

*Study 3/2024*

---

# Reform of Single-Bidding in Public Procurement: More Competition, Lower Price<sup>2</sup>

MAY 2024

VÍTĚZSLAV TITL

---

## Summary

- Public procurement markets in the European Union (EU) were valued at about 14% of GDP in the period from 2011 to 2020. The share of public procurement contracts in the EU awarded to the single firm that submitted a bid was 23.5% in 2011 and 41.8% in 2020. This means that about 3.3% in 2011 and 5.8% of European GDP in 2021 was awarded without competition.
- In Czechia, the share of single-bidding in public procurement was very similar, at 22.7% of the volume of all public procurement contracts 2010-2013, so that inefficiency caused by the lack of competition is a first-order issue for the Czech public sector.
- A Czech procurement law from 2012 banned awarding public procurement contracts with only one bid submitted. In this study, I evaluate the impact of this reform, which was reversed in 2014.
- First, I show that the ban led to a decrease in prices of about 6% of the estimated cost of procurement projects affected by the reform.
- Second, I discuss suggestive evidence that, in response to the reform, public procuring entities including ministries, regions, and municipalities started to provide significantly longer descriptions of procurement contracts and extended the timeframe for firms to prepare bids. This finding helps to explain the decline in prices.
- Finally, I show that the decline in prices observable on average for all contracts, however is not present for public procurement contracts awarded to firms donating to political parties, firms with personal connections to political parties, and anonymously owned firms.

---

<sup>2</sup> The author would like to thank Filip Pertold for his useful comments on the draft version of the text. Any inaccuracies or errors including opinions expressed are responsibility of the author. The study received support from the research programme Strategy AV21 of the Czech Academy of Sciences.