Competition Policy and Improved Performance in Public Procurement

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Overview

- Why Make Procurement a Competition Policy Priority?
- A Three-Part Competition Policy Program
- Means for Implementation
- Caveat: Personal Views
Resources


Why Make Procurement a Priority?

- Large Potential Payoffs in Economic Welfare
  - Public Procurement: 15-20% of GDP or more
  - Critical infrastructure projects and social services
  - Strong empirical evidence: especially in transition economies
- Contribution to Anti-Corruption Objectives
- Readily Understood Benefits to Larger Public
  - Major distributional benefits: e.g., public education, health care
  - Increase in public trust in public administration
Competition Policy: Three Elements

- Law Enforcement
  - Prohibitions against cartels and collusive tendering
  - Ban against unauthorized state restrictions on competition
  - Merger control
- Advocacy to Oppose Restrictive Legislation and Regulations
  - Current example: economic recovery measures
- Education of Public Procurement Authorities
  - Detect and report suspicious tendering
  - Build anti-collusion safeguards into tendering procedures
Means for Implementation

- Priority-Setting in the Competition Authority
- Cooperation and Learning
  - Large base of experience and practical guidance
  - Large multinational networks: ICN and OECD
  - BRIC: e.g., Procurement mandate of Russia’s FAS
  - Academic institutions
- Evaluation of Past Cases and Procurement Programs
  - Patterns of conduct and changes in performance
Conclusion

- Portfolio Model for Competition Authorities
  - *FTC at 100* (January 2009)
- Key Inquiries
  - What are the payoffs from a given amount of resources?
  - What are the costs and risks of the program?
  - How will we know it is working?
- Procurement Belongs in the Portfolio
- Broadly Understood Social Benefits