

Prevention of Bid Rigging



A guide to Tanzanian competition and procurement law: how the FCC and PPRA enforce against collusive tendering

Key takeaways for bidders in Tanzania



Dual exposure

One collusive scheme can trigger enforcement by the PPRA and the FCC at the same time.



Severe penalties

Tenders can be rejected, and company directors debarred personally for at least 10 years.



Per se infringement

Bid rigging is illegal even if the scheme never changes the final tender outcome.



Broader oversight

FCC scrutiny reaches beyond price agreements to mergers and abuse of dominance in government contracting.

Bid rigging breaches two laws, and is illegal even when it fails

DEFINITION

Independent competitors secretly agree in advance on **tender outcomes, price submissions or market allocation**, instead of submitting genuinely independent bids.

No harm needed

Collusion is unlawful whether or not it alters the final outcome or causes measurable financial loss.

ENFORCED BY THE PPRA

Public Procurement Act, 2023

Treats bid manipulation and collusive arrangements as severe tender misconduct.

ENFORCED BY THE FCC

Fair Competition Act

Prohibits horizontal agreements between competitors that prevent, restrict or distort competition.

Collusion in public tenders takes five common forms



Cover bidding

Also called complementary bidding

Competitors submit artificially high or deliberately flawed bids so a pre-selected vendor wins.



Bid rotation

Competitors take turns submitting the winning tender across successive public contracts.



Bid suppression

Competitors agree not to bid, or withdraw a submitted bid, so a designated company wins.



Market or customer allocation

Competitors divide territories, public entities or project types among themselves.



Information sharing

Competitors exchange pricing data, margins or bidding strategies before the submission deadline.

Bid rigging is treated as a cartel because it removes independent bidding

WHY IT IS A CARTEL

A horizontal agreement between competitors who would otherwise compete independently for the same contract.

Ranked among the most serious infringements of Tanzanian competition law. Actual harm need not be proved: the agreement itself restricts competition.

CONDUCT THAT ATTRACTS SCRUTINY

1

Competitors submit near-identical pricing structures

2

Competitors take turns winning contracts across successive tenders

3

Competitors share confidential bidding information before the deadline

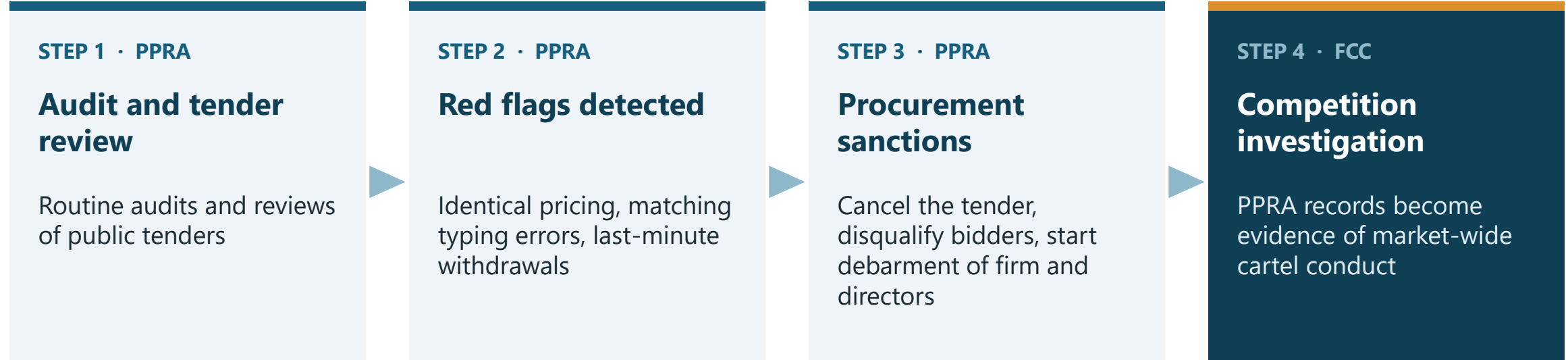
Informal counts too. Undocumented understandings between bidders can amount to an unlawful cartel if they influence tender outcomes.



The PPRA polices the tender; the FCC polices the market

	PPRA Public Procurement Regulatory Authority	FCC Fair Competition Commission
Legal basis	Regulates public procurement under the Public Procurement Act, 2023	Enforces competition law under the Fair Competition Act
Investigates	Tender irregularities, including identical pricing and suspicious bid withdrawals	Cartel conduct and bid rigging across the whole market
Further powers	Cancel tenders and terminate affected contracts Debar companies and their directors from public procurement for 10 or more years	Review mergers for market concentration risk Address abuse of market dominance by dominant bidders

A routine PPRA audit can escalate into an FCC competition investigation



CASE IN POINT 2025 merger review, plastic pipe suppliers

The FCC cited past PPRA enforcement records on bid rigging and contract rotation in the sector. It treated prior procurement sanctions as benchmarks when assessing market concentration risk and deterrence.

FCC scrutiny also reaches mergers and dominant bidders

Antitrust risk in public procurement is not limited to active bid manipulation.

01

Mergers and market concentration

Mergers or acquisitions that shrink the pool of qualified bidders in a specialized sector can draw FCC intervention to prevent monopolization.

Check before the deal: does it remove a credible bidder?

02

Abuse of dominant position

Dominant companies that use their scale to exclude smaller competitors or manipulate bidding conditions risk breaching the Fair Competition Act.

Applies to one firm's conduct, with no agreement needed

Six warning signs that a tender may be rigged

1

Identical pricing
across competing bids

2

Unusually similar
bid documents

3

**Common spelling or
calculation errors**
in separate submissions

4

Recurring bid withdrawals
that benefit one bidder

5

Competitors taking turns
winning contracts

6

Unexplained subcontracting
involving unsuccessful bidders

Anti-collusion compliance checklist for bidders

BUILD INTO GOVERNANCE

Five controls that guard against tender fraud, bid rigging and other collusive conduct

Aligned to the PPA 2023 and the FCA

1

Restrict competitor communications

Never discuss pricing, target margins, capacity or bidding intentions with competitors.

2

Document joint bids and consortia

Back every joint venture with a documented commercial rationale, such as risk-sharing.

3

Run dual-regime compliance controls

Align compliance with both the PPA 2023 and the Fair Competition Act.

4

Check mergers for competition impact

Check concentration effects when government contracts are a primary revenue stream.

5

Monitor regulatory precedents

Review published PPRA and FCC enforcement decisions to spot emerging priorities.

Conclusion

Bid rigging is one of the most serious violations in Tanzania: one scheme can cost a firm its tenders, its directors' eligibility and trigger an FCC investigation.

THREE PRACTICES THAT REDUCE ENFORCEMENT RISK AND PROTECT ELIGIBILITY

Robust compliance programs

covering both procurement and competition law

Independent bidding

every price and strategy set without competitor input

Managed competitor contact

clear rules for meetings, consortia and information exchange