International Transport Forum

Competition in Large Projects
PPPs vs Traditional Procurement

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OECD

Competition for the Project

Tendering Process

Institu-tional Maturity

Project Size (value)

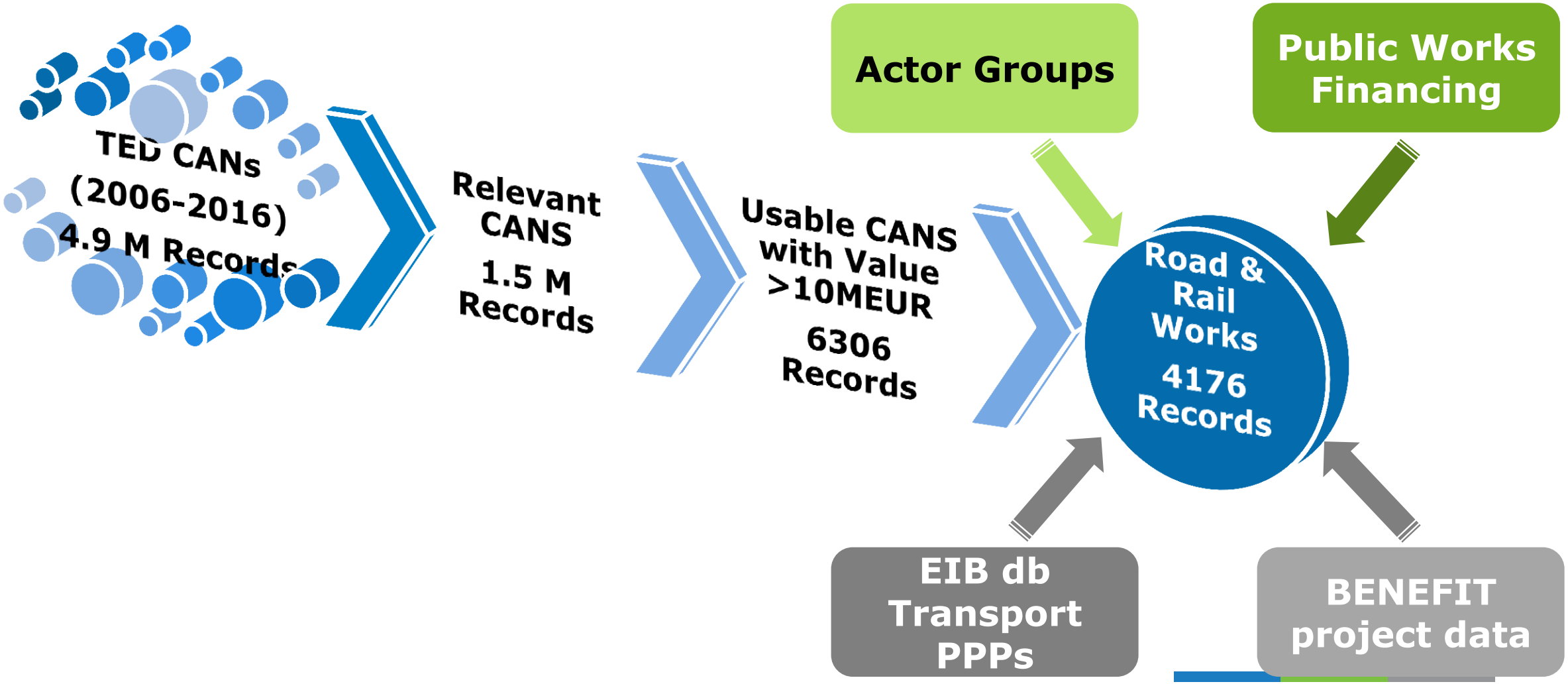
(Contr) Actors

Market size/ trends

National Policies/ Strategies

