LATIN AMERICAN COMPETITION FORUM

-- Session II: Tackling Bid Rigging in Public Procurement --

Contribution from the OECD Secretariat

9-10 September 2009, Santiago, Chile

The attached document from the OECD Secretariat is circulated to the Latin American Competition Forum FOR DISCUSSION under session II of its forthcoming meeting to be held in Chile on 9-10 September 2009.

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Session II: Tackling Bid Rigging in Public Procurement
Main Points

- Bid rigging can occur in any country and in any market

- Fighting cartels and bid rigging is a top priority of most competition authorities

- Effective tools, such as OECD Guidelines help fight bid rigging

Why Worry about Bid Rigging?

Public procurement accounts for approx 15% of GDP in OECD countries

Bid rigging can raise prices significantly (up to 20% or more)

POTENTIAL DAMAGES FOR TAXPAYERS CAN BE SIGNIFICANT!!
Bid Rigging Cases from Around the World

How to Fight Bid Rigging Effectively

 Raise awareness of procurement officials and bidders concerning the risks of bid rigging (Checklists and Guidelines)

Other ways:

- Effective cartel laws and regulations
- Effective leniency program
- Effective enforcement procedures and institutions
- Effective sanctions
**OECD Guidelines for Fighting Bid Rigging**

- **Source**: Best practices in OECD countries
- **Better tender design**: Help procurement officials design public tenders to reduce bid rigging (Design Checklist)
- **Tougher law enforcement**: Help procurement officials detect bid rigging when it occurs (Detection Checklist)

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**Checklist for Detecting Bid Rigging**

Procurement officials should be alert for:

- Opportunities that bidders have to communicate with each other
- Relationships among bidders
- Suspicious bidding patterns and pricing patterns
- Unusual behaviour
- Clues in documents submitted by different bidders
Checklist for Designing Tenders

When designing tenders procurement officials should:

- Learn about the market and suppliers
- Maximize participation of potential bidders
- Define requirements clearly and avoid predictability
- Reduce communication among bidders
- Raise awareness of the risks of bid rigging, provide training

Where to find the OECD Guidelines?

Material is available in the back of the room

Web link: [www.oecd.org/competition/bidrigging](http://www.oecd.org/competition/bidrigging)

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