

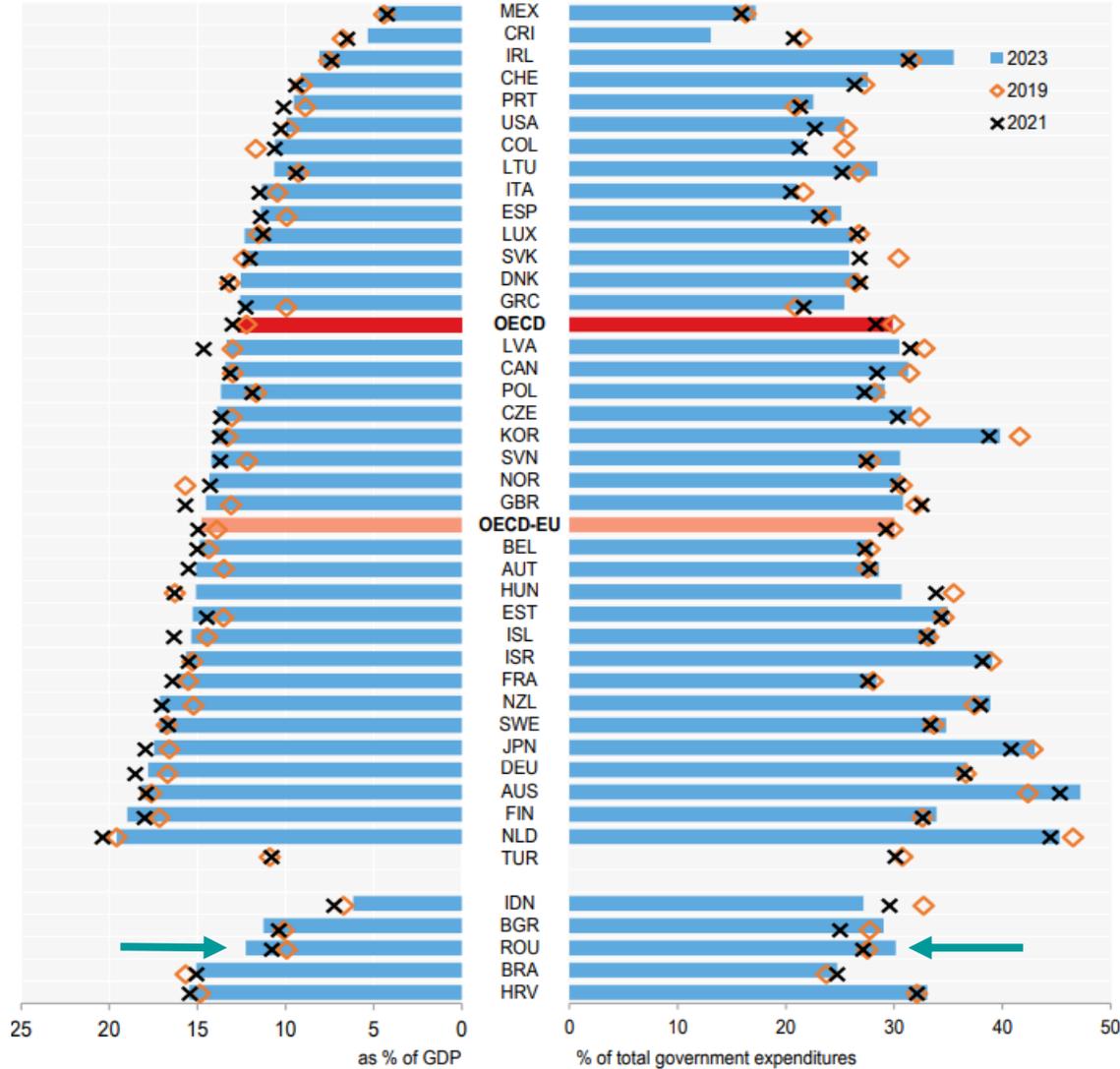
Fighting Bid rigging: views from the OECD

