

**Republic of Botswana**

**OPENING REMARKS**

**BY**

**MINISTER OF INVESTMENT, TRADE AND INDUSTRY**

**HON. VINCENT T. SERETSE**

**AT THE COMPETITION AUTHORITY AND OECD NATIONAL BID RIGGING WORKSHOP**

**Date: 26TH JULY, 2016**

**Venue: CRESTA HOTEL, GABORONE**

**Time: 0830/0930 hours**

 

**Director of Ceremonies;**

**Chairperson of the Competition Commission**

**Competition Commission Members;**

**Acting Chief Executive Officer of the CA**

**Representatives of OECD;**

**Representatives of Israel Antitrust Authority and South African Competition Commission;**

**Management and staff of the Competition Authority;**

**Distinguished Ladies and Gentlemen;**

**The Media Fraternity here present;**

A very good morning to you all,

1. Director of Ceremonies, l am grateful to be here today on the occasion of the Competition Authority (CA) and the Organization for Economic Cooperation for Development (OECD) National Bid- Rigging Workshop. I am informed that this workshop is the first national bid-rigging workshop.

1. I am further informed that this workshop brings under one roof; procurement specialists and decision makers from Central Government, Parastatals and Local Authorities from across the country. I am hopeful that this effort will go a long way in addressing the gaps that exist, particularly in the handling of public tenders in their various forms and types.
2. Director of Ceremonies, I wish to underscore and appreciate the collaboration between the Competition Authority and OECD in organizing this workshop. The presence of an international partner such as the OECD at this gathering presents us with an opportunity to understand bid-rigging not just within the local context but also at the international level. At this workshop, there would be presentations from other agencies such as the South African Competition Commission and the Israel Anti-Trust. It is my sincere belief that such rich and diverse experiences would ultimately enhance our understanding of bid- rigging in the broader perspective.
3. Director of Ceremonies, my Ministry is responsible for facilitation of investment and development of conducive environment for sustainable trade and industry as well as, ensuring that businesses create wealth and employment for Batswana.
4. Government and local authorities procure their goods and services such as the construction of dams, building of roads, hospitals, schools, provision of stationery to government offices, major consultancies and other forms of services through floating of competitive bids or tenders. It is through fair and competitive bids or tenders that the procuring entities can get value for money.
5. Unfortunately, some enterprises which are desirous of making profit at all cost are determined to collude and rig bids. Every year the Authority reports a growing number of bid-rigging cases. Director of Ceremonies, I am informed that since the establishment of the Authority in 2011, Bid Rigging cases account for approximately 40 percent of the restrictive business cases that the Authority has handled.
6. Ladies and gentlemen, bid-rigging is a problem that plagues Government procurement around the world and can costs Governments and taxpayers billions of money. As such, any effort geared at putting in place mechanisms of addressing such ills is highly commendable.

1. We are very much aware that tenders, particularly public tenders are one way in which we can promote fair and transparent trade. Most of government budget is spent on public procurement of goods and services. In the current financial year alone, the government’s development budget stands at least P13.81 billion. Empirical evidence has shown that bid-rigging can increase the costs of goods and services by up to 20% or more, and data has shown that the cost is around 35% to 55% for developing countries. The victims of bid-rigging are customers and in public procurement where the customer is the Government, the harm extends to the whole economy, as the high prices paid to unscrupulous bidders affect other developmental goals. The impact is particularly serious when it involves the provision of essential goods and services that affect the lives and well - being of citizens. In view of this background, it cannot be over-emphasised that the fight against bid-rigging is crucial for enhancing the economy of Botswana. As a developing country, the Government of Botswana is a major consumer of goods and services and we must be concerned about this trend where public money worth millions of Pula is lost through a tapestry of collusive activities.
2. Director of Ceremonies, amongst a host of possible bid-rigging cases, the Authority has dealt with is a case where a government ministry floated a tender worth P110 million as part of primary schools and clinics feeding programme. The authority’s investigations revealed a bid-rigging arrangement between the winning companies which enabled them to outsmart their competitors through a market allocation scheme.

1. As a country, we should be vigilant to ensure that public procurement efficiently delivers the development projects and services that our people so dearly need. The Government has never detracted from the unflinching belief that public procurement remains the only avenue to enhance vibrant industries and to ensure that the public gets better value for goods and services. This is why we attach a lot of premium to training initiatives such as this one. Public procurement officials should be aware of a number of signs of bid rigging. Competition Authorities can help procurement agencies to identify these signs at an early stage of the procurement process, increasing the effectiveness of competition law enforcement.
2. Director of Ceremonies, let me at this stage make it very clear that government is desirous of making public procurement in this country fully functional and transparent; and my wish is that this workshop will go a long way in addressing the major weaknesses that undermine our anti-bid-rigging efforts and strengthen our procurement systems and framework to adequately deal with the encroaching challenge of bid-rigging.
3. Director of Ceremonies, the local procurement adjudicating board (Public Procurement and Asset Disposal Board PPADB) through its Act and Regulations has spelt out issues of bid-rigging in the spirit of fair and transparent competition in the public procurement system. This notwithstanding, the workshop should be viewed under the prism of continuous improvement, particularly in the light of Competition Law.
4. It is my hope that we will engage and find better ways of detecting bid-rigging which continues to bleed government coffers millions of Pula and undermine the quality of projects and services that we render to the public.
5. Ladies and Gentlemen, once again let me commend the organizers of this workshop, our international partners and you attendees for making this day a success. I wish you all, fruitful deliberations and to our visitors, an enjoyable stay in Gaborone.
6. With those few remarks, it is now my singular honour and privilege to declare this workshop officially opened.

**I THANK YOU.**