

On the competitive effects of screening in procurement *

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Procuring authorities frequently use screening in order to mitigate risky bids. This study estimates the effect of bid screening and litigation on entry and bidding using a unique data set on highway construction procurement auctions in Poland. We demonstrate with an empirical model that this method affects small firms disproportionately and creates a barrier to entry. Although its direct effect on bidding is not significant, it is the entry channel that results in a positive total effect on bids and prices.

*Based on a joint work with Adam Pigon.