Despina Pachnou
Senior Competition Expert
OECD





Background: the relevance of public procurement



> General government procurement spending, 2019, 2021, and 2023

- > OECD (2021): 12.9% of GDP
- > Iceland: 16.5% of GDP

Source: OECD, *Government at a Glance*, (2025) p.147

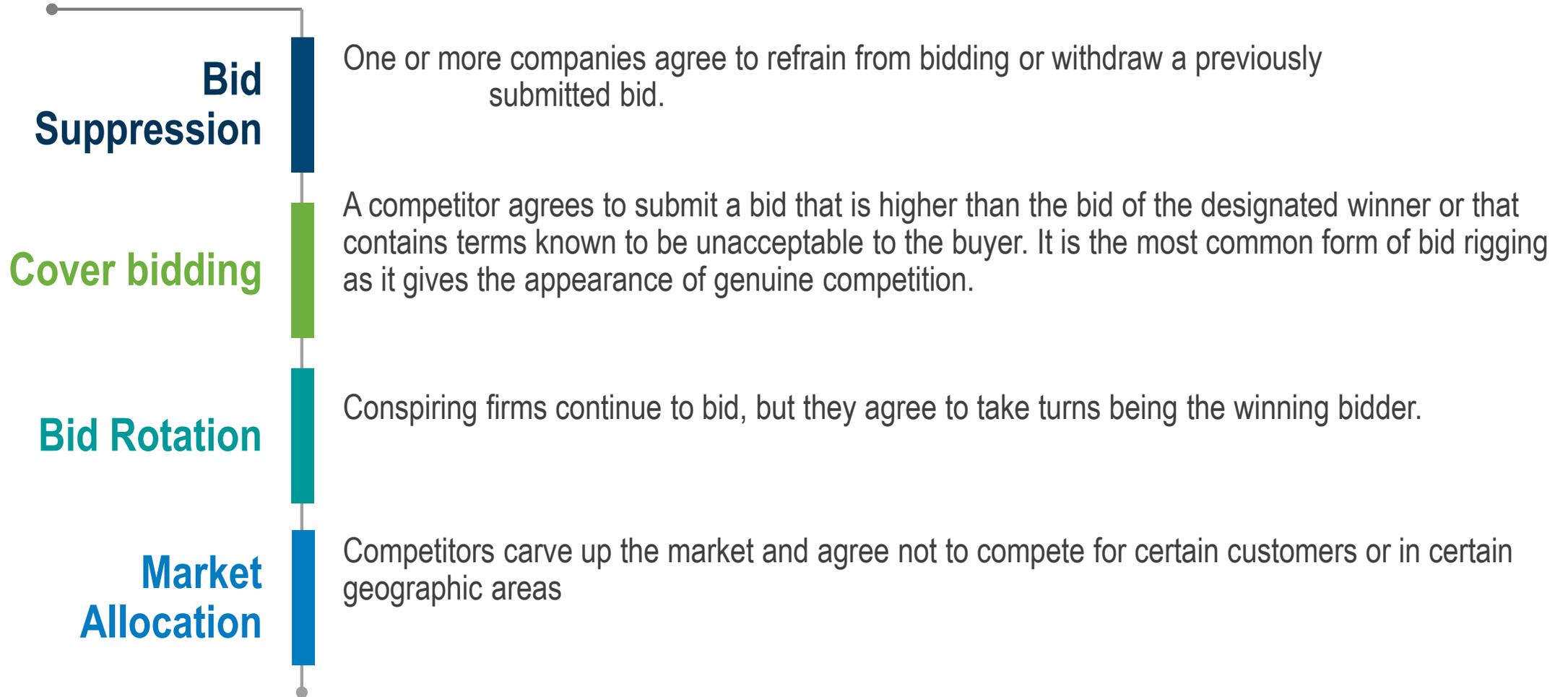


What is bid rigging

- > The integrity and lawfulness of public procurement can be at risk because of collusion.
- > Collusion can take the form of agreements (oral, written, formal, informal) among companies. These agreements:
 - > Fix prices, allocate markets and clients, and/or restrict output.
 - > Are secret and difficult to detect.
 - > Are prohibited by competition law.
- > Bid rigging is a form of **collusion that occurs in procurement among** (actual or potential) **bidders**, reducing competition in tenders.



