

Two tendencies in the Hungarian public procurement

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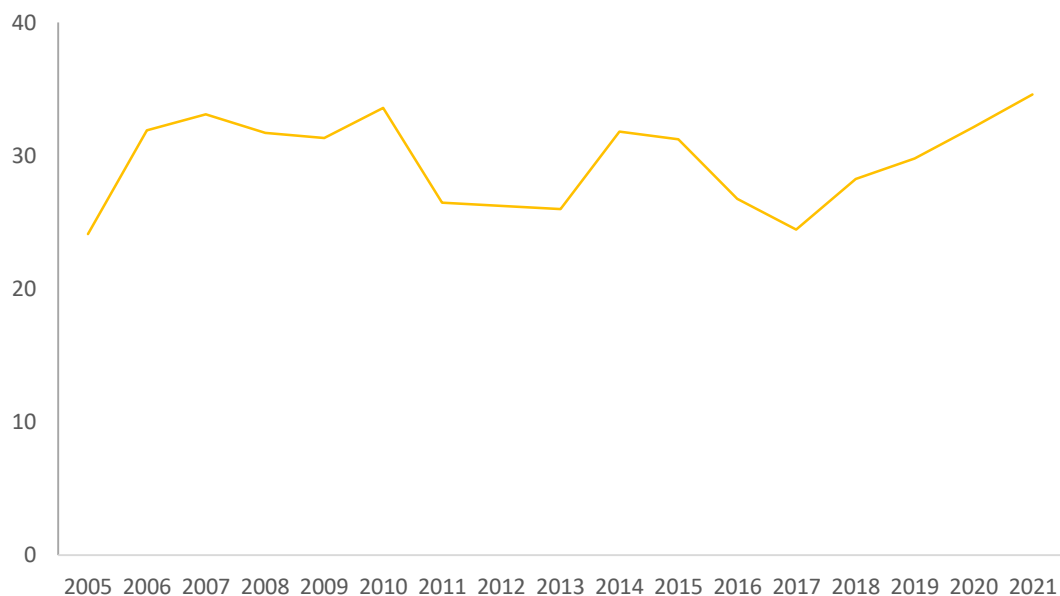
The CRCB has downloaded and analyzed the 2021 public procurement contract documents. Thus, as of 8 February 2022, we have data on more than 250,000 public contracts awarded between 2005 and 2021 in a structured, analyzable format. For now, only a selection of the first results is presented. We looked at the corruption risk in the Hungarian public procurement during the COVID-19 epidemic. The results show that the trend of increasing corruption risk continued last year.

The share of contracts awarded with a single bidder (without competition), which was 32.1 percent in 2020, rose to 34.6 percent in 2021 (see Figure 1). This trend, however, did not affect EU-funded tenders, where the corruption risk (percentage of tenders without competition is 17 percent).

By contrast, the corruption risk in Hungarian taxpayer-funded tenders has reached record levels: last year, more than 40 percent of contracts were awarded without competition (Figure 2). The decline in corruption risk in EU tenders accelerated after 2016. This is probably linked to the revelation of the so-called "Elios case" and the OLAF investigation which, as we know, revealed anomalies in tenders won by Elios (a firm owned by István Tiborcz, the son-in-law of Viktor Orbán). After 2015, the Hungarian government has become much more cautious about the corrupt activities in EU-funded projects since the OLAF investigation. 2014 and 2015 were still "the years of Elios", and this is when the risk of corruption in EU public procurement started to rise, only to fall sharply as a result of the OLAF investigation. Therefore, it is worth maintaining EU control on state institutions and increasing the activity of the EU investigative bodies in the future. Higher control, less corruption.

