract. Of course, this is also subject to the condition that such a deviation cannot unduly hinder the competition in the public procurement process [section 58(3) of the PPA]. At a consultation held in November 2023 between the Public Procurement Authority, the Directorate General for the Audit of European Union Funds and the Prime Minister's Office, a legal interpretation was adopted based on audit findings. This interpretation states that there is no legal obstacle to entering into a framework contract for a specific contract concluded under a framework agreement. In practice, this necessity can be explained by the fact that in certain cases, the total quantity to be called-off from a framework agreement, and thus the precise determination of when that quantity is to be called under an individual contract, causes considerable difficulties for the users of framework agreements. However, since framework contracts typically specify the duration of use, and the scope of procurement is generally narrower than the original framework agreement, and they include the maximum quantity or value of the call-offs, such a framework contract with this content may meet the requirements set out in the Public Procurement Act. Based on the consultation, it was agreed that the framework contract should include a call-off obligation (either in terms of quantity or value), and the recommended level, according to the practice of the Deputy State Secretary responsible for public procurement supervision at the Prime Minister's Office, is 70%. If a deviation from this is individually justified, it may be allowed on a case-by-case basis. If the framework contract does not include a call-off obligation, only a duration and maximum quantity or maximum amount are defined, the possibility of violating the principles of the PPA should be carefully examined. Based on the above, the issues mentioned in the recommendation cannot be addressed by regulatory means and do not require further measures.
13	The Authority recommends reviewing the regulatory framework for central purchasing bodies in a way that shifts the practice of framework agreements towards genuine competitive tendering.	The Government partially agrees with the proposal.	According to section 104(3) of the PPA, tenderers participating in a framework agreement are obligated to submit offers and conclude contracts. Both the PPA and its implementing regulations provide a regulatory framework that aligns with EU law, within which contracting authorities can apply the most appropriate procurement method in each case, i.e. the regulation on competitive tendering is currently in place for both contracting authorities and tenderers. In view of the above, no further measure is needed.
14	The Authority proposes that, in 2024, the Performance Measurement Framework should examine, collectively and in context: - the number of expressions of interest received for single or double bid procedures; - whether additional requests for information were made for single or double bid procedures, or if preliminary dispute resolution was initiated, and whether this concerned the restrictive nature of the technical specifications or other requirements of the procurement procedure; - whether the preliminary dispute resolution was successful;	The Government does not agree with the proposal.	In the Performance Measurement Framework, the indicators listed in the recommendation cannot be interpreted among the quantitative indicators, as these are only circumstances that can be examined in individual cases. Whether supplementary information was provided during a public procurement procedure or whether a request for preliminary dispute resolution was made can have various reasons, which are not necessarily interconnected with each other or with the number of inquiries or submitted tenders. These factors, even if there may be correlations in specific cases, cannot be used as statistical indicators. For example, the content of requests for preliminary dispute resolution – given that it is not provided as structured data but as running text – cannot be analysed with statistical tools. Similarly, the content of supplementary information is also running text, which often appears as an annex to the public procurement documents in the EPPS.

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	finally, the number of tenders submitted in the procedure. (Chapter 3.5.)		
15	The Authority recommends further analysis to understand the reasons behind the significant differences in market behaviour regarding single bid procedures, depending on the funding source. The Authority also suggests that the solutions (including, where appropriate, stricter controls) that lead to greater competition in the case of EU funds should also be applied to domestic funds. The Authority recommends a focused examination to verify whether the more favorable values are indeed the result of competitive tenders, and (at least in part) not merely due to the practice of 'supporting bids'. (Chapter 3.5.2.)	The Government partially agrees with the proposal.	The results published in February 2024 in the Performance Measurement Framework evaluating the effectiveness and cost-effectiveness of public procurement have already analysed the fact that, the proportion of single bid procedures in the use of EU funds has been consistently significantly lower than for purely domestically financed procurement in recent years. The reduction in the number of single bid procedures has also been much more pronounced in EU-funded procurements than in those funded from national sources. According to the results of the framework, this difference in financing models reflects, on the one hand, the impact of strict controls in the use of EU funds, and on the other hand, the reasons for the difference could be that certain procurement topics, where the proportion of single bid procedures remains persistently high (e.g. petroleum products, fuels, electricity and other energy sources, repair and maintenance services), typically do not fall within the scope of EU-funded procurements. To operate a control system for all public procurements equivalent to the audit system built into the EU-funded procurement processes would impose an excessive burden on both the national administration and contracting authorities. However, strict controls are indeed necessary through existing monitoring mechanisms. To operate a control system for all public procurements equivalent to the audit system built into the EU-funded procurement processes would impose an excessive burden on both the national public administration and contracting authorities. However, strict controls are indeed necessary through existing monitoring mechanisms. The government has decided on several additional measures aimed at increasing competition, in addition to those outlined in the recommendation: Government Decision no. 1118/2023 (31 March), and Government Decision no. 1082/2024 (28 March) on the revision of the action plan for measures aiming to increase the level of competition in public procurement (2023–2026). Based on the Government's response to the Anti-Corruption Task Force's 2023 report (consensus point 6), the Minister responsible for public procurement has amended Decree no. 45/2015 (2 November) of the Minister of the Prime Minister's Office, and, as of July 15, 2024, according to section 9(6), the Public Procurement Authority, acting in its capacity as the authority responsible for the control of tender notices, will ensure that the preliminary market consultation aimed at reducing the number of single bid public procurements follows the rules set out in the Government Decree, in those procedures where such preliminary market consultation is mandatory under the Government Decree. The examination of the 'competitive' nature of submitted tenders is only possible in individual cases, which is already being carried out, considering that according to section 36(2) of the PPA, if the contracting authority detects or has reasonable grounds to suspect a violation of the prohibition of unfair market conduct or restrictions on competition (as per section 11 of the Act LVII of 1996 on the Prohibition of Unfair and Restrictive Market Practices (hereinafter: Competition Act), or Article 101 of the TFEU), it is obliged to report it to the Hungarian Competition Authority, in accordance with the rules on notifications or complaints under the Competition Act. Furthermore, according to section 36(3) of the PPA, if the Minister responsible for public procurement or the responsible minister for the use of EU funds detects or reasonably suspects a violation of the same provisions in the context of public procurement procedures or contracts, construction or service concessions, or their amendments, it is obliged — in accordance with the provisions of the Competition Act regarding notifications or complaints — to report it to the Competition Authority and, unless classified, is authorised to share any relevant data available to the Competition Authority as part of its review of the procurement, contract, or concession. On April 29, 2021, a renewed cooperation agreement was signed between the Prime Minister's Office and the Hungarian Competition Authority (HCA), replacing the agreements established on December 19, 2014, which had been amended several times. According to this agreement, the Public Procurement Supervision Department will continue to provide the HCA with data on the public procurement procedures it has audited by sending market signals for cases affected by the red flags specified in the agreement. As a new element of the agreement, the Public Procurement Supervision Department will also provide data from the EPPS upon request from the HCA, independent of the market signals, in cases of complaints, reports, or competition supervision preoceedings. In view of the above, the introduction of a new control mechanism is not justified.
16	Further analysis is required to assess the impact of the legal amendments implemented in 2023 regarding the institution of preliminary market consultation on competition — specifically, setting a minimum deadline for participation in preliminary market consultations, extending the minimum duration of the consultations, expanding the scope of information to be disclosed, and imposing a stricter obligation on contracting authorities to justify their	The Government partially agrees with the proposal.	Based on Government Decision no. 1230/2023 (16 June), the enhanced Performance Measurement Framework currently already includes the analysis of numerical data on preliminary market consultations, and it also monitors the effects of the adopted measures through the analysis of various indicators reflecting the level of competition. The analysis of the impact of the measures introduced by Government Decree no. 63/2022 (28 February) for the CPV divisions concerned can be found on pages 172-175 of the publication titled 'Results of the Performance Measurement Framework Evaluating the Efficiency and Cost-Effectiveness of Public Procurement. 2023' published in February 2024. Based on the Government's response to the Anti-Corruption Task Force's 2023 report (consensus point 6), the Minister responsible for public

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	decisions. The Authority recommends that, in addition to analysing the impact of the action plan for measures aiming to increase the level of competition in public procurement (2023–2026) outlined in section 7(c) of Government Decision no. 1082/2024 (28 March), which are based on section 5 of Government Decree no. 63/2022 (28 February), on single bid public procurement procedures, the effectiveness of the additional measures introduced to address the issue of single bid procedures (in particular, preliminary market consultation) be analysed in 2024. (Chapter 3.5.5.)		procurement has amended Decree no. 45/2015 (2 November) of the Minister of the Prime Minister's Office, and, as of July 15, 2024, according to section 9(6), the Public Procurement Authority, acting in its capacity as the authority responsible for the control of tender notices, will ensure that the preliminary market consultation aimed at reducing the number of single bid public procurements follows the rules set out in the Government Decree, in those procedures where such preliminary market consultation is mandatory under the Government Decree. The 2024–2025 Medium-Term National Anti-Corruption Strategy, along with the action plan for its implementation, as adopted in Government Decision no. 1025/2024 (14 February), Appendix 1, point 5.3, instructs the relevant professional chambers to examine the possibilities of encouraging their members to participate broadly in preliminary market consultations, and to provide substantial and professional feedback on the documents presented by the contracting authority for consultation. Such feedback should promote the success of the given public procurement procedure, the feasibility of the public procurement contract, increase competition, and help ensure appropriate tendering. The deadline for this is November 30, 2025. According to point 3 of Government Decision no. 1118/2023 (31 March), the deadline for the next review of the action plan on increasing competition in public procurement (2023–2026) is March 31, 2025. In view of the above, no further measures are currently necessary.
17	In order to discourage the practice of 'supporting bids', the Authority proposes that the possibility of reverse evaluation in double or triple bid public procurement procedures be excluded, at least temporarily, by the PPA and that any failure to signal to the HCA be subject to increased scrutiny by the control bodies. (Chapter 3.5.2.)	The Government partially agrees with the proposal.	According to section 2(7) of the PPA, the provisions of the Act must be applied in accordance with the objective of the public procurement regulations and in compliance with the principles of public procurement. According to section 36(2) of the PPA, if the contracting authority detects or reasonably suspects a clear violation of the provisions of section 11 of the Competition Act or Article 101 of the TFEU during the public procurement procedure, it is obligated to report it to the Hungarian Competition Authority in accordance with the rules on notifications or complaints under the Competition Act. In its Decision no. D.344/20/2019, the Public Procurement Arbitration Board did not accept the contracting authority's argument that it had applied section 81(5) of the PPA in the public procurement documents, and therefore only evaluated the best value for money offer. The Public Procurement Arbitration Board pointed out that the contracting authority has an obligation to act with due diligence throughout the entire public procurement procedure and to avoid situations that could undermine the integrity of the competition. Based on the principle of competition fairness, a contracting authority that manages public funds is obliged to take all necessary actions and measures during the public procurement process to maintain the trust in the integrity of the procedure. The contracting authority must act in accordance with and enforce the principles throughout the entire process. The Arbitration Board also stated that the contracting authority should have complied with the obligation to report to the Hungarian Competition Authority. In view of the above, there is no need for a legislative amendment as recommended, since the matter can be resolved through legal interpretation. No further measure is needed.
18	To increase the number of effective indications, as defined under section 36(2) of the PPA, the Authority recommends creating and sharing document templates, as well as publishing information on decisions related to public procurement cartels on the Public Procurement Authority's website. (Chapter 3.5.2.)	The Government agrees with the proposal.	In accordance with action point 16 of Government Decision no. 1118/2023 (31 March) on the action plan for measures aiming to increase the level of competition in public procurement (2023–2026), the joint professional guidelines issued by the HCA and the PPAH provide detailed information regarding the notification required under section 36(2) of the PPA. <u>Measure:</u> The Hungarian Competition Authority has committed to implementing the following measures by October 30, 2024: 1 The Hungarian Competition Authority will create a dedicated sub-menu on its website to provide information to contracting authorities subject to section 36(2) of the PPA and will support contracting authorities in the targeted submission of complaints and notifications by providing information specifically on the content of the signalling and information to facilitate the exercise of the Hungarian Competition Authority's powers. 2 In addition to the complaint form available on its website, the Hungarian Competition Authority will create a complaint form specifically adapted to section 36(2) of the PPA, which shall provide special fields in a user-friendly manner to assist contracting authorities in submitting information and evidence related to suspected cartels in public procurement. 3 The Hungarian Competition Authority will send its decisions related to public procurement cartels and information on how they can be accessed to the Public Procurement Authority for further dissemination. The Public Procurement Authority has stated that as far as it is concerned, there are no obstacles to publishing the Hungarian Competition Authority's decisions regarding public procurement-related cartels on its website for informational purposes.
19	The Authority recommends that the methodology documents related to ensuring partial tendering be published on the Public Procurement Authority's website, along with the information that the provisions contained therein are also applicable to public procurement	The Government agrees with the proposal.	<u>Measure:</u> The recommendation will be taken into account during the implementation of section 2(d) of Government Decision no. 1082/2024. (28 March). According to the Public Procurement Authority's information, in line with previous practice, the Public Procurement Authority ensures that the methodological materials developed by the Minister responsible for public procurement, based on the Minister's requests in this regard, are in each case published on its website.