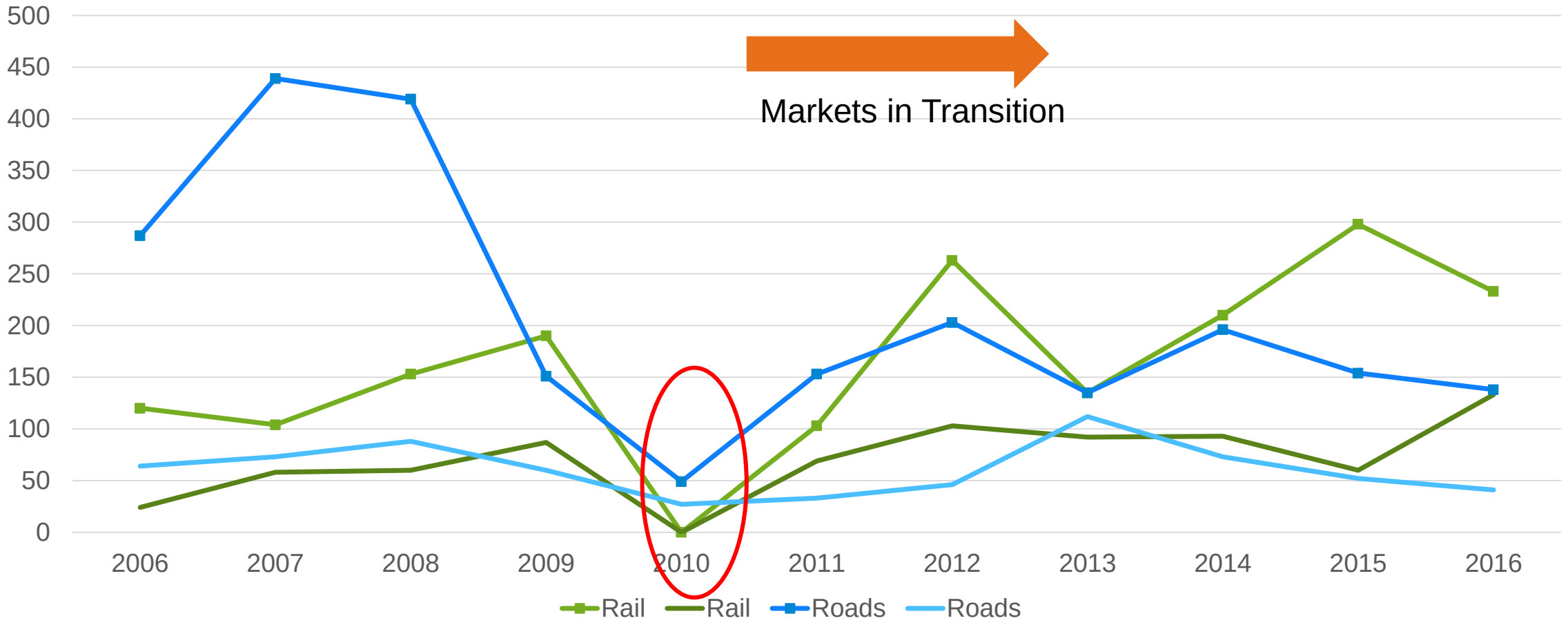
What we did

Data



CANs = Contract Award Notices

Tenders for Road & Rail Works (CANs 2006-2016)



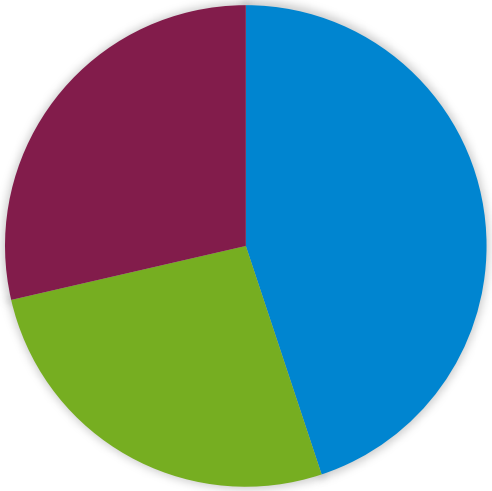
What we found

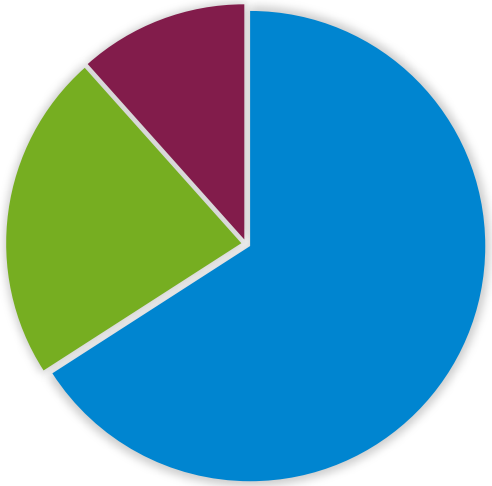
Tendering Process

RAIL (>200m EUR)

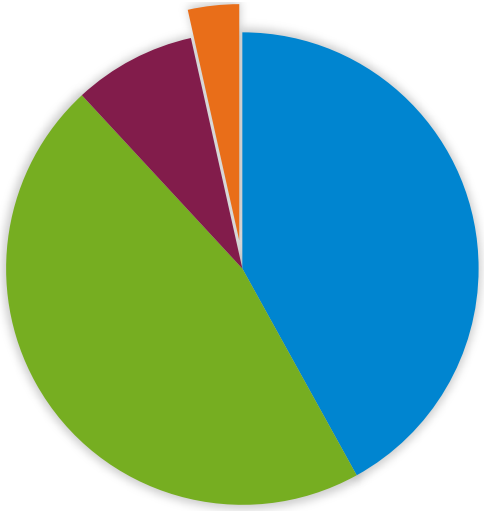
Road (>200m EUR)

