

INTEGRITY PACTS EU'S IMPACT CASE 10

HUNGARY – M6 HIGHWAY

MAXIMISING COMPETITION AND SAVINGS

CONTRACTING PROJECT INFORMATION

Country	Hungary
Project	M6 highway (HU)
Project description	Construction of a 25 km stretch in the M6 motorway in Hungary between the towns of Boly and Ivardarda (a border crossing town), connecting to the A5 motorway in Croatia
IP signature date	26/10/2016
Contracting authority	Nemzeti Infrastruktúra Fejlesztő Zrt (National Infrastructure Development Corporation, NIDC)
Managing authority	Innovációs és Technológiai Minisztérium (Ministry of innovation and technology)
Monitoring organisation	Transparency International Hungary
Procedures monitored	2 ¹
Contracts awarded	2
Current stage	Implementation
Impact categories	<ul style="list-style-type: none"> (1) Promote better value for money (2) Enhance transparency and accountability (3) Foster project timeliness (4) Increase access and participation of citizens (5) Encourage competition and fairness (6) Support institutional changes

¹ The monitoring for the second procedure ended in January 2021, since the contracting authority decided to not finance the construction works with EU funds.

IMPACT CASE

Hungary's National Infrastructure Development Corporation (NIDC) is a state-owned company which builds and renovates the country's motorways and highways. Its work is critical to Hungary's integration to other economies in the EU and to fostering an increased exchange of goods and services. In line with this mandate, the corporation is extending the M6 highway 25 km to the south. When completed, the highway will connect to the A5 segment in Croatia and provide a new international link to the wider Balkans.

Public contracting projects in the infrastructure sector face increased fraud and corruption risks. There is significant evidence that construction projects, in particular, are associated with additional incentives and opportunities for the misappropriation of funds or the award of contracts to politically connected entities in exchange for bribes or campaign contributions.

Embedding an Integrity Pact can contribute to the adequate planning, awarding and implementation of a construction contract. This is why the Ministry of Innovation and Technology (prev. Ministry of National Development), NIDC and Transparency International Hungary agreed to partner under the Integrity Pacts EU initiative.

The contracting project was structured in two stages, consequently leading to the award of two different contracts. The first consists of the design of the highway and the second of its construction. During the planning of the first contract, TI Hungary **analysed the financial estimations and concluded that the value of the contract was not accurate.**

The expert engineer supporting TI Hungary's monitoring work identified that the original value of 1.5 billion HUF (€4.9 million) was inconsistent with similar projects. TI Hungary gathered the information and evidence provided by the technical expert and proposed NIDC to lower down the contract's value to 1 billion HUF (€3.2 million). After presenting the case, NIDC provided further references mentioning that there was an additional level of complexity in this case and that more studies to analyse the soil would be required. Both parties revised the estimations again and agreed to lower the contract value to 1.3 billion HUF (€4.2 million).

Additionally, TI Hungary also provided **recommendations regarding the selection criteria.** Initially, these were narrower, potentially reducing the chances of participation and competition. For instance, NIDC was considering requesting a firm fully specialised in highway design (100%). TI Hungary proposed that other types of roads could be included, lowering the minimum experience in highway design.

In the end, NIDC received three bids from five bidders (one proposal from a consortium) and awarded the contract for an amount which was closer to the adjusted estimate. The contract was completed, and the highway is now being built according to the delivered design.

Thanks to the Integrity Pact implemented on the M6 highway project in Hungary, the estimated value of the project was revised and corrected, and selection criteria were amended. This in turn **promoted better value for money and encouraged competition and fairness.**

This impact case was developed in the framework of the project [Integrity Pacts – Civil Control Mechanism for Safeguarding EU Funds](#), Phase 2 funded by the European Commission. It brought together government agencies, civil society and the private sector in 11 EU countries, to ensure that 18 public contracts were designed, awarded and implemented to the highest possible standards of transparency and accountability. **Last case update:** 12 July 2021.