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	procedures financed with domestic funding. (Chapter 3.5.1.)		
20	The Authority recommends that the Framework examine in more detail the typical errors found in tenders declared invalid under section 73(1)(e) of the PPA, in order to identify further measures that could help ensure that valid tenders are made, which may, if necessary, involve expanding the functions of the EPPS. (Chapter 3.5.3.)	The Government partially agrees with the proposal.	In the EPPS, the information on the specific reason for the invalidity of a submitted tender declared invalid pursuant to section 73(1)(e) of the PPA is not recorded at the data level, but only in a running text field. Currently, no statistically processable list can be generated regarding this matter. Measure: The Minister responsible for public procurement will, however, examine whether it is possible, through future revision of section 73 of the PPA or the legal provisions governing the content of the summary, to provide a more detailed listing of the errors that lead to invalidity. Since the possible errors or deficiencies of tenders cannot be listed exhaustively, even in the former case, it will still be necessary to account for an 'other' category. It should also be stressed that after the development of the above regulatory solution, the collection of data will require IT system development, and the changes can only be introduced in public procurement procedures starting after the entry into force of the future regulatory changes. Therefore, informative data may not be available for several years.
21	Given the potentially competition-restricting nature of the contract award and performance conditions, the Authority recommends that the Public Procurement Authority, as well as other supervisory bodies, increase their monitoring of these conditions, in addition to the eligibility requirements. In this regard, it is also justified to strengthen monitoring during the contract performance period to ensure that contracting authorities only establish warranted and consistently enforced requirements related to contract performance. (Chapter 3.5.4.)	The Government agrees with the proposal.	Section 195/A of Government Decree no. 256/2021 (18 May), which has been in effect since May 25, 2023, already requires that, in relation to public procurement contracts falling under its material scope, the managing authority must verify within ten working days of receiving the supplier's contract whether the content of the concluded contract complies with the conditions set out in the public procurement documents and the content of the winning tenderer's offer. [A similar provision can be found in section 115/A of Government Decree no. 373/2022 (30 September).] Measure: The Minister responsible for public procurement will ensure that the relevant authorities under its control increase the oversight of these processes. According to information provided by the Public Procurement Authority, as part of its contract monitoring activities, it is already intensively examining the potential anti-competitive nature of the terms and conditions of contract formation and performance.
22	The Authority considers it important to provide practical, free training specifically aimed at assisting with the use of the EPPS for tenderers in public procurement procedures, as well as for economic operators interested in public procurement procedures. The Authority also recommends the creation of a freely and continuously accessible EPPS practice platform. (Chapter 3.5.6.)	The Government partially agrees with the proposal.	Point 12 of Government Decision no. 1118/2023 (31 March) already called on the Minister for Regional Development to establish a public procurement training system, freely accessible to micro, small and medium-sized enterprises, with the involvement of Új Világ Nonprofit Kft. The following four topics have been developed as e-learning courses and published on kkvkepzes.gov.hu: - Use of the EPPS, - Submitting tenders in public procurement procedures, - Public procurement remedies, - Performance of public procurement contracts. In addition, Új Világ Nonprofit Kft. regularly organises affordable training courses on the use of the EPPS, both in-person and via electronic means. The anticipated cost of establishing and operating a freely accessible EPPS practice platform would be disproportionately high compared to the benefits offered by the new platform, therefore no further measures are justified beyond those outlined above.
23	No data is available on public procurements excluded from the scope of the PPA due to emergency regulations or exceptions under the Act. In order to ensure that comprehensive information is available on publicly announced public procurements, the Authority recommends that the Performance Measurement Framework also examine the scale of procurements excluded from the scope of the PPA. (Chapter 3.5.7.)	The Government does not agree with the proposal.	The recommendation cannot be implemented, as – as noted by the Integrity Authority – the data is not available.
24	The Authority recommends that the supervisory bodies specifically conduct procurement targeted reviews and, in the course of these reviews, give special attention to investigating the unlawful disregard of public public procurement. (Chapter 3.5.7.)	The Government agrees with the proposal.	Measure: The Minister responsible for public procurement will contact the State Audit Office and the Government Control Office, which have the relevant authority, to investigate with increased scrutiny unlawful exclusions from public procurement procedures, and will ensure the intensification of oversight within the bodies under its control. According to information provided by the Public Procurement Authority, under the cooperation agreement between the Public Procurement Authority and the State Audit Office, the State Audit Office notifies the Public Procurement Authority if it detects unlawful exclusion during its audit activities.
25	Based on its experience with the use of grants, the Authority sees merit in bringing procurements financed by EU and Hungarian national funds back under the scope of the PPA, applying Hungarian national procedural rules once a specified support threshold is reached. The Authority also recommends the preparation and publication of a methodological document clarifying the public procurement implications of	The Government partially agrees with the proposal.	Section 5(3) of the PPA previously contained a regulation between November 1, 2015, and December 18, 2019, which required public procurement obligations for organisations not qualifying as contracting authorities in case of certain levels of support (initially 25 million HUF, which was later raised to the EU threshold). However, this provision was repealed by the National Assembly for the following reason: section 5(3) of the PPA imposed public procurement obligations on the use of certain amounts of funding for procurements made with the aid of grants. This provision is a much stricter national rule than the legal regulations applicable to EU Member States, requiring actors using EU or national aid to conduct public public procurement procedures, even though neither EU procurement directives nor the EU treaties require such obligations.

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	Corporate Tax Donation (TAO) grants. (Chapter 3.5.7.)		Therefore, in order to reduce administrative burdens, this rule can be removed without any prejudice to EU law. The legislator had already narrowed the scope of the public procurement obligation under section 5(3) of the PPA by raising the threshold, and with the development of the regulatory environment and mechanisms for managing grants, maintaining the procurement obligation is no longer justified. The former wording of section 5(3) of the PPA was therefore repealed by the legislator because it imposed unnecessary administrative burdens on many SMEs, charitable, religious, and other social organisations, and because procurements by these organisations were often irregular due to a lack of experience in public procurement, resulting in the loss of aid. According to the logic of public procurement regulation, the application of public procurement rules is only justified where at least the majority of the procurement is carried out by means of a grant by an otherwise private organisation. In light of the above, section 5(2) of the PPA ties the public procurement obligation for procurements supported by contracting authorities under the PPA – for specific procurement items – to a 50% EU funding intensity threshold and a 75% national funding intensity threshold. Any deviation from this in the new regulation would impose disproportionate obligations on the parties concerned, which would not be justifiable and would violate general EU principles such as the principle of proportionality and the principle of equal treatment. We do not see any justification for reintroducing a rule that has already been repealed. <u>Measure:</u> The Minister responsible for public procurement will ensure the preparation and publication of a methodological document clarifying the public procurement aspects of TAO grants.
26	Following an examination of the cost implications of the planned and proposed developments, the Authority recommends improving the EPPS as soon as possible to enable economic operators who have expressed interest in procurements under specific CPV codes to automatically receive notifications about preliminary market consultations and subsequent public procurement procedures related to those CPV codes. The proposed development could significantly increase the level of competition. (Chapter 3.6.)	The Government agrees with the proposal.	In line with points 6-7 of the action plan set out in Government Decision no. 1118/2023 (31 March), which outlines measures to increase competition in public procurement (2023–2026), new features became available in the EPPS as of June 30, 2024. These features contribute to easier access to business opportunities for economic operators and enable a more structured search of public procurement procedures. Users still have access to the search parameters that were previously available, but these have been improved (e.g., through the modernization of the CPV code search, making it easier than ever to find relevant public procurement procedures). Additionally, several new search parameters have been introduced (e.g., public procurement procedures suitable for SMEs can now be listed, and direct searches for eligibility criteria and the place of performance are now possible). As part of the development, a notice monitoring service has also been implemented, allowing economic operators — particularly Hungarian national micro, small, and medium-sized enterprises — to receive automatic email notifications about newly published public procurement notices and business opportunities matching their previously specified search criteria. This new, free notification function is available even without EPPS registration, simply by subscribing with an email address. The aim of this development is to ensure that businesses are informed in a simple and timely manner about the public procurement market opportunities relevant to them. Notifications can be set up for both public procurement procedures (current business opportunities) and advertised preliminary market consultations (future business opportunities). No further measure is needed. According to the Public Procurement Authority, after registration and login on their website, users can set up a so-called notice monitoring service, which provides information about public procurement notices (tender monitoring). It is possible to request automatic notifications not only based on CPV codes, but also according to all available search parameters in the detailed search (e.g., contracting authority name, winning tenderer, subject of procurement, place of performance, etc.). Users can save their search parameters (keywords) and activate the 'I want notifications' function to receive alerts about public procurement notices published in the Public Procurement Bulletin. In addition to the above, the Public Procurement Authority's mobile application also provides access to monitoring public procurement and design contest notices.
27	The Authority recommends that economic operators registered in the EPPS be directly notified by the EPPS about system developments that may support their more effective participation in public procurement procedures. (Chapter 3.6.)	The Government agrees with the proposal.	Any system developments affecting EPPS users will be published in the EPPS News section. Each time EPPS users log in to the system, they receive a pop-up notification if a new news item has been published since their last login, thus a form of communication regarding system developments is already in place. <u>Measure:</u> The entity responsible for public procurement, through Új Világ Nonprofit Kft., which operates the EPPS, will ensure that registered users of the EPPS are also notified by e-mail about significant system developments.
28	The Authority recommends that communications and methodological materials issued by the Minister responsible for public procurement should not be published exclusively in the News section of the EPPS, but also in a separate submenu. (Chapter 3.6.)	The Government agrees with the proposal.	The development of the EPPS in this direction is under preparation. <u>Measure:</u> The Minister responsible for public procurement will ensure the relevant development of the EPPS, provided that the necessary funding for the specific EPPS development is available.
29	To increase the level of competition, the Authority recommends developing a	The Government agrees with the	In line with the action plan set out in Government Decision no. 1118/2023 (31 March), which outlines measures to increase competition in public