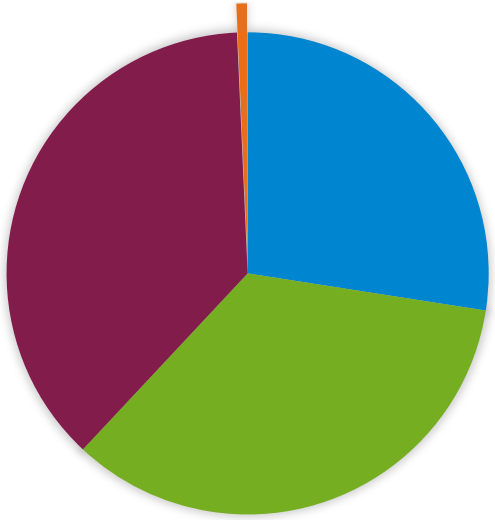
2006-9



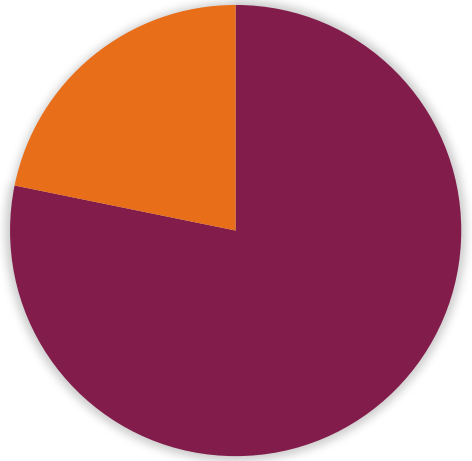


2011-16



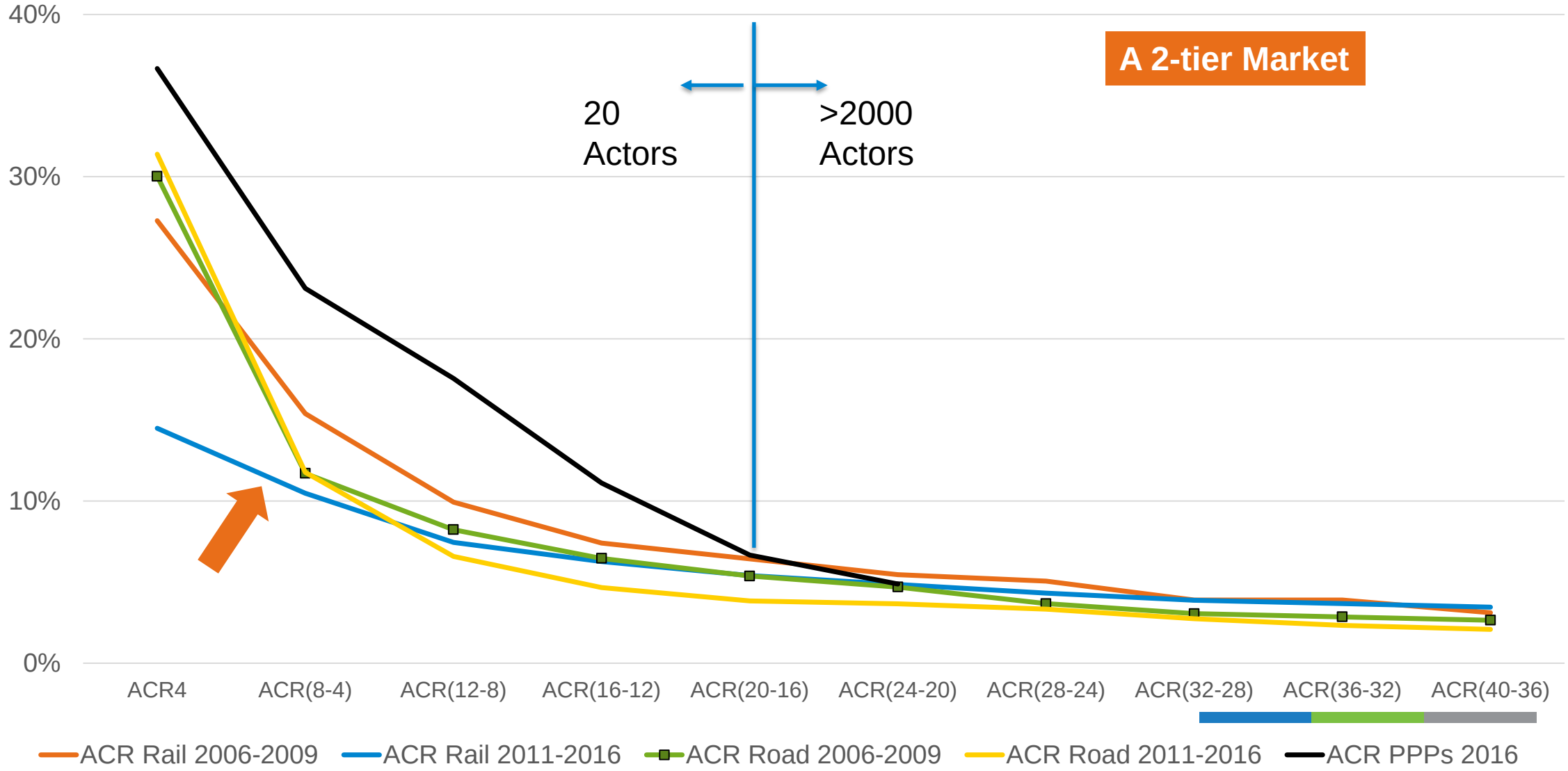


Road PPPs (BENEFIT DB)



- Open
- Restricted
- Negotiated
