

Abstract

Bid protest mechanisms provide supervision over public procurement processes. If set up properly, these mechanisms improve both ex-ante and ex-post efficiency of public procurement. However, decentralisation of the oversight can create opportunities for bidders to strategically abuse the system at the society's expense. In order to assess efficiency of the Czech bid protest mechanism, an empirical policy analysis was conducted using a unique combined dataset of all bid protest rulings of the Czech supervising authority linked to a complete dataset of public contracts procured between 2007 and 2014. Econometric methods for panel data analysis were employed in order to estimate effects of bid protesting on returns in form of awarded contracts. The selected approach made it possible to focus on individual relationships between contracting authorities and their suppliers. The results show significant differences between returns of protest against EU co-funded and EU unfunded contracts. Moreover signs of strategical system abuse related to public works contracts were found.