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	feature in the EPPS – if possible, as a priority – that makes the current ('open') Dynamic Procurement Systems (DPS) specifically visible to economic operators. This would support later participation in DPSs and, in turn, increase the number of economic operators involved in them. (Chapter 3.6.)	proposal. However, no further measure is needed.	procurement (2023–2026), new features became available in the EPPS as of June 30, 2024. These features contribute to easier access to business opportunities for economic operators and enable a more structured search of public procurement procedures. As part of this, it is also possible to search for dynamic procurement systems in which it is currently possible to submit a request to participate. The Procedure Repository module on the EPPS website allows filtering by 'current business opportunities,' enabling the listing of all public procurement procedures where the deadline for submission/participation has not passed at the time of the search, as well as any dynamic procurement system that is open for participation. In view of the above, no further measures are required regarding this recommendation.
30	The Authority recommends empowering the tenderer to decide whether to exercise the right to inspect documents in person or through an electronic public procurement system (such as the EPPS), and to amend the provisions of the PPA and Government Decree no. 424/2017 (19 December) accordingly. (Chapter 3.6.)	The Government does not agree with the proposal.	In point 23 of the Government's position outlined in Government Decision no. 1423/2023 (4 October), the Government disagreed with the provision of electronic access to documents, as the opportunity to view the other tenderer's offer is only permitted to the extent strictly necessary for exercising the right to legal remedy, proportionate to the purpose of document inspection. Therefore, remote electronic access without the direct supervision of the contracting authority is not permissible (this would be equivalent to transferring the document, which would be disproportionate to the intended purpose).
31	The Authority recommends the implementation/activation of an EPPS feature that automatically transfers previously submitted content from earlier tenders – both in terms of the registration of the economic operator's data and the forms (excluding the fiche) as well as the ESPD (European Single Procurement Document) –, thus reducing the administrative burden, the possibility of errors, and the costs associated with submitting tenders. (Chapter 3.6.)	The Government agrees with the proposal. However, no further measure is needed.	Since 2019, the EPPS has allowed the creation of templates for the following types of declarations in the 'Procedure/Declaration Templates' menu: • ESPD Part II • ESPD Part III • ESPD Part IV • ESPD Part V • Section 62(1)(k)(kb) of the PPA • Section 62(1)(k)(kc) of the PPA • Section 66(6) of the PPA • Section 67(4) of the PPA • Declaration regarding the professionals presented Declaration regarding business secrets If the economic operator has created the above types of declarations, they will be able to include them in the tender transaction in any public procurement procedure in which the relevant declaration is required. Given that the EPPS template creation functionality serves the aim outlined in the proposal, no further measure is necessary.
32	In the Authority's view, it is extremely important to increase the proportion of successful public procurement procedures, which requires proper preparation of the procedures – including the definition and securing of financial frameworks, as well as the clear definition of the subject matter of the procurement and the proportional design of the contractual terms. (Chapter 3.7.1.)	The Government agrees with the proposal. However, no further measure is needed.	The Government has already made decisions on a number of measures: see Government Decision no. 1118/2023 (31 March); Government Decision no. 1082/2024 (28 March). No further measure is needed. According to point 3 of Government Decision no. 1118/2023 (31 March), the deadline for the next review of the action plan on increasing competition in public procurement (2023–2026) is March 31, 2025.
33	The Authority continues to consider it warranted to clarify the regulatory provisions related to conditional public procurement, at a minimum by establishing that: - a public procurement procedure cannot be initiated before the submission of the grant application, and considering the realities of the economic environment, a significantly shorter deadline (maximum 90 days) for the entry into force should be set, compared to current practice. (Chapter 3.7.2.)	The Government does not agree with the proposal.	Regarding the first recommendation outlined in the proposal, the Government stated in point 31 of the Government's position pursuant to Government Decision no. 1423/2023 (4 October) that the use of conditional public procurement procedures is still necessary, particularly considering that due to the short deadlines imposed by the forfeiture of EU funding, it is necessary to carry out public procurement procedures in the relevant cases even during the period before EU funding is actually disbursed. In view of this, the amendment of the regulations is not justified. Regarding the second recommendation in the proposal, it should be noted that the suspension of the entry into force of a public procurement contract is primarily not a matter that can be addressed by legislation, as each contract's subject, terms, and performance conditions are specific and may vary. In the case of specific procurement items, even a 90-day waiting period might create excessive uncertainty, while a longer waiting time could also be conceivable if, for example, the contract contains clauses that transparently address the consequences of time lapse and its management. Due to the above, it is not feasible to impose a universal restriction through legislation. It is therefore justified to maintain the practice of built-in auditing for public procurement procedures financed by EU funds.
34	To allow tenderers to submit tenders under more predictable conditions, the Authority continues to consider it justified to establish a maximum evaluation deadline in the PPA, differentiated by procedure type and procurement process. Exceptions may be allowed in specific cases, subject to conditions. Such a differentiated approach could contribute to achieving the goal referenced in the Government's response to the previous year's Integrity Report, namely, to prevent contracting authorities from abusing the extension of the evaluation period. (Chapter 3.7.3.)	The Government does not agree with the proposal.	As elaborated in point 30 of Government Decision no. 1423/2023 (4 October), the Government's position is that in the legal practice prior to February 1, 2021, it occurred that the contracting authority could not complete the evaluation of offers within the maximum period of ninety or one hundred and twenty days according to the PPA, but there were cases where the tenderer still agreed to maintain its tender commitment, and thus declaring the procedure unsuccessful was not justified. To prevent the abuse of prolonged evaluation periods, the legislator introduced a rule from February 1, 2021, stating that after ninety or one hundred and twenty days, tenderers may no longer be asked to maintain their tender security. Furthermore, the evaluation could only be continued beyond 180 days if the tenderer considered the most advantageous was still willing to maintain their offer. The reason for introducing the failure condition under section 75(2)(c) of the PPA from February 1, 2021, was precisely to curb the misuse of extended evaluation periods, and the rule was further tightened from February 1, 2024 (reducing the period from 180

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			days to 150 days). The Government continues to consider the regulatory solution that governs the maximum duration of the evaluation in terms of both the economic interest of the tenderers (the sustainability of the offers) and the impact of the evaluation duration on competition as correct. It is also important to understand that the legislative framework must provide universally applicable rules. A case-by-case regulation according to types of procedures and procedure characteristics would not be a viable solution from a regulatory perspective, since it is not necessarily these procedural characteristics that determine the duration of an evaluation. The opinion of the Public Procurement Authority also confirms that the duration of the evaluation carried out by the contracting authority is primarily influenced by the number and quality of the offers, and the complexity of the particular public procurement procedure, rather than the type of procurement procedure or the procedural regime. The current regulation – in contrast to the previous regulatory approach – has stood the test of practice. In 2023, the average time, in calendar days, between the tender submission deadline and the final summary sent to the tenderers was 58 days in an open procedure under EU procedure rules, and 33 days in a national procedure (see indicator 33.1 of the Performance Measurement Framework). No further measure is needed.
35	The Authority continues to consider it a priority to abolish the procedure type referred to in section 115 of the PPA in order to enhance the integrity of public procurement. In the Authority's view, it is not justified for national public procurement procedures to apply a different approach from that used for EU-funded projects; the concerns raised in the case of EU funds are equally relevant for domestic funding.	The Government does not agree with the proposal.	The Government did not agree, in point 34 of the Government's position under Government Decision no. 1423/2023 (4 October), with the revision of the regulation. According to (non-consensus) point 6 of the Government's response to the 2023 report of the Anti-Corruption Task Force, the Government did not support the proposal. In point 3 of the Government's (consensus-based) response to the 2023 report of the Anti-Corruption Task Force and in point 2 c) of Government Decision no. 1082/2024 (28 March), the Government called on the Minister of Public Administration and Regional Development to examine the practical experiences of selecting or changing (mandatory rotation) the economic operators invited to submit tenders in procedures starting with the direct invitation of five tenderers, as set out in section 115 of the PPA. Based on the findings of this review, and considering the results, the Minister is asked to propose amendments to the PPA and a revision of the guidelines for the procedure. The deadline for this is 14 March 2025. No further measure is warranted at this time.
36	In the Authority's opinion, it could increase the significance of preliminary dispute resolution and the willingness of contracting authorities to cooperate if the PPA made it obligatory to impose fines also in cases where the contracting authority fails to respond completely or within the specified time frame to the request for preliminary dispute resolution, or if it submits its position on the infringement but does not take any other action, and the economic operator that is initiating preliminary dispute resolution in connection with the illegality serving as the basis for the dispute resolution request turns to the Arbitration Committee, which subsequently confirms the infringement. The Authority recommends reviewing the regulations in respect of the previous points as well. (Chapter 3.8.1.)	The Government does not agree with the proposal.	In the cases specified in sections 165(6)-(7b) of the PPA, the imposition of a fine is mandatory without discretion, typically for the most serious infringements. Therefore, in cases involving any infringement related to the preliminary dispute resolution request and the rules governing the handling of such disputes, it remains appropriate to maintain the Public Procurement Arbitration Board's discretionary power to determine whether the imposition of a fine is warranted. The Public Procurement Authority proposes (while maintaining the discretionary power of the Arbitration Board) that it should be considered that infringements related to responses to a dispute resolution request are already subject to sanctions under the general judicial review rules. In its practice of imposing fines, the Arbitration Board imposes a higher fine if the contracting authority rejects a request for a preliminary ruling, but subsequently the Public Procurement Arbitration Board finds that the contracting authority's procedural action was unlawful.
37	In regard to the determination of administrative service fees, the Authority proposes the following amendments: 1. The Authority recommends analysing the impact of the fee reduction introduced by the 2023 amendment to the PPA on applications for review, based on data from 2024. 2. As the fees remain high, the Authority recommends introducing a differentiated regime that, at the most, applies a minimum fee before the tender/participation deadline in the event of a challenge to public procurement documents within the prescribed period. 3. In cases involving illegalities beyond those mentioned in subpoint 2, the Authority considers it warranted to further reduce legal fees, for example, in line with the tiered tariffs defined in Austria, while also seeing merit in considering the setting of a fixed fee. 4. As the tasks carried out by the Public Procurement Arbitration Board do not differ depending on the estimated value of the public procurement, it is warranted	The Government partially agrees with the proposal.	1. Measure regarding subpoint 1: the assessment will be carried out as part of the Performance Measurement Framework. According to information provided by the Public Procurement Authority, data from Flash Report H1 of 2024 already indicate a signficant increase in the number of legal remedies in the first half of 2024 compared to the same period in previous years (H1 of 2022: 244; H1 of 2023: 254; H1 of 2024: 412). According to information received from the Public Procurement Authority in 2023, administrative service fees under the applicable regulations at the time were fully in line with European Union practices. In this regard, the Arbitration Board referred to judgement no. C-61/14 by the European Court of Justice, which established that a national regulation requiring the payment of an administrative service fee not exceeding 2% of the value of the public procurement subject to legal dispute is not contrary to EU law. As detailed, the administrative service fee in Hungary was not high even prior to the reduction in 2024. 2. Regarding subpoint 2: to encourage broader participation in public procurement procedures, the Government instructed the Minister for Regional Development in point 9 of Government Decision no. 1118/2023 (31 March) to review the rate of legal fees and formulate a recommendation for amending the legal regulations governing the fees to be paid for proceedings with the Public Procurement Arbitration Board. Reduced legal fees came into effect on 1 February 2024. According to point 3 of the Government's response to the 2023 report of the Anti-Corruption Task Force, the Government did not endorse any further reduction to the fee, as it is warranted to monitor the development of legal remedies, while another eventual review of the fees is not currently relevant.