- Competitive Dialogue

(Cont)Actors: Adjusted Concentration Ratio



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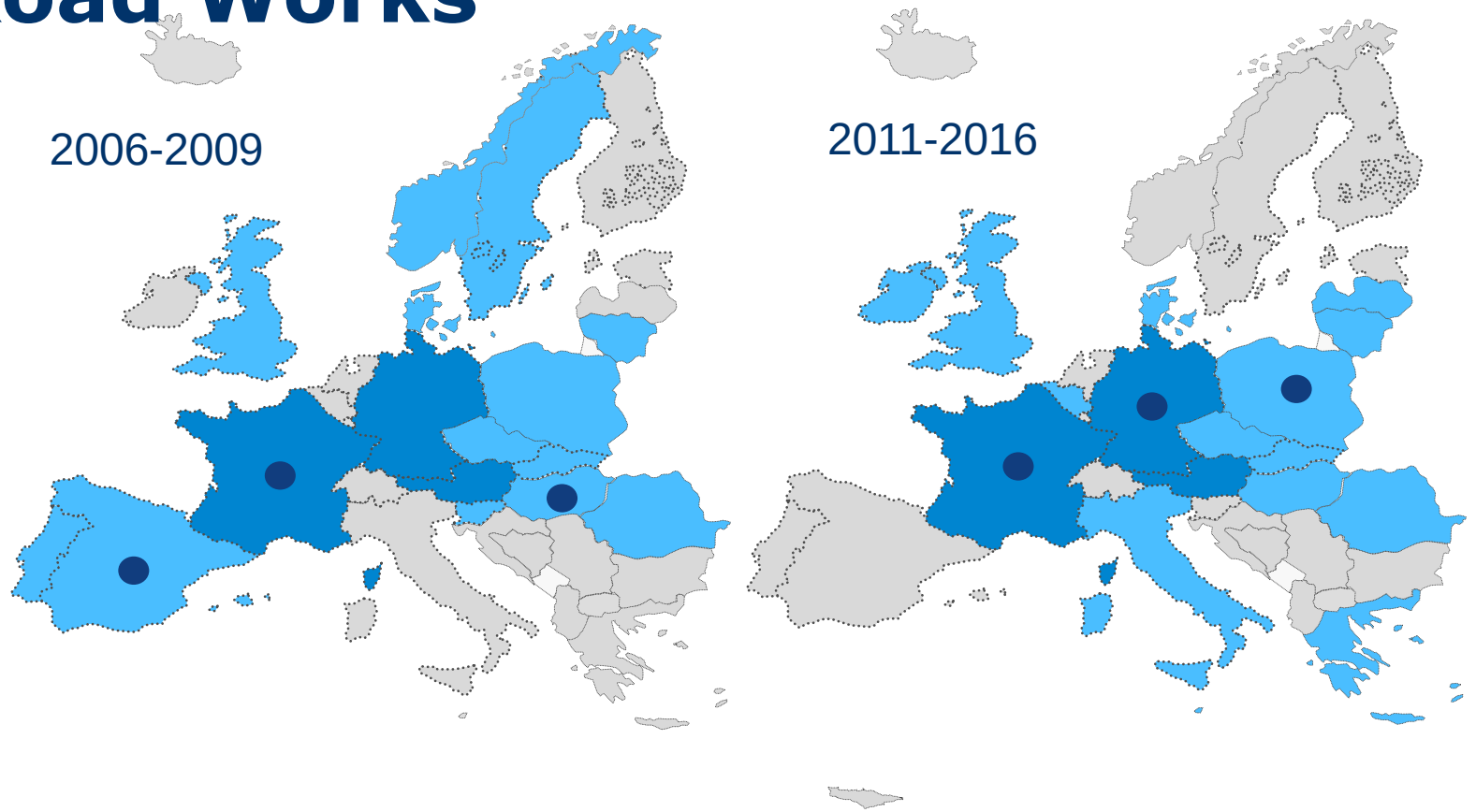
ACR4 Award Allocation Road Works

