

Procurement reforms in Ukraine have increased transparency and competition, but it is now time to step up and combat bidder cartels

The OECD launches the publication [“Fighting Bid Rigging in the Energy Sector in Ukraine: A Review of public procurement at Ukrenergo”](#) on 15 June 2021, starting at 10:30am EEST (09:30am CEST). The online event was opened with a keynote by OECD Deputy Secretary General Schlagenhauf, and was attended by high-level representatives from Ukraine, OECD members and representatives from the international community.

15/06/2021 – Bid rigging in public tenders involves firms conspiring to raise prices or lower the quality of their bids. It is an illegal anti-competitive practice which costs governments and taxpayers billions of dollars every year across the world. A significant share of cartel enforcement concerns bid-rigging cases.

Fighting Bid Rigging in the Energy Sector in Ukraine: A Review of public procurement at Ukrenergo analyses the procurement practices of a state-owned enterprise (SOE) in Ukraine, looking at the national power company Ukrenergo as a case study.

The review commends the reforms that Ukrenergo has implemented in order to improve its procurement including by using the electronic procurement platform Prozorro, which is an excellent tool for transparent and open competitive tenders in Ukraine.

More must be done, however, to address the problem of bidder collusion in Ukrenergo tenders. Most efforts of the past years to improve procurement rightly focused on combatting corruption in public tendering processes. In an organisation as advanced as Ukrenergo, it is now time to move on and to combat bidder cartels. Ukrenergo – and other Ukrainian SOEs – can address illegal and harmful supplier collusion in two ways:

- Improve tender preparation and design, to attract more bidders
- Focus efforts to monitor ongoing and past tenders to detect telltale signs of bidder conspiracies. Such signs must be reported to the Antimonopoly Committee of Ukraine.

The review draws on the [OECD Recommendation on Fighting Bid Rigging in Public Procurement](#) and provides targeted recommendations to Ukrenergo to address bidder collusion, which can also be replicated in other SOEs. Another set of recommendations addresses the government of Ukraine and suggests improvements to the legal framework for procurement.

The OECD and Ukraine have worked together since 1991 to improve governance and stimulate economic development. In 2014, the two parties signed a Memorandum of Understanding (MoU) and developed a joint Action Plan to identify the priority areas for OECD work in Ukraine. This work has helped build capacity, strengthen institutions, and support reforms in many areas of public policy, including investment, competition, public administration and corporate governance. The OECD is supporting Ukraine’s energy sector reform with the financial support of the Government of Norway.

Download [Fighting Bid Rigging in the Energy Sector in Ukraine: A Review of Public Procurement at Ukrenergo](#)

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