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	to make the amount of the administrative service fee independent from the procurement's estimated value. 5. The Authority continues to propose the abolition of the regulation depending on the number of application elements. However, the current approach could potentially be sustainable with the following two guarantee changes: - on the one hand, it is warranted to increase the number of application elements in the 'basic' category to five elements; many applicants are prevented by the three elements from identifying further relevant violations; - on the other hand, it is warranted to clarify in the interpretative provision on the element of application in the PPA, but at least to stipulate in a general council's decision that violations alleged in connection with the same act of assessment (e.g. the assessment of an disproportionately low price) constitute one application element (irrespective of the number of grounds on which the applicant claims that the act of assessment is unlawful). 6. If the contracting authority has ensured tendering for parts in the procedure, and if the identical regulations, regarded as unlawful, in contract notices initiating public procurement procedures and related procurement documents have been prescribed in identical terms for all or several parts, the Authority maintains it is unwarranted to charge legal fees multiple times for applications for review intended to challenge the regulations concerning all contested parts. The Authority also proposes to set out a specific rule for framework agreements, dynamic procurement systems, and framework contracts (both for the documents initiating the procedure and for legal remedies against violations during the evaluation and assessment) that the basis for the legal fee should not be the estimated value provided by the contracting authority but only the value subject to the obligation to call down/provide the service (and indicated as such in the call for tenders) (if this is not indicated in the calls for tenders, only the basic fixed fee should be applied). According to information provided by the Public Procurement Arbitration Board, chambers and advocacy groups have submitted an application for review on only one occasion since 2019, and this remained the case in 2023 as well. As there is no interpretative provision in the PPA regarding the term advocacy groups, it would be advisable to define it in such a way as to ensure CSOs' right to legal remedy. Section 150(2) of the PPA only exempts chambers from the obligation to pay the administrative service fee. The Authority proposes expanding this exemption to advocacy groups and CSOs (we believe that the budgetary impact would be minimal, and so the measure would not jeopardise the balance of the budget). (Chapter 3.8.2.)		3. Regarding subpoint 3: it is warranted to monitor the development of legal remedies, while another eventual review of the fees is not currently relevant. Regarding subpoint 4: it is warranted to monitor the development of legal remedies, while another eventual review of the fees is not currently relevant. Futhermore, legal fees adjusted to the estimated value of public procurement were introduced on 1 January 2012 by Government Decree no. 288/2011 (22 December), replacing the system under the previous 2023 public procurement act. According to information provided by the Public Procurement Authority, the Integrity Authority's proposals at hand seek to reinstate a former fee payment system that was used by the old PPA (i.e. Act CXXIX of 2003). This system was justifiably discontinued by the legislator, as it had led to a 'dumping'-like and abusive application of legal remedies, which impeded the efficient assessment of applications for review within a reasonable timeframe, obstructed quality and thorough decision-making, and hindered the conclusion of public procurement contracts, thereby affecting the implementation of projects. Consequently, the Public Procurement Authority does not support the proposal to reinstate a system that was previously in use but later discontinued for its inefficiency and the abusive legal practices it generated. Bringing back a system that was already abandoned twelve years ago is not justified in order to prevent the abuse of the right to request legal remedy in bad faith solely for the purpose of obstructing the conclusion of public procurement contracts. Regarding subpoint 5: it is warranted to monitor the development of legal remedies, while another eventual review of the fees is not currently relevant. Furthermore, the 'elements of the claim' under point 16 of section 3 of the PPA: 'a distinguishable part of the claim submitted to the Public Procurement Arbitration Board, which contains the procedural step, conduct, decision or omission considered unlawful, including the indication of the legal provision(s) infringed, furthermore, the motion for the decision of the Public Procurement Arbitration Board and the reasons for the motion, with the provison that the challenging of the contracting authority's decision on the invalidity of the applicant's tender or the request to participate constitutes one single element of the claim, except where another legal consequence is linked to any of the grounds for invalidity'. Cosequently, violations alleged in connection with the same act of assessment still constitute one claim element irrespective of the number of grounds on which the applicant claims that the act of assessment is unlawful. 6. Regarding subpoint 6: since partial tendering requires defining technical descriptions, eligibility requirements and evaluation criteria for each part, and tenders are submitted for each part separately, the contracting authority selects the winning tenderer for each part separately, meaning that the contracting authority's decisions are made separatley for each part. In light of this, it is warranted to maintain the practice of treating claims disputing the contracting authority's decisions for different parts as separate claim elements. Information provided by the Public Procurement Authority indicates that, by setting an administrative service fee as proposed by the Integrity Authority, the Public Procurement Arbitration Board would violate the fundamental administrative procedural requirements of legality, professionalism, as well as equality before the law and equal treatment, from amongst the principles as defined in section 2 of the Act CL of 2016. In the latter case, therefore, if the Arbitration Board provided the aforementioned advantage to the applicant, it would cause serious legal disadvantage to the client with opposing interests, i.e. the contracting authority. Furthermore, adjusting the legal fee to a base different from the estimated value is not warranted, considering that the optional part or the variation in volume is also included in the value of the contract to be concluded. Information provided by the Public Procurement Authority indicates that, in the practice of the Public Procurement Arbitration Board regarding legal remedies initiated in connection with the second phase of framework agreements, the basis for calculating the administrative service fee is the value burdened with call-off/service obligations ('framework2' estimated value). 7. Regarding subpoint 7: According to (non-consensus) point 3 of the Government's response to the 2022 report of the Anti-Corruption Task Force, the Government did not support granting civil society organisations the right to initiate legal remedies. According to information provided by the Public Procurement Authority, its position aligns with the justification provided by the Government on this matter last year. No further measure is needed in relation to this recommendation.
38	The Authority proposes 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	The Government does not agree with the proposal.	The Government did not agree, in point 36 of the Government's position under Government Decision no. 1423/2023 (4 October), to make the request for holding negotiations eligible. According to (non-consensus) point 4 of the Government's response to the 2023 report of the Anti-Corruption Task Force, the Government also did not support the measure. Information provided by the Public Procurement Authority indicates that it agrees with the Government's position.

