

Working Group on Cross-Border Cartels UN
Trade and Development

**Detecting Bid Rigging in Electronic Auctions for Food
Procurement Using Digital Tools**

Presented by:

**Armenia Competition Protection Commission
25 April 2024**

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Competition
Protection Commission

Detecting Bid Rigging in Electronic Auctions for Food Procurement Using Digital Tools

Yerevan 2024

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Establishing and/or applying discriminatory conditions with respect to an economic entity by a state body

Restricting or blocking entrepreneurial activities, except for cases provided for by law by a state body

Government procurement offences

Agreements with state bodies or economic entities or their officials

Anti-competitive agreements between business entities regarding the conditions or results of public procurement or tenders or auctions



METHODS OF IMPLEMENTATION OF PUBLIC PROCUREMENT IN RA

Paper
Procedures

Electronic
Procedures

Electronic
Auctions

LEGAL REGULATIONS ON ELECTRONIC AUCTIONS

- As of the moment of expiry of the time limit for submitting bids, the system shall, through automatic notification, send the submitted lowest price proposal to all bidders having submitted bids, as well as a proposal to submit new (revised) prices.
- The amount reduced as a result of each step taken during the auction must not be less than one percent of the lowest price proposal submitted at the moment of starting the auction.
- If the first-placed participant is evaluated as unsatisfactory, the procurement procedure shall be announced as not having taken place based on point 4 of part 1 of Article 37 of the Law of the Republic of Armenia "On procurement".



Աճուրդ

Հաստատել գևառաջարկը × Ցանկ

Գումարը 15000.00 AMD(տասնհինգ հազար դրամ)
Ընդհանուր գումարը(+ԱԱՀ) 16500.00 AMD(տասնվեց հազար հինգ հարյուր դրամ)

(15 ր) Աճուրդը կավարտվի 11ր 2վ-ից

(5 ր) 4ր 22վ Չափաբաժին 1

Կրկն քեր առաջարկվելիք գինը

գևառաջարկ՝ 25 AMD

Առաջարկած գինը պետք է փոքր կամ հավասար լինի 0 AMD-ին:

(5 ր) 1ր 2վ Չափաբաժին 2

15000

գևառաջարկ՝ 14552 AMD

Առաջարկած գինը պետք է փոքր կամ հավասար լինի 14406.48 AMD-ին:



Ձեր գինը չի ընդունվել, ուշադրություն դարձրեք
ներքոնշյալ նախապայմանին

(5 ր)

1ր 52վ

Չափաբաժին 1

23

AMD

ՈՒՂԱՐԿԵԼ

գՆԱՌԱՋԱՐԿ՝ **25 AMD**

Ձեր
գույն

Առաջարկած գինը պետք է փոքր կամ հավասար լինի 0
AMD-ին:

Չափաբաժինը ավարտվել է

1 1.ալեհավաքներ — Արտացույիչներ

Վերջնական գին 2600 AMD



CASE STUDY

**Bid Rigging between 5 companies in
Electronic Auctions for Food Procurement**

BACKGROUND



Subject of purchase: *Food for the needs of SNCOs of the Ministry of Labor and Social Affairs*



Selection criteria: *Lowest price offer*



Lots. *More than 10 procedures and around 700 lots*



Estimated price. *The total was about 733 292 302 AMD*

CARTEL EVIDENCE



Family ties



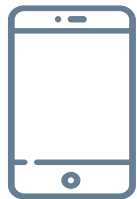
IP address



Co-workers



Incorrect
applications



Phone
numbers



Authorizations



Intentional
mistakes



Black list



PRICING POLICY OF COMPANIES

Auction starting
prices

Estimated price
1 225 000 AMD





PRICING POLICY OF COMPANIES

Subject of purchase	Estimated price	Participant	Initial bid	Final price offer
Fruit juice	16 989 000	<i>«Danini» LLC, armenian branch</i>	240 000 000	11 999 998.8
		«Nobilis Group» LLC	24 270 000	14 040 000
		«Foodcity» LLC	17 191 260	15 000 000
		«Tsikloid» LLC	20 225 000.4	17 019 336
		«Ghahraman» LLC	19 820 499.6	19 820 499.6
		«Foton» LLC	22 247 499.6	22 247 499.6
		«Proviz» LLC	24 270 000	24 270 000
		«Norq-7» ՍՊԸ	28 315 000.8	28 315 000.8
		«Natural goods» LLC	30 337 500	30 337 500



PRICING POLICY OF COMPANIES

Subject of purchase	Participant	Bargains /without VAT/
Fruit juice	«Tsikloid» LLC	14 182 780
	«Danini» LLC, armenian branch	13 000 000
	«Nobilis Group» LLC	12 856 739
	«Foodcity» ՍՊԸ	12 500 000
	«Nobilis Group» LLC	12 000 000
	«Danini» LLC, armenian branch	11 856 739
	«Nobilis Group» LLC	11 700 000
	«Danini» LLC, armenian branch	9 999 999



PRICING POLICY OF COMPANIES

Subject of purchase	Estimated price	Participant	Initial bid	Final price offer
Butter	19 687 200	«Foodcity» LLC	20 444 400	18 142 512
		«Nobilis Group» LLC	34 074 000	18 346 956
		«Proviz» LLC	24 960 000	24 960 000
		«Ghahraman» LLC	28 773 600	28 773 600
		«Tsikloid» LLC	30 288 000	30 288 000
		«Norq-7» LLC	30 288 000	30 288 000
		«Natural goods» LLC	30 288 000	30 288 000
		«Khak» LLC	30 288 000	30 288 000
		«Foton» LLC	31 802 400	31 802 400
		«Danini» LLC, armenian branch		240 000 000



PRICING POLICY OF COMPANIES

Subject of purchase	Participant	Bargains /without VAT/
Butter	«Nobilis Group» LLC	16 866 630
	«Foodcity» LLC	16 696 260
	«Nobilis Group» LLC	16 525 890
	«Foodcity» LLC	15 459 500
	«Nobilis Group» LLC	15 289 130
	«Foodcity» LLC	15 118 760



PRICING POLICY OF COMPANIES

Lot	Place occupied	Participant	Price offer (AMD)	Quantity (pcs, kg)	Participant status
Garlic	1	«Tumoe» LLC	600	5	Rejected
Banana	1	«Tumoe» LLC	840	600	Rejected
Persimmon	1	«Tumoe» LLC	1 800	100	Rejected
Chocolate	1	«Tumoe» LLC	1 560	300	Rejected
Caramel	1	«Tumoe» LLC	1 080	300	Rejected
Jam	1	«Tumoe» LLC	1 080	30	Rejected
Gingerbread	1	«Tumoe» LLC	1 920	200	Rejected
Chicken	1	«Tumoe» LLC	2 160	350	Rejected
Fish	1	«Tumoe» LLC	1 800	300	Rejected
Sour cream	1	«Tumoe» LLC	2 280	500	Rejected
Egg	1	«Tumoe» LLC	91.2	10 000	Rejected
Salt	1	«Tumoe» LLC	120	300	Rejected
Tea	1	«Tumoe» LLC	120	6	Rejected



DAMAGE CAUSED BY CARTEL

Investment of additional
resources by the
Ministry

Obstructing the
acquisition of food

Harm to other
participants of
procurement
procedures



RESULTS



- The actions and behaviour of five companies were classified as an anti-competitive agreement.
- A penalty was imposed on the companies.
- The total fine amount was approximately 14 000 000 AMD.

