18. Hungary

18.1. SMEs in the national economy

In Hungary, the SME sector is dominated by micro-enterprises (including self-employed persons). The share of this SME category is at almost 93% within the total number of enterprises. The share of active SMEs within the total number of enterprises is as high as 99.8%. However, the share of value added is lower than the EU average. At the same time, the share of employees is considerably higher in Hungary compared to the EU average.

Table 18.1. Distribution of firms in Hungary, 2015

<table>
<thead>
<tr>
<th></th>
<th>Number of enterprises</th>
<th>Number of persons employed</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hungary</td>
<td>EU-28</td>
<td>Hungary</td>
</tr>
<tr>
<td>Number</td>
<td>Share (%)</td>
<td>Share (%)</td>
<td>Number</td>
</tr>
<tr>
<td>Micro</td>
<td>478 021</td>
<td>94.2</td>
<td>92.7</td>
</tr>
<tr>
<td>Small</td>
<td>24 617</td>
<td>4.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Medium</td>
<td>4 039</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>SMEs</td>
<td>506 677</td>
<td>99.8</td>
<td>99.8</td>
</tr>
<tr>
<td>Large</td>
<td>867</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>507 544</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: These are estimates for 2014 produced by DIW Econ, based on 2008-12 figures from the Structural Business Statistics Database (Eurostat). The data cover the non-financial business economy, which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry or fisheries, or largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

Source: (OECD, 2017\(i\)).

18.2. National policy framework to support SMEs in public procurement

The Hungarian regulation on public procurement is based on the EU public procurement directives; its national implementation and the regulation itself places great emphasis on supporting SMEs. This objective is not not set out in an officially adopted strategy paper, but has always been an important element of public procurement policy.

During the transposition of the new public procurement directives, there was extensive public consultation with professional and economic chambers, stakeholders and public procurement experts. Regular consultations were held after the entry into force of the new Public Procurement Act (hereinafter PPA) as well, in order to collect practical experiences.

The PPA emphasises ensuring an environment that facilitates SME access without any preferential rules for them. For instance, it tries to reduce administrative burden through free publication of public procurement documents and makes division into lots mandatory.
without justification. The PPA further introduced normative limitation on selection criteria. For instance, the required amount or measure of references cannot exceed 75% of the estimated value or other quantity of the contract, and all references equivalent to the subject matter of the contract from a technical aspect need to be accepted.

18.3. Implementation mechanisms

Following transposition of the new rules, the Prime Minister’s Office actively monitored the practical application of the new PPA. The PPA also published guidelines and organised workshops, training and conferences. Information on these could be found on the Act’s website free of charge. Additionally, the Public Procurement Authority signed an agreement with FIVOSZ (Young Entrepreneurs Association Hungary) on 15 November 2016 in order to create professional co-operation in public procurement regarding organisation of conferences, training sessions and consultations.

KEF, the Procurement and Supply Directorate – as the central purchasing body of Hungary – manages the framework agreements for centrally awarded contracts. In order to support SME participation, KEF prepares detailed documents containing information on the centralised public procurement system. KEF helps both the bidders and the contracting authorities, by arranging presentations at conferences that are held together with professional organisations.

18.4. Monitoring performance

According to Article 66 (4) of the PPA, the economic operator must declare in his bid whether he is a micro, small or medium-sized enterprise or not (simple statement). The sample of this statement is provided by the contracting authority in the contract documents. The economic operator must provide the same information in the European Single Procurement Document. The e-procurement system in place enables this information to be stored in the profile of the economic operator.

In terms of assessing the effectiveness of the public procurement system, the Prime Minister’s Office co-operates and consults continuously with the entities affected in public procurement in order to know of practical experiences and problems, and create best practices. The Public Procurement Authority also publishes regular annual statistics on procedures, including the success rate of SMEs and the share of public procurements awarded to them (Figure 18.1).
II. COUNTRY PROFILE: HUNGARY

Figure 18.1. Share of contracts awarded to SMEs in Hungary, 2014-17

Source: Country response to the 2017 OECD Survey on strategic use of public procurement to support SMEs

Figure 18.2. SME participation and performance in KEF-awarded contracts, 2014-17

Source: Country response to the 2017 OECD Survey on strategic use of public procurement to support SMEs

Reference