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	Arbitration Board to decide whether it is warranted to call a hearing. (Chapter 3.8.2.)		
39	The Authority recommends the expedited extension of the scope of individuals entitled to provide representation at least to accredited public procurement consultants, public procurement lawyers, and other professionals with a higher education degree or professional qualification in public procurement, who may not hold a degree in law (including, for example, public procurement officers and procurement specialists). (Chapter 3.8.2.)	The Government partially agrees with the proposal.	According to (non-consensus) point 5 of the Government's response to the 2023 report of the Anti-Corruption Task Force, the Government agrees with reinstating the representation right of accredited public procurement consultants; however, any further expansion is not warranted, as other listed individuals (attorneys and other professionals) do not have the necessary experience and expertise to exercise representation rights. Measure: The minister with responsibility for public procurement shall prepare the proposal for the amendment of the PPA.
40	It is advisable to review the legal provisions on fines for priority infringements and to return to the regulatory approach of minimum rather than maximum penalties. (Chapter 3.8.2.)	The Government does not agree with the proposal.	According to the directive's approach (Article 2e of Directive 89/665/EEC), penalty is applied primarily as an alternative form of sanction in the absence of contract termination – resulting from public procurement violations –, while the purpose of legal remedies is primarily reparative, justifying therefore the retention of the Arbitration Board's discretionary authority under the general rule. For the referenced directive stipulates, in relation to the requirement of proportionality of alternative sanctions, that 'Member States may confer on the review body broad discretion to take into account all the relevant factors, including the seriousness of the infringement, the behaviour of the contracting authority and, in the cases referred to in Article 2d(2), the extent to which the contract remains in force.' The information provided by the Public Procurement Authority indicates that it concurs with the Government's position, and maintaining the Arbitration Board's discretionary authority is justified.
41	It is advisable to review the legal provisions on fines for priority infringements and to return to the regulatory approach of minimum rather than maximum penalties. The Authority recommends that the Public Procurement Arbitration Board publish a prospectus setting out the principles on the imposition of penalties. (Chapter 3.8.2.)	The Government agrees with the proposal.	The Government agreed, in point 36 of the Government's position under Government Decision no. 1423/2023 (4 October), to the Arbitration Board carrying out the analysis of the legal practice relating to the imposition of penalties. On 12 December 2023, the minister with responsibility for public procurement requested the Public Procurement Arbitration Board to carry out the analysis of its legal practice relating to the imposition of penalties in cases of legal remedy in public procurement. According to information provided by the Public Procurement Authority, the analysis is currently being prepared and will be published in 2024.
42	1. The Authority upholds its proposal for improving the searchability of the decisions of the Public Procurement Arbitration Board in order to enable reliable searches for certain attributes of decisions and judgements (subject matter, violated legal provisions, etc.). In 2023, the Captcha application was added to the search interface of the Public Procurement Arbitration Board's decisions too, making it difficult to gain access to the decisions. The Authority recommends the application of other, less restrictive solutions, which can also help reduce information security risks. The Authority recommends that violated or investigated legal provisions be designated on the data sheets published in connection with the search interface of public procurement review procedures, facilitating efficient searching through decisions. 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 remedies fora. (Chapter 3.8.2.)	The addressee of the proposal is the Public Procurement Authority, not the Government.	Regarding subpoint 1: the Public Procurement Authority, as indicated by the information it provided, supports the proposal to improve the searchability of decrees and court judgements; however, its implementation requires a comprehensive IT development the financial coverage of which is not provided in the Authority's budget (because the Authority forsees coverage only for 'minor' developments on a yearly basis). The Public Procurement Authority wishes to note that the use of Captchas is widespread on portals that allow for the possibility of visualising, inquiring about, and downloading data. Captchas do not impede or slow down the searching or downloading of data on a user or systemic level; their retention is necessary, as they can distinguish amongst bots scanning through websites and actual users. The Public Procurement Authority is open to 'other less restrictive solutions' and takes notice of the Integrity Authority's relevant proposals. However, similarly to other organisations operating high security-level IT systems, the Public Procurement Authority is required, in respect of its IT systems, to ensure the protection of data and information, information security, and continuously carry out its statutory duties relating to the functioning/operation of critical infrastructure. Regarding subpoint 2: the Public Procurement Authority, as indicated by information it provided, can support the proposal from its side; however, its implementation will also require IT development. Providing the related resources is a prerequisite to the implementation of IT developments by the Public Procurement Authority. The Government maintains that a lack of trust in legal remedy fora cannot be raised on a well-founded basis.
43	2. The Authority recommends modifying the rules in a way that the Public Procurement Arbitration Board's position is the sole prevailing one in the decisions of the general council. (Chapter 3.8.2.)	The Government agrees with the proposal.	The minister with responsibility for public procurement has consulted with the Public Procurement Authority's Public Procurement Arbitration Board, which has been affected by the recommendation, to articulate the Government's position. The Arbitration Board highlights, from information provided by the Public Procurement Authority, that the general council's session is summoned in each case where a legal interpretation uncertainty justifying such action is raised, or where the assessment of acting councils on a legal matter differ. The Public Procurement Authority and the Arbitration Board generally agree with the simplification proposal regarding the statutory regulation concerning the consultation obligation stipulated by the valid provisions of the PPA, with the condition that the presence of attending representatives with consulting rights does not hinder or undermine the operations of the general council. Measure: The minister with responsibility for public procurement is responsible for

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			preparing the proposal for legislative amendment.
44	3. The Authority recommends that the judicial review allows for the option to request the suspension of the ongoing public procurement procedure and seek an appeal against the court's decision related to this matter. (Chapter 3.8.3.)	The Government does not agree with the proposal.	In relation to the regulation of public procurement remedies, the legislator must act with consideration to the balance of the various interests that emerge. This ensures that, alongside the enforcement of the right to legal remedy, interests related to the conclusion of contracts and the timely implementation of procurements are also taken into account. In this regard, a long-standing defining principle of the domestic remedial regulation is that the period of contracting moratorium is maintained until the first remedial decision, a solution that is also in line with EU law. The judgment of the Court of Justice of the European Union in case no. C-303/22 confirmed the interpretation arising from Article 2(3) of Directive 89/665, considering also Article 2(9) of the same, which states that, with regard to the conclusion of the public procurement contract, the standstill period as stipulated in Article 2(3) shall remain in effect at least until the body of first instance issues a decision on the application for review submitted against the contract award decision, regardless of whether the authority is a judicial body or not. Once the mentioned authority has issued a decision, member states may stipulate that the aggrieved person may only claim compensation. Therefore, Articles 2(3) and 2a(2) of Council Directive 89/665/EEC must be interpreted as follows: they do not preclude national regulations that only prohibit the contracting authority from concluding a public procurement contract until the body of first instance, as referred to in Article 2(3), has assessed the application for review submitted against the contract award decision, regardless of whether this review body is considered a judicial body or not. Therefore, it is warranted to uphold the regulation in force.
45	4. It is warranted to create a separate database on the Public Procurement Authority's website (the Authority's suggestions for improving the search interface for arbitration decisions also apply to the related search interface). (Chapter 3.8.3.)	The addressee of the recommendation is the Public Procurement Authority, not the Government.	The Public Procurement Authority, as indicated by the information it provided, supports the proposal; however, its implementation also requires an IT development the financial coverage of which is not provided in the Authority's budget (because the Authority forsees coverage only for 'minor' developments on a yearly basis).
46	According to the information received, committees that are not specialised in public procurement are involved in the review of public procurement cases in the courts. In this respect, the Authority recommends exploring if specialised councils could facilitate a quicker conclusion to legal proceedings. (Chapter 3.8.3.)	The Government does not agree with the proposal.	According to information provided by the National Office for the Judiciary, as well as by the Curia of Hungary, - two of the three so-called specialised councils in the Administrative Division of the Budapest Metropolitan Court handle all public procurement-related lawsuits. Therefore, specialisation is currently implemented at the Budapest Metropolitan Court; however, this does not correlate with a quicker resolution of lawsuits; - the suggestion of specialisation is essentially meaningless in the Administrative Division of the Budapest-Capital Regional Court of Appeal because of the small number of public procurement cases; - the case allocation of the Curia is based on the criteria defined in section 10(4) of Act CLXI of 2011 on the Organization and Administration of Courts. The case allocation system of the Curia logs the entire process of case allocation for each case, which is then published on the Curia's website. The allocation of public procurement cases to the councils mentioned in the recommendation is automatic (based on the case number ending according to registration or in order of arrival). The design of the Curia's case allocation system was developed as part of reform C9.R16, 'Strengthening the Judicial Independence of the Supreme Court (Curia),' undertaken in Hungary's Recovery and Resilience Plan. The current procedural and organisational framework based on applicable legislation at the Curia does not allow for a separate council specialised exclusively in this case group. However, any council handling public procurement cases possesses the necessary expertise. The current Hungarian legal framework (case allocation system, unified legal provisions) and its implementation adequately ensure the judicial review of public procurement cases. Overall, taking practical aspects into account, it can be stated that the establishment of further specialised councils is not expected to result in a quicker and more efficient administration of cases compared to the existing system, according to information from the NOJ.
47	Following adequate assessment and preparation, the Authority proposes to: 1. transform the institution of accredited public procurement consultants instead of discontinuing it; 2. review the legislative amendments relating to the abolition of the institution of accredited public procurement consultants; 3. support the professionalisation of the public procurement profession; 4. expand the circle of experts authorised to carry out expert activities, while amending the regulations concerning the required practice and upholding training and advanced training obligations; and investigate whether it is warranted, and if so, in which cases it is warranted, to require the involvement of an expert	The Government partially agrees with the proposal.	With regard to subpoints 1 and 2, the National Assembly and the Government have decided on the amendment of the laws, which have already come into force, so the measure proposed in the recommendation is not justified. With regard to subpoint 3 to 5, the Government agrees with supporting the professionalisation of the public procurement profession. <u>Measure:</u> The minister with responbility for public procurement will prepare, by the end of the period that concludes on 30 June 2026, a strategic proposal for addressing issues related to subpoint 3 to 5, with the involvement of all stakeholders and professional organisations.

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	independent of the contracting authority in public procurement procedures to ensure public procurement expertise; (Chapter 3.9.)		
48	1. The Authority continues to consider it necessary to amend the provisions of the PPA in order to clarify the obligations. The Authority does not propose the legal codification of all possible and accepted methods for verifying conflict-of-interest declarations, but rather the clarification of the obligation to conduct such checks, and considers it necessary to list the solutions that are deemed particularly appropriate, as outlined in the ministerial motivations for the November 2022 amendment to the PPA. The Authority continues to attach high priority to providing training on conflict of interest issues with a practical approach. 3 In view of the significance of conflict-of-interest regulations, the Authority recommends supplementing the list of priority infringements under section 137(1) of the PPA with the cases of violation of conflict of interest rules. (Chapter 3.10.)	The Government partially agrees with the proposal.	Regarding subpoint 1: the modification of the existing regulations has been rejected in point 37 of the Government's position under Government Decision no. 1423/2023 (4 October). According to (non-consensus) point 2 of the Government's response to the 2023 report of the Anti-Corruption Task Force, the Government did not support the proposal. The Council, which operates within the Public Procurement Authority and includes representatives from the Integrity Authority, issued and then supplemented a guide regarding conflicts of interest on 25 May 2023 and 9 May 2024, respectively, detailing the obligations based on the provisions of the PPA. No further measure is needed. Regarding subpoint 2: In point 14 of Government Decision no. 1118/2023 (31 March), the Government instructed the political director of the Prime Minsiter to ensure, through the University of Public Service and in cooperation with the Minister of Interior, the organisation of conferences and informative events that promote organisational integrity and address corruption risks and conflicts of interest for public sector employees and other public procurement stakeholders. The 'Public Procurement and Integrity 2024' conference was held on 29 April 2024, while the 'Public Procurement and Integrity' online workshop took place on 27 June 2024. The Public Procurement Authority held its interactive professional events, titled 'Public Procurement Expo', on 19 October 2023 and 14 May 2024. These events, where both the minister with responsibility for public procurement and the Integrity Authority's representative took part in roundtable discussions on conflicts of interest, featured participation from the most influential professional organisations in public procurement. On 11 May 2023, the Public Procurement Authority held a professional conference titled 'Integrity and Sustainability – New Challenges in Public Procurement', which also addressed the issue of conflicts of interest. Consequently, professional training programmes on conflicts of interest are being organised on a continuous basis, with the Authority also having the capacity to organise such programmes and informative events within the scope of its remit. Regarding subpoint 3: Section 137(1) of the PPA includes the implementation of Article 2d of Directive 89/665/EEC. Therefore, further exapanding it with cases that are not covered by the Directive is not warranted. It should be noted that, under Articles 24 and 41, along with points e) and f) of Article 57(4) of Directive 2014/24/EU, conflict of interest rules are intended to prevent the distortion of competition, and applicants for participation or tenderers concerned may only be excluded from the procedure if there is no other means to ensure compliance with the obligation to respect the principle of equal treatment. Accordingly, section 25 of the PPA stipulates that the contracting authority is required to verify the existence of a conflict of interest and examine how it has affected the enforcement of the principles of fairness in competition and equal treatment in relation to a public procurement procedure, with the contracting authority being required to take all necessary measures to eliminate the conflict of interest and restore the legality of the procedure. Section 62(1)(m) can be applied if the violation of equal treatment and the purity of competition cannot be remedied in any other way. Consequently, violating conflict of interest rules may have varying degrees of impact on the fairness of competition, while the contracting authority may also rectify these outcomes through its actions. That being considered, violating conflict of interest rules cannot be classified amongst the scenarios listed in section 137(1) of the PPA that automatically lead to the termination of the contract. However, the provisions of the PPA do not currently exclude the annulment of the contract or the termination of its validity in cases of violations related to conflicts of interest: - According to section 137(4) of the PPA, the provisions of section 6:95 of the Civil Code are applicable in establishing the nullity of contracts concluded in breach of legal regulations relating to public procurement and the procurement procedure. Other than in cases specified in section 137(1) of the PPA, any violation of the rules of the public procurement procedure (excluding the provisions regulating the content elements of the contract) will result in the invalidation of the contract in cases where, considering the severity and nature of the infringement, the validity of the contract would be incompatible with the objectives and fundamental principles of the PPA. - In accordance with section 143(2) of the PPA, the contracting authority is required to terminate the contract or, in line with the provisions of the Civil Code, withdraw from it if an exlusion ground in connection with the contracting party becomes known to the contracting authority after the conclusion of the contract, which would have necessitated that party's disqualification from the public procurement procedure. This rule also applies to cases where disqualification as defined in section 62(1)(m) should have had to be applied because of the conflict of interest. No further legislative measure in needed in light of the above.
49	Fixing the tender price, or some of its elements, at fixed value: The Authority considers that if the contracting authority excludes price competition entirely or to a significant extent from the public procurement procedure without	The Government does not agree with the proposal.	Section 76(4) of the PPA is the implementation of the penultimate sub-subsection of Article 67(2) of Directive 2014/24/EU ('The cost element may also take the form of a fixed price or cost on the basis of which economic operators will compete on quality criteria only.') into Hungarian law, meaning it is part of EU law, and its incorporation in the PPA and ensuring its applicability are necessary.