ACR4 Home

ACR4 Present

2006-2009

2011-2016



Top Country Activity

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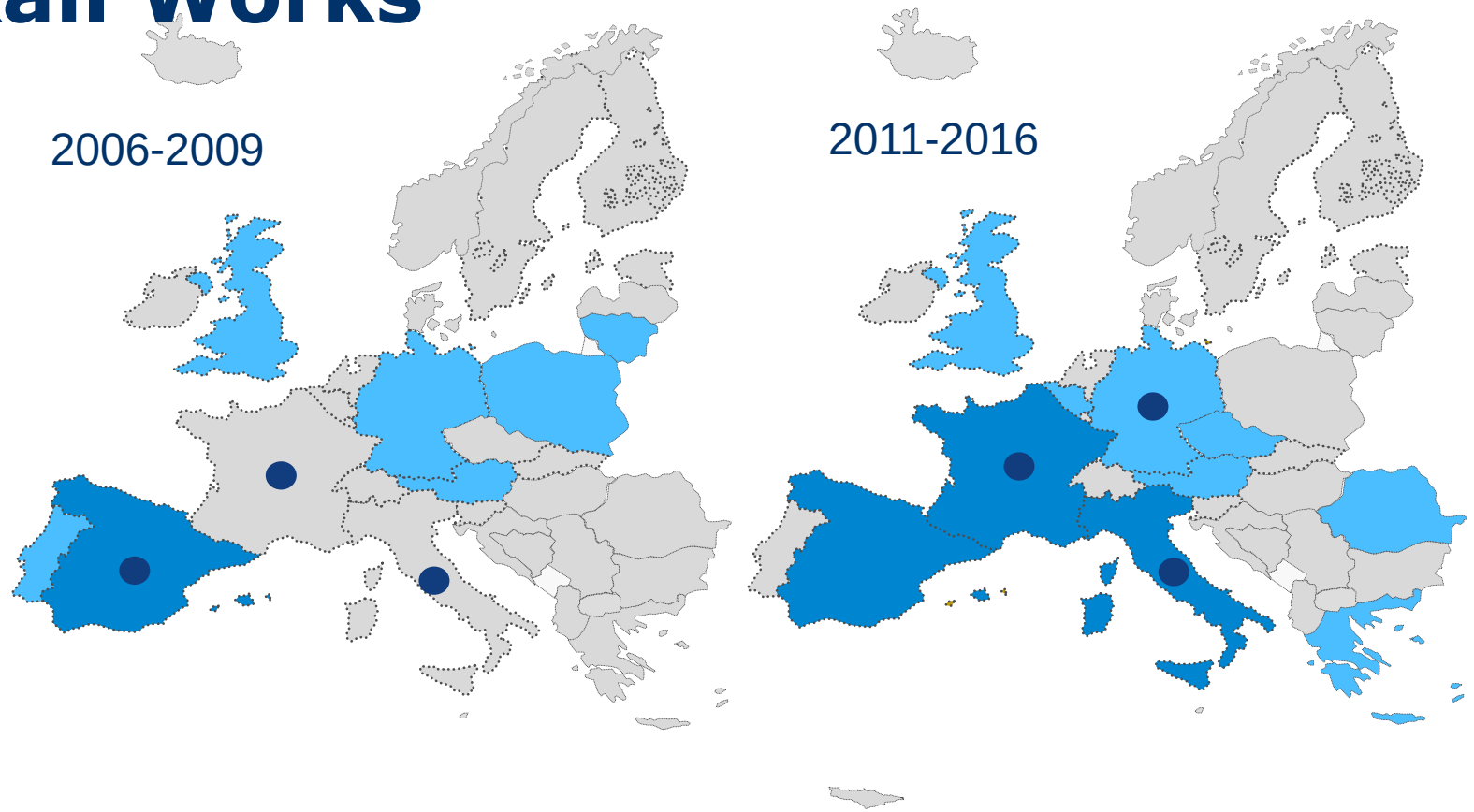
ACR4 Award Allocation Rail Works

ACR4 Home

ACR4 Present

2006-2009

2011-2016



Top Country Activity

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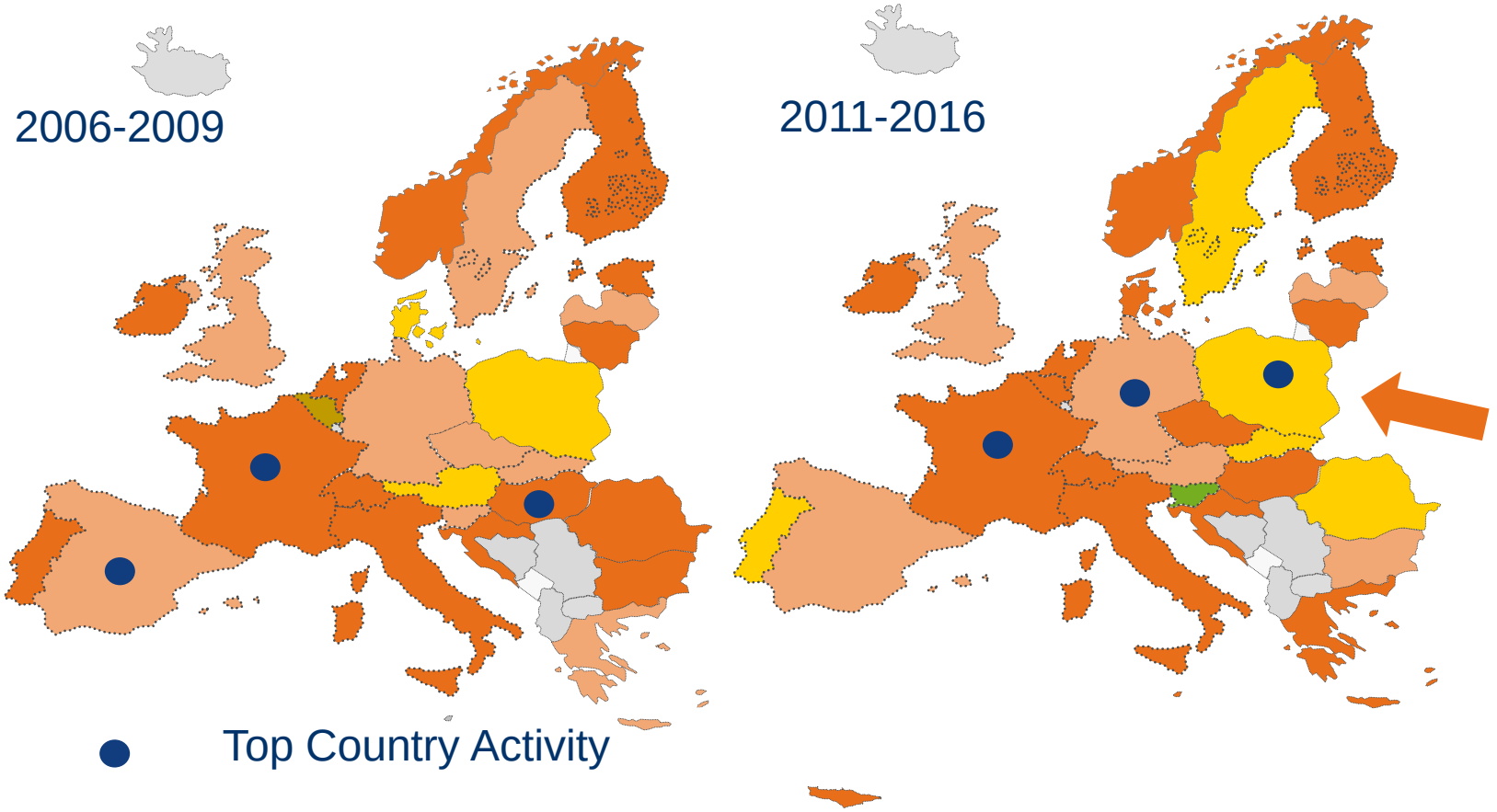
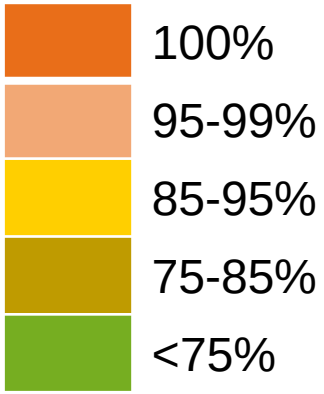
Home Awards: Road Works





