SCREENING FOR (PARTIAL) BID RIGGING

Practical Experiences by Swiss Competition Authority
The Screening Method in a Nutshell

1. Focus: industry and data

2. Flag suspicious tenders: variance screen, relative distance screen

3. Identify a bid rigging ring: firm interaction, geographic pattern

4. Double check: bid rotation screen
2. FLAG TENDERS: VARIANCE SCREEN

Experience: Variance of bids within a tender is lower in case of collusion.

- Flag tenders with a low variance.

Operationalization: The coefficient of variation \( CV_j = \sigma_j / \mu_j \) captures the variance from the distribution of the bids.
2. FLAG TENDERS: VARIANCE SCREEN

Figure 1: Coefficient of variation, Experience in Canton Ticino

Figure 2: Coefficient of variation, Data to screen
2. FLAG: RELATIVE DISTANCE SCREEN

Experience: Bid riggers manipulate the tender award by creating a notable difference between the bid of the designated winner and the cover bids.

Flag projects with a large distance.

Operationalization: Relative distance measure

\[
RDM = \frac{\text{difference of the two lowest bids}}{\text{standard deviation of the losing bids}}
\]
2. FLAG: RELATIVE DISTANCE SCREEN

Figure 3: Relative distance measure
Experience in Ticino

Figure 4: Relative distance measure
Data to screen
THANK YOU FOR YOUR ATTENTION

More information: