

## Transparent Public Procurement Rating

### Sector Assessment Questionnaire

#### **ROADS SECTOR IN HUNGARY (2018) (CPV - 45233000)**

##### **Quantitative Questions**

Amount of public funds spent in target sector in 2018.

Data is unavailable.

Breakdown of procurement spending in the target sector by source of funding (i.e. state budget, EU, donor funds, etc.).

Data is unavailable.

Share of procurement in target sector in the total volume of procurement in 2018.

Data is unavailable.

Target sector share in GDP of the country.

Data is unavailable.

Ratio of direct procurement to tender (competitive procedures) in target sector in 2018.

Data is unavailable.

Share of contracts in the target sector that are won by state-owned enterprises.

Data is unavailable.

Average number of bidders in target sector.

Data is unavailable.

Percentage of failed tenders in the total number of procurements in target sector.

Data is unavailable.

Top 5 contracting authorities in the target sector and their primary contractors (top 3 for each) – highlight any suspicious trends – for example: recurrent tender participants on same

tenders, unusually high share of one or two companies winning most contracts, winners of direct contracts etc.

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Top 5 winning economic operators in the target sector and the share of total contracts won by them.

Information is unavailable.

How do the above data points compare to the country's overall results indicated in the TPPR Questionnaire on PP Performance.

N/A

### **Narrative Questions**

1. Do any unreasonable legal exemptions apply to the road construction sector?

No. The construction sector in general has some exemptions regarding the types of procedures that can be applied under the EU threshold. These procedures can also be used for goods and services but at a significantly lower threshold.

2. Does access to procurement documentation in the road construction sector meet the requirements of the national legislation?

Yes

3. In recent years, have there been any prominent cases that illustrate existing challenges (inefficiency, corruption or other forms of mispending) in the road construction sector?

Great increase between the estimated price and the contracted price is a regular issue, and also price increase during the implementation of the work. According to experts the price increases are both results of bad planning, overall increase of prices in the sector and systemic corruption.

The prime minister's close friend became one of the richest people of the country over a few years, with a significant income from the construction sector (among that road construction).

A known case is the construction of the M4 motorway that was awarded to a government close business several years ago. After the owner of the company had a conflict with the

prime minister, the contract was canceled. Later another crony of the prime minister received the contract to continue the work. The EU was supposed to support the project but due no sufficient justification for the construction it refused investing in the project. At the end the road had a significantly higher price than originally planned.

<https://g7.hu/kozelet/20190320/hiaba-ert-veget-tovabb-egeti-a-kozpenzeket-az-orban-simicska-haboru/>

4. Is there any indication that suppliers fail to fulfill contractual obligations in the road construction sector? Any prominent cases in recent years?

As mentioned, contract amendments are regularly done to justify the prolongation of deadlines and increase of price. Furthermore there used to be cases where the road was not built exactly as described in a contract, but made in a lower quality.

### **Conclusion**

What are the major strengths and weaknesses of public procurement in the road construction sector? (minimum of 2 each; personal deliberation of the author)

- Transparency of procurement documents improved in the last year.
- Reports about subcontractors that were not paid are not a regular issue anymore.
- Low level of competition in the sector and high cartel risks
- Significant price increases are very common.

Recommendations of the author

- Increase competition
- Further improve the transparency of procurement and allow access to information on payments, invoices, planning documents, subcontractors.
- Investigate cartels and punish operators that does not play according to rules or does not keep deadlines and contracted prices.