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

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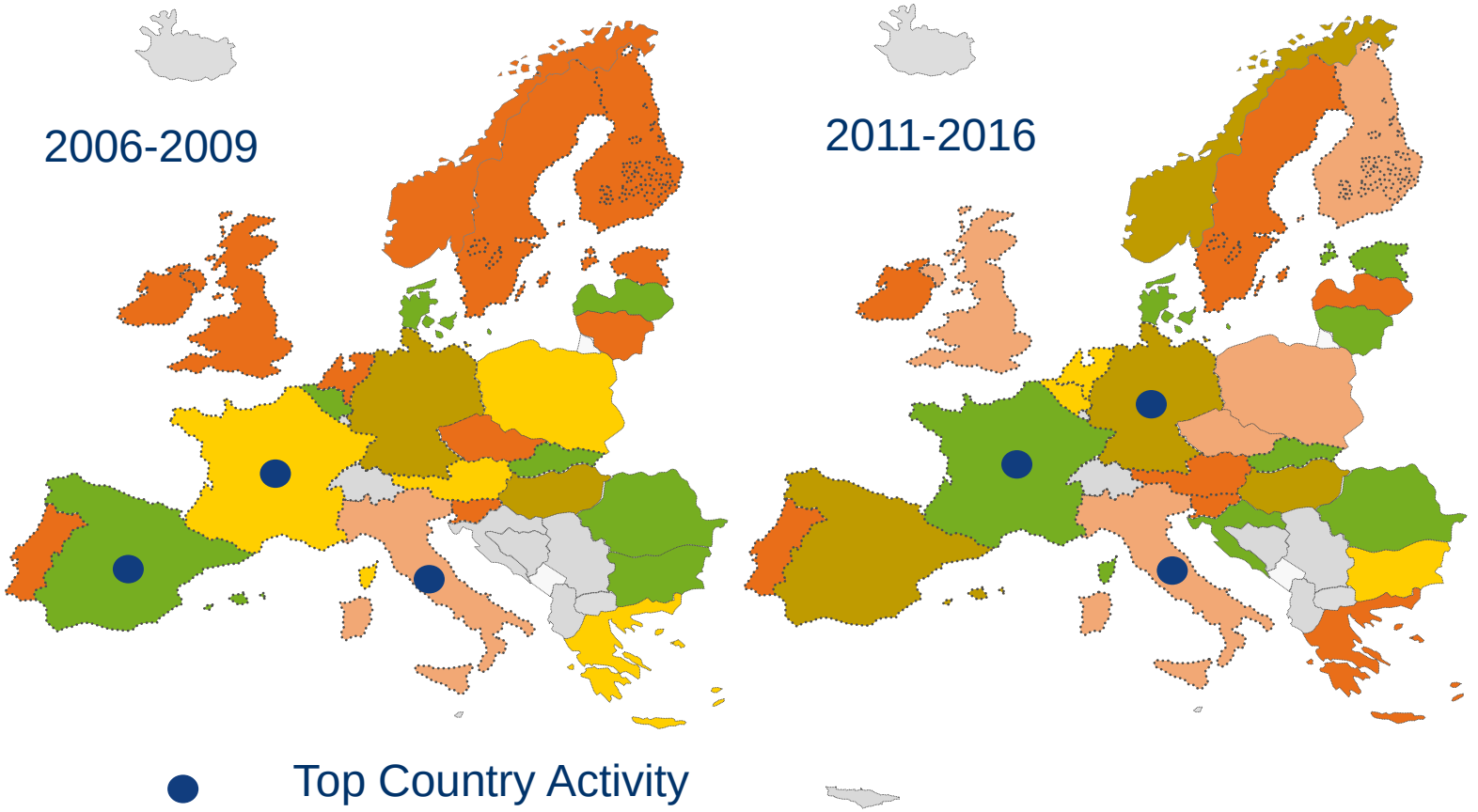
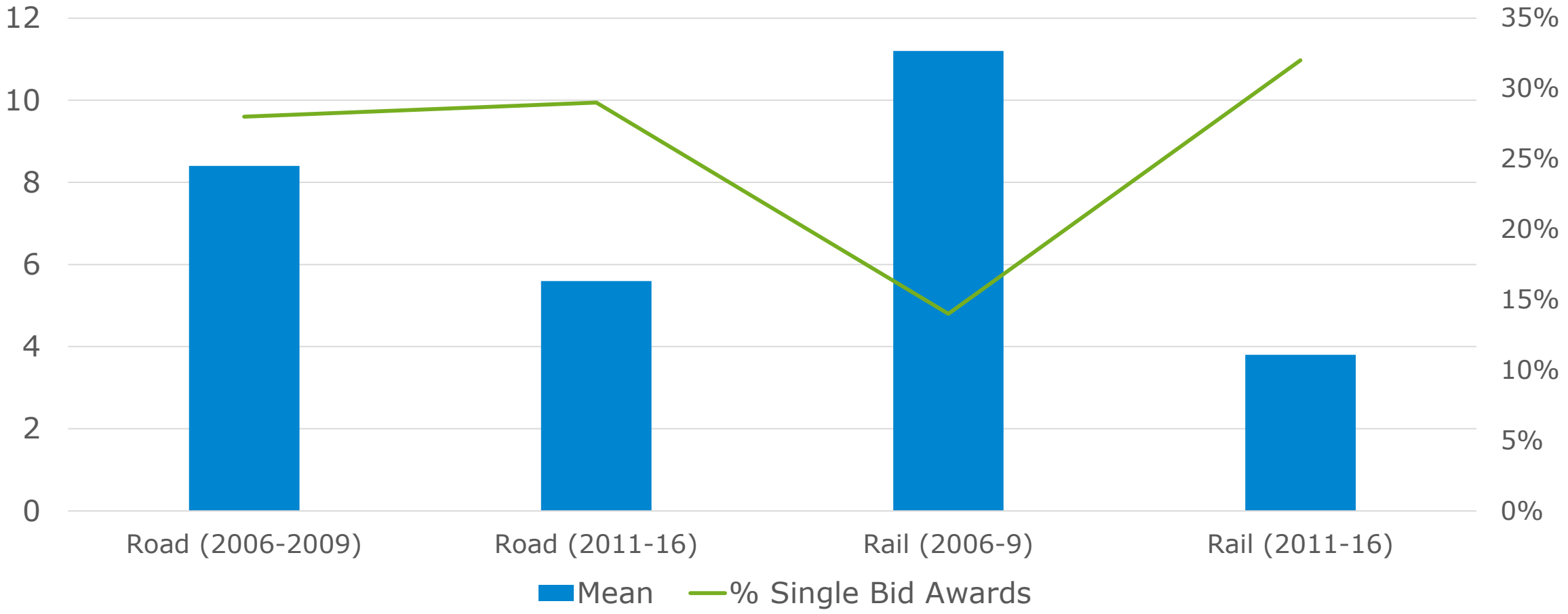
Home Awards: Rail Works