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	appropriate justification, it violates the principle of the responsible use of public funds. In light of this, the Authority recommends amending the provision under section 76(4) of the PPA, or at least, the exclusion of its application in the case of procurements using European Union funds. (3.12.1.)		
50	Setting a maximum tender price, or a maximum tender price that may be offered for each element of the tender: On the one hand, capping the tender price or some of its elements can have a price-inflating effect as well (since it reveals to the tenderers the tender price which the contracting authority considers reasonable and for which the contracting authority ideally has already set the financial coverage). On the other hand, if the contracting authority sets an unrealistically low price, it could render the contract awarded at that price unfeasible. The Authority recommends monitoring the legal practice forming in connection to the amended legal regulations. (3.12.2.)	The Government agrees with the proposal. However, no further measure is needed.	Based on Government Decision no. 1230/2023 (16 June), the improved Performance Measurement Framework extends to the monitoring of infringement types that arise in the legal practice of the arbitration committee. No further measure is needed.
51	Classifying priced bill of quantities including unit prices as trade secrets in procedures involving framework agreements and in the case of framework contracts: Since, in the case of framework agreement procedures and framework contracts – where specific quantities are not provided – tenderers do not submit a tender price in the traditional sense (as they would, for instance, in the case of a lump-sum contract), but rather compete on the basis of unit prices, which the contracting authority typically aggregates to determine the ranking of the tenders, the Authority recommends clarifying that, in these cases, even if the unit prices are not included on the fiche, they constitute offers that cannot be classified as trade secrets. (3.12.3.)	The Government does not agree with the proposal.	The concept of trade secret is defined in section 1(1) of Act LIV of 2018 on the Protection of Trade Secrets, as follows: 'Trade secret means a fact, information, other data and an assembly of the foregoing, connected to an economic activity, which is secret in the sense that it is not, as a body or as the assembly of its components, generally known or readily accessible to persons dealing with the affected economic activity and therefore it has pecuniary value, and which is subject to steps made with the care that is generally expected under the given circumstances, by the person lawfully in control of the information, to keep it secret.' The holder of the trade secret is any person lawfully controlling a trade secret, whose economic, financial or trade preferences would be infringed by the infringement of the right in the trade secret (point 2 of section 2). The trade secret holder is entitled to use the trade secret, communicate it to others and to publish it (communication and publication jointly: 'disclosure of trade secret') (section 3). In accordance with the above concept, the PPA includes, in particular, the following regulatory elements concerning trade secrets arising in public procurement procedures: - in accordance with section 44(1) of the PPA, economic operators may prohibit the disclosure of documents containing trade secrets if their disclosure would cause disproportionate harm to the business activities of economic operators. Thus, while the PPA guarantees the right of economic operators to trade secrets in public procurement procedures, it links the classification of a secret to a proportionality test in the interest of transparency; - also in the interest of transparency in public procurement procedures, subsections (2) and (3) of section 44 of the PPA regulate which data should not be classified as trade secrets; - in accordance with section 44(2)(e) and subsection (3) of the PPA, the classification of the priced bill of quantities as a trade secret requires the application of a general rule that stipulates that the legality of such classification requires that the tenderer demonstrate that disclosure would cause disproportionate harm to the economic operator's business activities. - subsections (1) and (4) of section 44 of the PPA render the above content requirements applicable in practice by specifying procedural criteria, requiring that a justification be provided alongside the classification of information as a trade secret, wherein the economic operator must articulate a detailed explanation as to why and in what way the disclosure of the given information or data would cause disproportionate harm. Furthermore, during the review, there is an opportunity for the submission of supplementary information regarding the classification of trade secrets and the justification; - section 45(3) of the PPA stipulates that economic operators submitting a request for access to documents – in order to protect their rights to legal remedy – have the right to know the reasons for the handling of the relevant information as a trade secret and – while maintaining the confidentiality of the information – the essential nature of the information treated as a trade secret. These show that the PPA applies a complex regulation that creates a balance between the legally protected interests linked to protecting trade secrets and the transparency of public procurement, and establishes guarantee rules governing the conduct and rights of the contracting authority, the holder of the trade secret, and other economic operators during the review. It is not warranted to establish detailed rules deviating from the above-mentioned detailed regulation for certain types of public procurement procedures, procurement methods, or contractual structures, as the proportional protection of trade secrets does not depend on the type of procedure applied, etc.