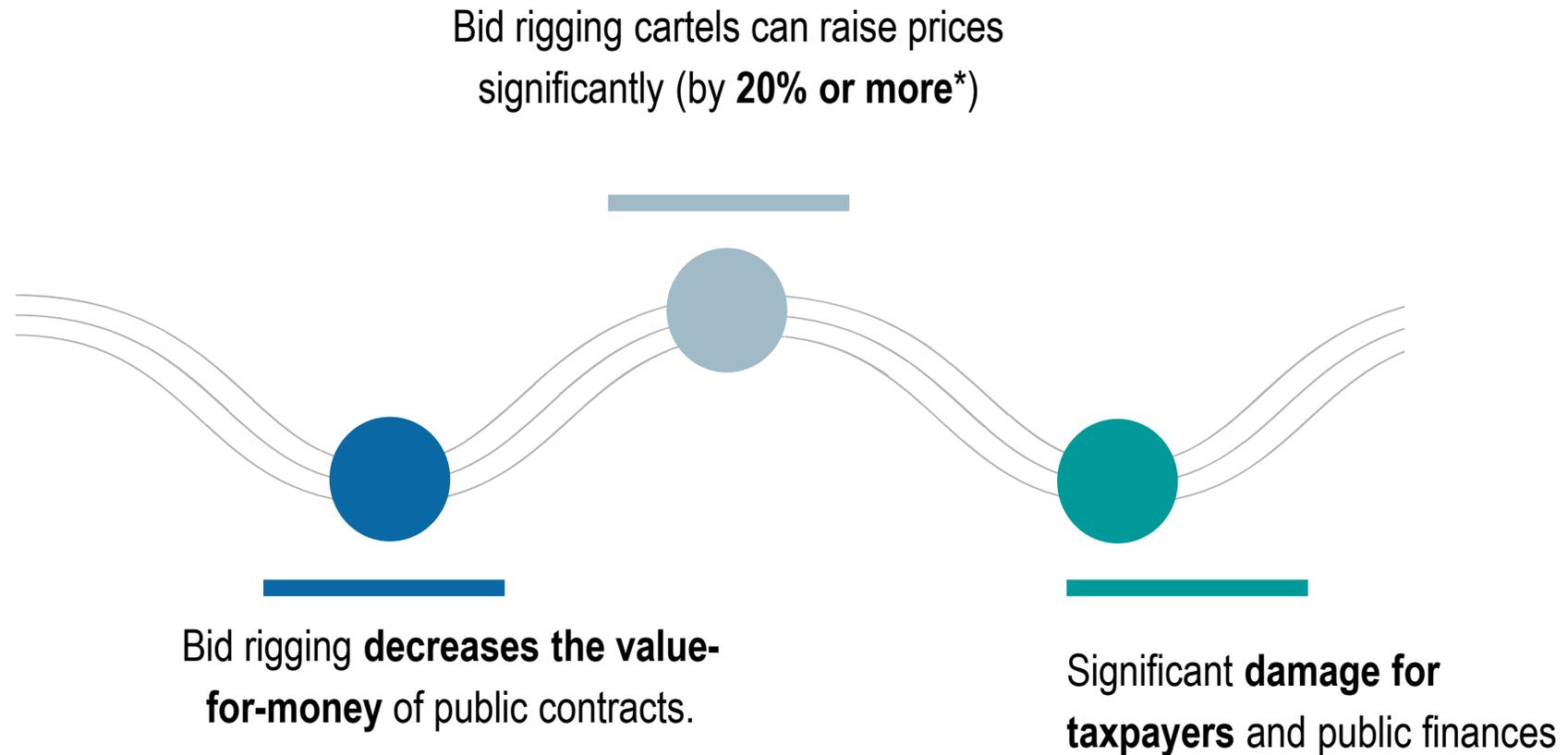
Bid rigging common forms





The impact of bid rigging

- > Companies engage in bid rigging to **raise prices** and maximize profits, avoid competition and eliminate risk of “winner takes it all”.
- > Competitive procurement is needed for lower prices, better quality and innovation, and more options.



Law enforcement against bid rigging

- > Bid rigging is considered a restriction of competition **by object** because it is a very serious violation of competition law.
- > It is **illegal** regardless of effects and implementation.

