Competition in Large Projects
PPPvs vs Traditional Procurement

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Competition for the Project
Tendering Process
Institutional Maturity
Project Size (value)
(Contr) Actors
Market size/trends
National Policies/Strategies
What we did
Data

TED CANs (2006-2016)
4.9 M Records

Relevant CANS
1.5 M Records

Usable CANS with Value >10MEUR
6306 Records

Road & Rail Works
4176 Records

Actor Groups

Public Works Financing

EIB db Transport PPPs

BENEFIT project data

CANs = Contract Award Notices
Tenders for Road & Rail Works (CANs 2006-2016)
What we found
(Cont) Actors: Adjusted Concentration Ratio

A 2-tier Market

<table>
<thead>
<tr>
<th>ACR</th>
<th>20 Actors</th>
<th>&gt;2000 Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACR4</td>
<td></td>
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<tr>
<td>ACR(8-4)</td>
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<tr>
<td>ACR(12-8)</td>
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<td>ACR(16-12)</td>
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<td>ACR(20-16)</td>
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<td>ACR(24-20)</td>
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<td>ACR(28-24)</td>
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<td>ACR(32-28)</td>
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<td>ACR(36-32)</td>
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<td>ACR(40-36)</td>
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ACR4 Award Allocation
Rail Works

2006-2009
2011-2016

Top Country Activity
**Home Awards: Road Works**

**Cross Border Awards**
- 2006-2009: 2%
- 2011-2016: 3%
- All Construction: 1%

**Top Country Activity**
Home Awards: Rail Works

Cross Border Awards

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>2006-2009</td>
<td>18.4%</td>
</tr>
<tr>
<td>2011-2016</td>
<td>19.5%</td>
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<tr>
<td>All Construction</td>
<td>1%</td>
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</tbody>
</table>

Top Country Activity

- 2006-2009
- 2011-2016
Mean Number of bids per Call & Single Bid Awards
Mean Number of bids per Call & Single Bid Awards

- Road (2006-2009)
- Road (2011-16)
- Rail (2006-9)
- Rail (2011-16)

Mean Number of Bids per Call:
- Road (2006-2009): Mean
- Road (2011-16): Mean
- Rail (2006-9): Mean
- Rail (2011-16): Mean

% Single Bid Awards:
- Road (2006-2009): % Single Bid Awards
- Road (2011-16): % Single Bid Awards
- Rail (2006-9): % Single Bid Awards
- Rail (2011-16): % Single Bid Awards
Some conclusions

• PPPs & Large Infra project not much different: *same* actors, *same* processes, *same* market structure
• Top actors active across sectors and countries
• Greater cross-border activity than for construction in general
• Project size influence on competition subject to national and wider market structure

Generally, low level of competition identified ▶ Cost of Risk not minimized
Qs

• Why has there not been much policy discussion around competition and PPPs or major infrastructure procurement in general?

• The market concentration for PPPs and traditional procurement is high - a natural state of the market or a failure?

• Has the recent crisis reshuffled the market in any significant way?
Recommendations

• Large PPP and traditionally procured projects should be addressed in the same way
• Complex procurement procedures secure minimum competition
• Keep an eye on how competition *in* the market evolves.
• Plan procurement centrally
• Think of the future
• Provision of Accurate Data by Contracting Authorities