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52	The practice of applying exclusion grounds regarding material breach of contract: Given that, in line with current practice, the tenderer can be exempted from the legal consequences of a material breach of contract announced by the contracting authority through a formal declaration – where the tenderer only need to state that they dispute the fact of the breach – the exclusion ground, in its current form, is unable to serve its intended purpose. The root of the problem is that the economic operators concerned are not even listed in the referenced official registry. For the proper application of the exclusion ground under section 63(1)c) of the PPA, we continue to consider it important to review the regulations based on consultations with the relevant parties and take necessary measures on this basis. (3.13.1.)	The Government does not agree with the proposal.	The modification of the existing regulations has been rejected in point 26 of the Government's position under Government Decision no. 1423/2023 (4 October). The exclusion ground, in its current form, can still fulfill its function, considereding that, as previously explained, exclusion for material breach of contract, as reflected in the judgment passed by the Court of Justice of the European Union in case no. C-41/18, is primarily applicable in instances where the contracting authority has personal experience of an affected economic operator's breach of contract. This allows it to assess, truly in the manner required by EU judicial practice, the severity of the breach of contract.
53	Specification and expansion of grounds for exclusion concerning offshore: 1 The beneficial owner is not disclosed in public procurement procedures involving cases of trust. 2. The PPA does not include provisions regarding the disclosure of the beneficial owner of private equity funds either. Considering the significance of assets managed in private equity funds, the Authority considers it appropriate to extend the legislative requirements for identifying the beneficial owner to include private equity funds. 3. It also needs to be considered whether the regulation needs to be supplemented in relation to preference shares, in light of the referenced provisions of the Fundamental Law. The Authority recommends amending the provisions of the PPA in relation to the issues listed in points 1 to 3. (3.13.2.)	The Government partially agrees with the proposal.	Regarding subpoint 1: supplementing subpoint kb) of section 62(1)(k) of the PPA by referencing subpoint e) of section 3(38) of the Anti-Money Laundering Act, namely scenarios involving trusts, is warranted. Regarding subpoint 3: it is warranted to rely on the Anti-Money Laundering Act's definition of beneficial owner in the context of the PPA's regulation relating to exclusion grounds, as points a) and b) of section 3(38) of the Anti-Money Laundering Act regulate the conditions for actual control and management in such a way that it also covers the case of preference shares representing relevant rights. Since the contracting authority cannot be burdened with the obligation to examine rights exceeding those defined in the Anti-Money Laundering Act in the process of public procurement procedures, amending the PPA is not warranted. Measure: Amending the PPA in relation to subpoint 1: Regarding subpoint 2: the Minister with responsibility for public procurement will engage with the Minister for National Economy to review the interpretation of the Anti-Money Laundering Act, acceptable in scenarios outlined in the recommendation.
54	The Authority recommends closely monitoring whether the issuance of guidelines proves to be an effective tool in correcting legal practices that deviate from regulatory objectives. In addition, the Authority continues to maintain the following recommendations from its 2022 report (which were not explicitly addressed in the Government's response from the previous year): 1. it is warranted to issue supporting materials for all types of public procurement – with a level of detail similar to that previously used in the cleaning and security sector – which allow tenderers to familiarise themselves with relevant cost elements for disproportionately low prices, as well as their generally accepted percentage ratios and amounts, prior to submitting tenders, thus ensuring that tenders submitted in public procurement procedures are already in line with these considerations. 2. The publication of templates for contracting authorities' requests for justification and supplementary price justification requests in relation to disproportionately low prices, to facilitate the examination of price justifications. (3.14.)	The Government partially agrees with the proposal.	The Government has agreed with the measure in point 27 of the Government's position under Government Decision no. 1423/2023 (4 October). In point 7(a) of Government Decision no. 1082/2024 (28 March), the Government called on the President of the Public Procurement Authority to ensure, through the Council operating within the Public Procurement Authority, the preparation and publication of a guide contributing to the intended application of the review of disproportionately low prices. Adopted by the Council operating within the Public Procurement Authority on 12 September 2024, the guide is now available on the Public Procurement Authority's website: https://kozbeszerzes.hu/hirek/uj-utmutato-az-aranytalanul-ala-csony-ar-vizsgalataval-kapcsolatban/ No further measure is needed.
55	Currently, Hungary still has a paper-based asset declaration system in place, and only declarations from Members of Parliament and politically appointed senior officials are digitised after submission and published as searchable PDF files, primarily on the Parliament's website. There is also an option to fill out and submit the forms electronically, but this process does not take place through a	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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	dedicated electronic platform, system, or database. The Authority recommends the development of an electronic declaration system for the entire public sector, where: - All persons obligated to submit declarations must complete the unified form via the electronic platform at regular intervals (upon taking and leaving office, and annually while in position). - The otherwise time-consuming, cumbersome, and error-prone reporting process can be facilitated and accelerated through automatic pre-filling, enabled by direct data links with external databases. The declarants will only need to fill in missing information, verify pre-filled data, make corrections where necessary, and then approve the submission. - All declarations will be automatically retained until the person's tenure in the relevant position ends, as well as until the statute of limitations expires. - Unified, centralised, and as automated (and depersonalised) as possible monitoring, managed by a designated inspection body, which will have unlimited access to all declarations. - - Ensuring a consistent and enforced verification methodology, where (i) the risk classification of positions and job roles will ensure that the frequency and depth of asset declaration checks are proportional to the risk level of the positions involved, (ii) high-risk events (e.g. opening, changing, or closing a high-risk position) will trigger automatic checks, (iii) direct data links play a crucial role not only in automatic filling but also in subsequent automatic audits, and (iv) the system will flag any unexplained asset accumulation in case of discrepancies that cannot be justified by income. - By regulating access rights to the electronic system, appropriate levels of access and information can be provided to the public (e.g. declarations of close relatives will be visible only to the inspection body). The electronic declaration system can handle asset declarations and conflict-of-interest declarations in a standardised manner.		
56	The sanctions for violating asset declaration obligations are not adequately deterrent, efficient, or proportionate. The Authority recommends strengthening the legal consequences for breaching the obligation to declare assets in order to ensure that the sanctions imposed are truly deterrent, effective and proportionate. The Authority recommends that the sanctions applied be diversified, proportional to the violation, and that the legislation explicitly define the sanctions for failing to comply with the obligations related to declarations, at least for the following cases: (i) failure to submit a declaration, (ii) delayed submission, (iii) incomplete declaration, (iv) false information. The Authority suggests that the dedicated inspection body be authorised to impose fines in the case of minor violations (e.g. delayed submission, incomplete declarations, or total failure to submit a declaration), while more serious violations (e.g. false information or failure to submit a declaration despite multiple reminders) should lead to legal consequences through a court procedure.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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57	In Hungary, asset accumulation investigations are not applied in the context of corruption offences (Chapter XXVII of the Criminal Code), except in certain exceptional cases. As the scope for the imposition of asset accumulation investigations is relatively limited under the current regulatory framework, their impact on the fight against corruption is currently minimal. The Authority recommends extending the current scope of asset accumulation investigations to include suspected commission of corruption-related crimes regulated in Chapter XXVII of the Criminal Code.	The Government does not agree with the proposal.	Anti-corruption efforts are made possible primarily by prevention and the recovery of assets acquired through corrupt means as part of criminal proceedings, rather than by the potential taxation of those assets. These methods can be applied more effectively, as the investigating authority has a broader set of tools in criminal proceedings compared to the tax authority during tax audits.
58	In Hungary, the verification process of asset declarations is highly fragmented. At present, neither the National Tax and Customs Administration (NTCA), nor the police, nor the public prosecutor's office have the power to carry out automatic and centralised checks of asset declarations. Non-public asset declarations are handled, recorded and possibly controlled by the custodian (typically the employer). For Members of Parliament, these tasks are handled by the Immunity Committee, while for local government representatives, they are carried out by a committee designated in the municipal bylaws. In practice, this means that, at present, hundreds of 'registration and inspection bodies' operate in parallel, but independent of one another in Hungary. The Authority recommends (i) the designation of a dedicated central independent inspection body (or bodies) to carry out the inspection tasks related to asset declarations, and (ii) the organisational separation of the functions of management and monitoring of the declarations. This could be easily implemented in the electronic declaration system outlined in Recommendation no. 55, with appropriate rights of access granted.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
59	In the current regulatory environment, there is no provision for the automatic comparison of asset declarations with external databases. The Authority recommends that the dedicated inspection body mentioned in Recommendation no. 58 examine the contents of asset declarations using at least the following data links: - NTCA personal income tax and beneficial owner databases, - Ministry of Interior's Integrated Portal-based Query System (IPL) providing access to the registers managed by the Deputy State Secretariat for the Management of Registers, - data services from the account-holding bank (securities account, savings deposit account, financial institution account receivable, liabilities towards financial institutions and individuals), - civil status data for the identification of relatives, - Direct access to all real estate owned by the obligor from the Takarnet property registry, - National Company Registry and Company Information System (OCCR), - Prime Minister's Office EPPS (Electronic Public Procurement System) public procurement database and EUPR (European Union Programmes Register) database - Integrated Administration and Control System (IACS) of the Hungarian State Treasury, insolvency registers.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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60	Based on communication from the Ministry of Interior, with respect to positions held by public officials, a corruption risk assessment involving state administration bodies was first conducted in Hungary in 2015. Subsequently, the mapping of positions and job roles particularly vulnerable to corruption and integrity risks was conducted again as part of the medium-term NACS 2020–2022. Additionally, the NACS 2024–2025 (4.1) also includes risk classification. Based on the information received, the results of the previous surveys have not yet been used for conflict of interest and asset declaration checks. I. The Authority considers the use of a regularly reviewed and updated risk classification, at least annually, as one of the cornerstones of a well-functioning asset declaration system. This risk classification may be used to: (1) define the scope of individuals required to submit declarations, (2) determine the publication of declarations, and (3) select individuals for checks. II. The Authority maintains that an effective audit methodology should be tailored to each country, as the risk criteria used in the verification process differ from country to country. An important basis for a national audit methodology could be the assessment of the risks associated with job roles and positions in all state administrative bodies which will also be included in the NACS 2024–2025 with a deadline of 30 November 2025. The Authority maintains that this measure should be prioritised so that the assessment can be completed as soon as possible and assist in the development of an asset declaration verification methodology. It is also recommended to support and accelerate the risk assessment by electronic means, which could ensure that the results of the assessment are contained in a centralised electronic database, updated at regular intervals (maximum annually) or whenever changes occur.	The Government partially agrees with the proposal.	Risk values based on the assessment of spheres of activity/positions can contribute to the success of verifying asset declarations and conflicts of interest. The Integrity Authority's proposal relating to the renewal of the asset declaration system can be considered only in line with and adjusted to the relevant concept. Given the provisions of section 62(6) of Act CXXV of 2018 on Government Administration, recording the outcome of the risk analysis concerning job positions in the Job Registration System ('JRS'; ÁNYR in Hungarian) can be carried out. Therefore, data collection is also carried out in the Government Decision Support System ('KSZDR') providing framework to the JRS. This also ensures the up-to-date maintenance of risk classification data by making the risk values a mandatory data field in the descriptive data of job positions. However, this means the further development of the existing system, which requires expanding the legal frameworks and providing funds only.
61	As there is no single central database (except for asset accumulation investigations) where data/information related to the checks conducted on asset declarations, discovered omissions, or imposed sanctions is available in a standardised manner, the Authority could not ascertain that: (i) in practice, how regularly checks are initiated either based on a report or automatically within one year following the closure of the given position, and (ii) in the latter case, whether any risk-based approach is applied. I. The Authority recommends the creation of a central database for monitoring the checks on asset declarations, which would ensure both the traceability and accountability of the checks. This could easily be achieved with the introduction of the electronic system outlined in Recommendation no. 56, as checks initiated in the electronic system would be automatically trackable and retrievable. II. The Authority recommends applying a risk-based approach when determining which declarations should be checked, meaning that for asset declarations of individuals in high-risk positions, sectors, or institutions, more frequent and in-depth audits should be conducted. This	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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	requires the risk classification of all public sector positions (see Recommendation no. 60). In this regard, the Authority recommends the combined use of the following risk criteria in the design of the audit methodology, with different weightings for each employee groups, as varying risks may arise within different employee groups: (i) random selection, (ii) selection from high-risk sectors, (iii) selection from high-risk positions, (iv) selection based on hierarchy, (v) selection based on discovered discrepancies/inconsistencies ('red flags'), (vi) referral from another authority, (vii) complaint-based selection, (viii) selection based on media reports. III. The Authority recommends that, within a certain time frame (4 years), the entire population required to submit declarations should undergo at least one check. This would be easily and quickly achievable with the electronic declaration system outlined in Recommendation no. 55, and with appropriate technical support (e.g. automatic access to databases). The Authority recommends that the submission of the final asset declaration for positions with high risk automatically trigger a full audit procedure, possibly within the framework of an asset accumulation investigation.		
62	Since there is currently no unified audit methodology for asset declarations, these are carried out at the discretion of the responsible custodians, the Immunity Committee, or other designated bodies for audits. I. It is also proposed to establish much more detailed and binding public law procedural and enforcement rules than the current ones, as more comprehensive procedural regulations could lead to a more consistent legal practice (and deterrence). II. The Authority recommends standardising the audit methods applied during audits, as well as the combined use of the audit methods outlined in Chapter 3.6 of the Case Report on Asset Declarations (specifically, the 'Audit Methodology' subsection).	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
63	The Authority's successful fulfillment of its audit responsibilities related to asset declarations requires ensuring that it has access to all relevant data. At present, this data is either unavailable or only accessible in a limited manner to the Authority. The Authority recommends that, for the effective performance of tasks related to asset declarations, it should at a minimum have direct and automatic access to the databases listed in Chapter 3.6 of the Asset Declaration Case Report, specifically in the 'Audit Methodology' subsection. A proposal for legislative amendment to clarify and, where necessary, extend the powers necessary for the performance of this task has been prepared by the Authority and submitted to the Ministry of Justice and the Ministry of European Affairs.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
64	Although the asset declarations of local government representatives are public, the Privacy Act does not stipulate that these declarations must be made public. However, practice shows that the majority of local governments do publish them.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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	The Authority recommends the establishment of a uniform practice regarding the publication of asset declarations, using a risk-based classification of positions. This could be easily implemented with the introduction of the electronic asset declaration system outlined in Recommendation no. 55.		
65	The asset declarations of local government representatives are kept on record and checked by the asset declaration review committee. Under current Hungarian regulations, after the submission of the asset declaration for the current year, the committee returns the previous year's asset declaration to the local government representative, making the representative the data controller from that point onward, and the asset declaration can only be requested from them. In practice, this significantly hinders the ability to perform ex-post verifications and comparisons. The Authority recommends establishing a uniform asset declaration retention period of at least five years for all individuals required to submit asset declarations (including local government representatives), which would ensure that retrospective checks can be carried out. This could be easily implemented with the introduction of the electronic asset declaration system outlined in Recommendation no. 55.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
66	Asset declarations must, as a general rule, be made before the establishment and after the termination of legal relationships that create the obligation, while in certain cases, they must be repeated annually, biennially, or every five years during the duration of the legal relationship. The Authority considers a uniform and yearly declaration of assets to be appropriate, adding that changes should be prioritised, highlighted and explained in order to ensure that any increase in assets is properly substantiated. The introduction of a unified electronic reporting system, as outlined in Recommendation no. 55, would facilitate the widespread extension of the annual declaration obligation across the entire public sector. Furthermore, the automatic completion of forms via data links would simplify the process for those required to submit declarations. The unified electronic system could even be used to report any changes during the year.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
67	In Hungary, the content of asset declarations varies among those required to submit them. The most significant differences are in the reporting of income and real estate, as the asset declarations that must be made public only include income ranges and do not require the declaration of real estate reserved for exclusive use. In contrast, both public and non-public declarations must list all real estate and an exact income value must be given. In the Authority's view, consideration should be given to standardising the three different types of asset declarations in Hungary, noting that the current regulations (National Assembly Act, Asset Declaration Act, Act on Local Governments in Hungary) already require certain key elements in each type of declarations, which in the Authority's view is correct. Examples of such key elements in the declaration of assets include the precise determination of income, the listing of all real estate, the	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.