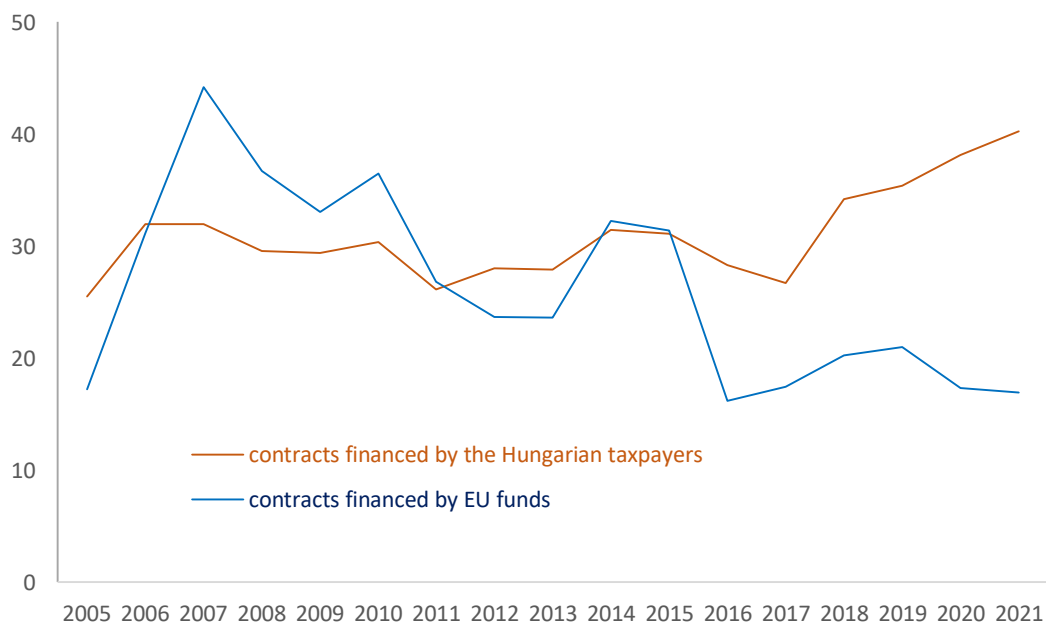
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Fig. 1. Corruption risk: share of tenders without competition (single bidder), (%)
2005-2021, N=240,116



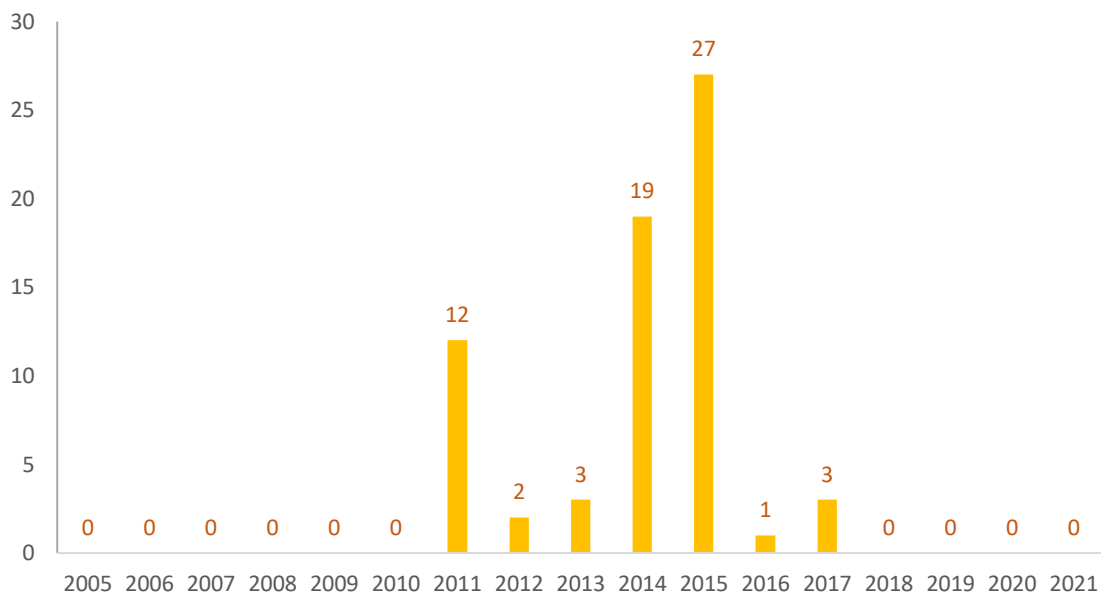
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Fig. 2. Corruption risk: share of tenders without competition (single bidder)
financed by Hungarian taxpayers and EU funds (%), 2005-2021, N=240,116



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Fig. 3. Number of contacts won by the Elios Ltd. (owned by István Tiborcz, son-in-law of Viktor Orban) from 2005 to 2021



Source: CRCB