>99%
95-99%
85-95%
75-85%
<75%

Cross Border Awards	
2006-2009	18,4%
2011-2016	19,5%
All Construction	1%

Mean Number of bids per Call & Single Bid Awards



Tendering Process

Institu-tional Maturity

Project Size (value)

(Contr) Actors

Concen-tration of Large Actors

Market Size/ Trends

% TL Construc-tion Market

% of Large Projects

National Policies/ Strategies

Example

Tendering Process

Institu-tional Maturity

Project Size (value)

(Contr) Actors

Concen-tration of Large Actors

Market Size/ Trends

% TL Constru-ction Market

% of Large Projects

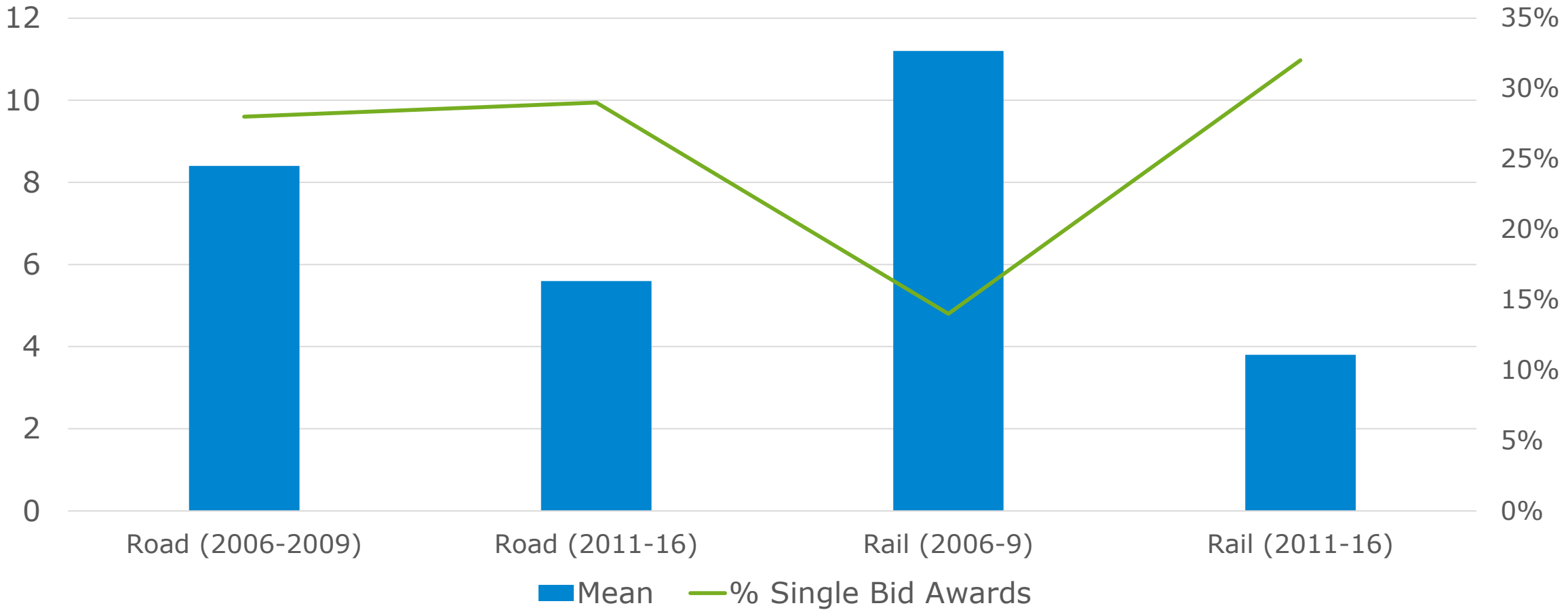
National Policies/ Strategies

High

Average

Low

Mean Number of bids per Call & Single Bid Awards



Some conclusions

- PPPs & Large Infa 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

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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?

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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