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	inclusion of free benefits and gifts received. In addition, it is also recommended that all domestic and foreign interests and assets be declared, including interests which may have an influence on the declarant (e.g. external activities).		
68	At present, the asset declaration forms do not include a standardised section where all 'relevant interests' which affect the declarant's activities, work, and decisions are to be disclosed. The Authority recommends that, in addition to closed (multiple-choice) questions, the asset declaration form include semi-open or open-ended questions as well, where the declarant is able and obliged to declare any other interests not listed in the predefined categories.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
69	At present, the asset declarations that must be made public are fully disclosed, primarily on the Parliament's website. The Authority agrees with the approach that, in some cases, the right to privacy and the protection of personal data may override the public interest in disclosure. Therefore, it is worth considering the summarisation of the published asset declarations – based on uniform rules – in such a way that the aforementioned rights are ensured, while the informational content remains accessible to the public. However, this limited accessibility should not apply to the dedicated body responsible for verifying the asset declarations, which should have automatic access to all data and declarations, including those of family members.	The Government is assessing the proposal.	The examination of the asset declaration system is underway according to the provisions of Government Decision no. 1025/2024 (14 February) on the adoption of the Medium-Term National Anti-Corruption Strategy for 2024–2025 and the Action Plan for its implementation.
70	We recommend the application of concentration indicators in the automated, risk-based audit system of the public procurement market. In doing so, it is justified to consider the ownership stakes acquired by competing companies, as well as the practice in recent years involving dividend preference shares and private equity funds. The concentration indicators within the audit system should be interpreted and applied in conjunction with other market competition metrics – including those related to profitability, profit margins, as well as market entry and exit indicators.	It is unclear from the recommendation which audit system it is aimed at and who its addressee is.	Prior to making a decision on the measure, it is necessary to clarify what the Integrity Authority means by 'the automated, risk-based audit system of the public procurement market' and which audit methodology falling within the scope of authority of which body it intends to formulate a proposal for. It should be noted that, in accordance with the relevant provisions of Government Decree no. 256/2021 (18 May) and Government Decree no. 373/2022 (30 September), all EU-funded public procurements – depending on their estimated value – are subject to process-integrated or ex-post audits. Therefore, this audit system does not select public procurements for audit based on a risk-based approach, but automatically covers all public procurements within its scope. Consequently, defining additional audit mechanisms is not warranted.
71	We recommend expanding the use of eForms data to all procedures (not just for the ones involving EU funding), so that contracting authorities could provide more accurate and reliable data from procedures than before, utilising a standardised format. This would ensure, amongst other things, that in the future, the entire set of public procurements would include the complete list of tenderers in the publicly available Contract Award Notices database.	The Government agrees with the proposal.	The IT change outlined in the proposal has already been included in the development plans. <u>Measure:</u> The minister with responsibility for public procurement will ensure the relevant development of the EPPS, provided that the necessary funding for the specific EPPS development is available.
72	We recommend reviewing how to ensure that, in accordance with the legal requirement concerning the distribution of the contract amount among consortium members [under point d) of section 8 of Government Decree no. 424/2017 (19 December)], meaningful information is available regarding the intended share of the joint tenderers at the time of contract conclusion and their actual share after contract execution. The data currently recorded under the legal provision are largely incomplete or inconsistent, and therefore not suitable for further use.	The Government partially agrees with the proposal.	The functions used to properly register the data outlined in the proposal are available in the EPPS. According to point d) of section 8 of Government Decree no. 424/2017 (19 December) on the Detailed Rules of Electronic Public Procurement, providing this data is still mandatory. As a result, failure to record this data or recording false information constitutes a public procurement violation, which may be subject to a review procedure. The legal obligation is upheld; in cases of infringement, the Public Procurement Authority's Public Procurement Arbitration Board holds responsibility for determining the infringement and applying the legal consequences. The proposal does not require any further action.
73	In the Contract Award Notices database, instead of using the contract part (which does not provide clear identification), the	The Government does not agree with the proposal.	The Contract Award Notices database, which is available in the EPPS, contains data from the notices on the outcomes of public procurement procedures, with its structure also following the data content of contract

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	contract itself and the corresponding invitation to tender should be considered as the 'basic unit'. It is recommended to assign a separate code to the contract (and to the invitation to tender), which would significantly facilitate contract-based identification and analysis. To identify the data of winners and tenderers accurately, we suggest verifying the technical conformity of the tax numbers provided. Appropriate synchronisation must be applied to ensure that the correct (registered) names of economic operators are entered into the EPPS. A more precise procedure should be developed for recording contract amounts listed in currencies other than Hungarian forint, ensuring that in these cases, the original currency value should be recorded, not the converted forint amount. When determining contract values, it is recommended to apply realistic ranges to prevent the entry of unrealistic values — e.g. very low, very high, or values in an uninterpretable format. In the Contract Award Notices database, we recommend publishing the estimated values based on the content of the preparatory files — at the contract level, rather than at the procedure level. This would allow for an analysis of the difference between the estimated value and the contract amount, using data from the entire (or nearly complete) contract portfolio.		award notices. In respect of ensuring the possibility of tendering for parts under section 61(5) of the PPA, the operation of the EPPS follows the logic that one part stands for one contract both in public procurement procedures and during contract registration. Therefore, data are published in the contract award notice database following this logic, and public procurement contracts must also be registered and published part by part in the EPPS. The EPPS still transfers currencies and amounts from the summary into the contract award notice on the outcome of the procedure, as well as from the contract award notice on the outcome of the procedure into the interface for contract registration, thereby supporting the proper recording of the data. During the registration of an organisation in the EPPS, only a formally correct tax number can be recorded. Rather than reducing the risk of false data entries, the Government maintains that introducing limits on the setting of contract values could actually increase it. This is because any restriction could raise the likelihood of situations where a contracting authority, acting lawfully, is unable to record certain factual data in an accurate manner. The contract award notice database contains data from the notices on the outcome of the procedure. Data provided in the contract award notices regarding the estimated value are still being published. Considering that providing information regarding the estimated value is not mandatory in public procurement notices (it is an optional field), the operations of the EPPS is in accordance with the relevant legal provisions.
74	We propose reviewing how to ensure that data on all contracts based on framework agreements (FA2) are included in the EPPS. To achieve this, we consider it necessary to review the relevant procedural rules for contracting authorities and, if necessary, amend them. In the Contract Award Notices database, we suggest clearly indicating, as part of information on contract conclusion, whether a given contract was based on a framework agreement, including references to the relevant framework agreement data.	The Government agrees with the proposal,	According to section 31(5) of the PPA, the contracting authority and the economic operators are not required to use the EPPS in their electronic communication, in the case of conducting the tendering stage in the dynamic purchasing system operated by the central purchasing body or for the application of the electronic catalogue, or when the purchase is carried out, whether with or without reopening the tender, on the basis of the framework agreement concluded by the central purchasing body. However, the law also stipulates that the central purchasing body or the contracting authority carrying out the procurement must, even in these cases, make publicly available, via the EPPS, or record in the EPPS all the contract notices and data that it is obliged to make publicly available or record in the system with regard to the contract, based on the PPA or its implementating regulations. Section 2(1) of Government Decree no. 424/2017 (19 December) on the detailed rules of electronic public procurement currently also stipulates that contracting authorities are required, including in cases specified under section 31(5) of the PPA, to a) publicly disclose the results of the procedure as per section 37(1)(h) and (i) of the PPA via the EPPS, using the form provided for this purpose, b) publicly disclose the data specified in points (a)–(c) of section 43(1) of the PPA via the EPPS, in accordance with section 7(3), as well as the data specified in points (a)–(f) of section 43(2) of the PPA, c) record data under section 8 in the EPPS, using the dedicated form, d) subsequently record the complete procedural documentation in the EPPS, using the dedicated platform. According to Article 50(2) and (3) of Directive 2014/24/EU, section 37(4) of the PPA stipulates that, in cases involving the application of framework agreements or dynamic procurement systems, the contracting authority may publish the contract award notice regarding contracts concluded based on framework agreements or within dynamic procurement systems collectively. In this case, the notice concerning contracts concluded during the preceding quarter must be submitted for publication within twenty days of the last day of the calendar quarter. In view of the above, the availability of data and their linkage with data recorded in the EPPS is currently ensured both from a regulatory and an EPPS functional perspective. The functions necessary for the proper registration of framework agreement-based procurements and the publication of contract award notices in compliance with legal provisions are still available in the EPPS. Additionally, data from contract award notices related to FA2 procedures, conducted or registered in the EPPS, are published in the Contract Award Notices database. Using the 'Procedure type' and 'Notice type' variables, it is clearly identifiable whether a record (row) contains data on a framework agreement-based procurement inside the Contract Award Notices database, available in the EPPS. Furthermore, referencing preceding framework agreements cannot be provided in the Contract Award Notices database, as templates for public procurement notices are defined by an EU legal act (implementing regulation of the Commission), and Implementing Regulation (EU) 2019/1780 (eForms Regulation) does not define a field for this purpose. With regard to notice templates to be applied in the

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			national procedure, the government agrees with the Integrity Authority's proposal outlined in point 71, the standardisation of applicable notice templates, and the introduction of eForms data content – this policy purpose is contradictory to the introduction of notice fields defined at the national level.