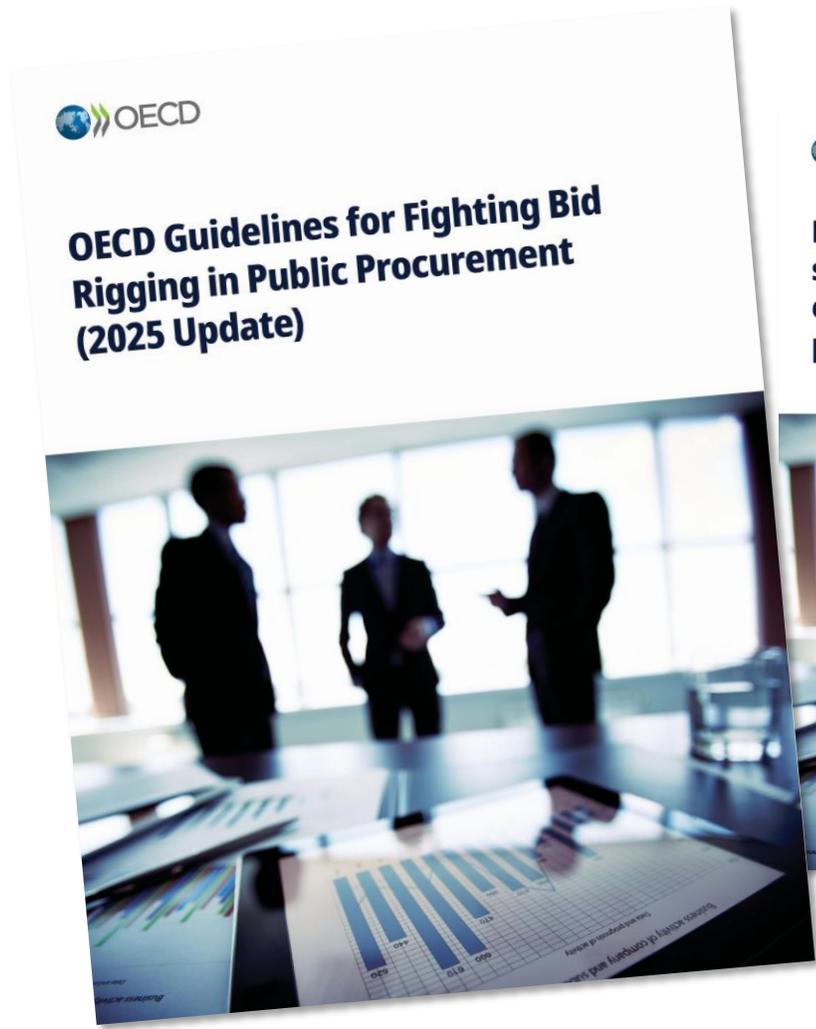
Bidding companies that collude can:

1. Be fined.
2. Face criminal liability
3. Be forced to pay compensation for overcharges (damages).
4. Be disqualified from current and future tenders.

Competition authorities can initiate investigations *ex officio* or in light of information received through reporting mechanisms



Updated Guidelines for Fighting Bid rigging in public procurement (2025)

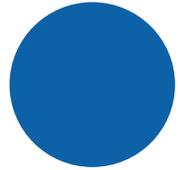


oe.cd/gfbr25
bit.ly/gfbr-is

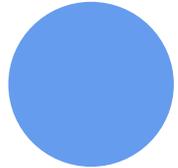




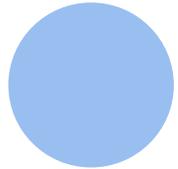
The Guidelines for Fighting Bid Rigging help to identify:



Markets in which bid rigging is more likely to occur



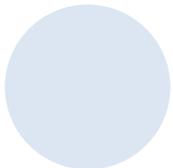
Methods that maximise the number of bids



**Best practices for tender specifications,
requirements and award criteria**



**Procedures that inhibit communication among
bidders**



**Suspicious pricing patterns, statements,
documents and behaviour by firms**



Reporting mechanisms

Reporting mechanisms: channels enabling individuals or entities to confidentially alert authorities to suspected anticompetitive practices, thereby facilitating timely detection, investigation, and enforcement.

Anonymous whistleblowing

Individuals not involved in anti-competitive conduct report suspected violations of competition rules.

Formal complaints

Businesses and individuals (including contracting authorities) who are harmed by bid rigging file a formal complaint before a competition authority.

Leniency

Companies that have participated in a cartel report the conduct and submit relevant evidence in exchange for full immunity from fines or significant reductions.



Example: Italian EY Bid-Rigging Investigation (ongoing)

- A bid-rigging case against Ernst & Young started when the **Italian Guardia di Finanza (financial police)** collected evidence during its **routine financial oversight**.
- The evidence included irregularities detected in tender documentation, suggesting possible collusive conduct and manipulation of procurement outcomes among officials.
- This discovery prompted an ongoing investigation from the Italian Competition Authority and an inquiry from the European Public Prosecutor's Office (EPPO).
- The joint efforts of **financial police, EPPO prosecutors, and competition authorities** underline the value of cooperation in uncovering and prosecuting alleged bid rigging.



Construction Cartel case in Latvia (2021)

- Between 2019 and 2021 the Latvian Competition Council investigated and fined 10 construction companies a total of over €16.6 million for bid rigging between 2011-2019.
- The case arose based on **information from KNAB** and evidence collected during investigation, including audio recordings revealing coordination of bids and market division in public and private procurements in Latvia.
- The anti-corruption authority provided **key evidence which was instrumental** in the Competition Council's findings and fines.



- oe.cd/gfbr25; bit.ly/gfbr-is
- www.oecd.org/daf/competition
- www.oecd.org/en/topics/sub-issues/competition-enforcement/fighting-bid-rigging-in-public-procurement.html



Despina Pachnou - Senior Competition Expert
Despina.Pachnou@oecd.org