

University of Rome Tor Vergata – Faculty of Economics
Academic Year 2024-2025
Master of Sciences in Business Administration

Economics of Procurement CLASSROOM

MODULE's coordinator:

Prof. Gustavo Piga e-mail: gustavo.piga@uniroma2.it tel.: 06/7259-5701

CONTRIBUTORS TO THE MODULE:

Prof. Alessio D'Amato (6 hours)

Prof. Nicola Dimitri (10 hours)

Prof. Gustavo Piga (20 hours)

<https://zoom.us/my/aulagg3workshop>

The Program

Sourcing and procurement are becoming a key strategic function of modern economic organizations. These Lectures are meant to support the student with basic procurement tools.

The topics:

- 1) Contracts for sourcing and competitive procurement;
- 2) Corruption and ethics in sourcing;
- 3) Centralizing procurement: the trade-offs;
- 4) Quality and procurement;
- 5) Award Procedures;
- 6) Contracting Strategies;
- 7) SMEs and Procurement;
- 8) Green and Sustainable Procurement,
- 9) Scoring rules in procurement;
- 10) Innovation and procurement.

The Material:

The teacher will refer the student, by the end of each week, to the library where she/he will find relevant material on the basis of the following textbooks:

- 1) *Handbook of Procurement*, edited by Nicola Dimitri, Gustavo Piga and Giancarlo Spagnolo (to be purchased at discount) Cambridge University Press
- 2) *Handouts*. Jean Tirole and Stéphane Saussier <http://www.cae-eco.fr/IMG/pdf/cae-note022-env2.pdf>

Exam rules: Presence in class is essential and monitored with signatures. Students with 30 hours presence at least will only face an oral exam with Prof. Piga.

Students with less than 30 hours presence will also pass a written exam and, if passed, an oral exam.

Office Hours, room of Prof. Piga (3rd floor, Building B): via appointment via e-mail.

Lesson 1, Prof. Gustavo Piga, Monday, November 4th, 2024, 3-5 PM

Lesson 2, Prof. Gustavo Piga, Tuesday, November 5th, 2024, 9-11 AM

Lesson 3, Prof. Gustavo Piga, Wednesday, November 6th, 2024, 9-11 AM

Lesson 4, Prof. Gustavo Piga, Monday, November 11th, 2024, 9-11 AM

Lesson 5, Prof. Gustavo Piga, Tuesday, November 12th, 2024, 9-11 AM

Lesson 6, Prof. Gustavo Piga, Wednesday, November 13th, 2024, 9-11 AM

Lesson 12, Prof. Alessio D'Amato, Monday, November 25th, 2024, 9-11 AM

Lesson 13, Prof. Alessio D'Amato, Tuesday, November 26th, 2024, 9-11 AM

Lesson 14, Prof. Alessio D'Amato, Wednesday, November 27th, 2024, 9-11 AM

Lesson 15, Prof. Gustavo Piga, Monday, December 2nd, 2024, 9-11 AM

Lesson 16, Prof. Gustavo Piga, Tuesday, December 3rd, 2024, 9-11 AM

Lesson 17, Prof. Gustavo Piga, Wednesday, December 4th, 2024, 9-11 AM

Lesson 18, Prof. Gustavo Piga, Wednesday, December 9th, 2024, 9-11 AM

Prof. Piga will cover the following topics:

Definitions and benchmarking of procurement practices.

Competition and Quality in Procurement: Substitutes or Complements? Summing-up.

Ethics in procurement. Definition of corruption. Modalities of corruption in procurement. Corruption, competition and collusion. Ethics in Procurement. The role of transparency. The role of checks and controls. E-procurement and corruption. The Challenge of e-proc and Centralization or the e-proc and Centralization challenges? Models of E-procurement.

Procurement and small firms.

Centralization of procurement in complex organizations. Benchmarking across public administrations.

Possible systems of governance. Impact of centralization. The issue of competences.

Prof. Alessio D'Amato will cover the following topics in the sustainable (and specifically green) procurement literature and public debate, related to the development and implementation of Green Public Procurement (GPP) as an environmental policy tool:

- An introduction to the economics of sustainable development and environmental problems
- GPP: an introduction
- GPP in real life: implementation examples.
- Is GPP an efficient environmental policy tool?
 - Cost effectiveness
 - Environmental effectiveness
 - Incentives to eco-innovation
- How can GPP be improved?
- GPP design and economic performances
- GPP design and enforcement

Lessons 7, 8, 9, 10 and 11 Prof. Nicola Dimitri, Monday, November 20th 2-4 PM, Tuesday, November 21st, 9-11 AM and 2 to 4 PM, Wednesday, November 22nd 9-11 and 2 to 4 PM.

Centralizing procurement: the trade-offs;

Award procedures.

- Competitive Tendering
- Negotiation

Procurement Contracting Strategies

- Fixed Price Contracts
- Cost plus fee contracts
- Incentive contracts

Competitive Procurement Design:

- Winner's Curse, Buyer's Curse
- Information and the Choice of Auctions

Lots and (Un)Bundling

- Number of Lots: (Un)Bundling, Participation and Competition
- Package Bidding as Endogenous Lot Design

The choice of the awarding criteria: LP vs MEAT

- Weighting price and quality
- Introduction to scoring rules
- Application of scoring rules in procurement:
- Manipulability and collusion

A brief profile of the teachers:

Nicola Dimitri:

Nicola Dimitri is Professor of Economics at the University of Siena (Italy). He is Life Member of Clare Hall College (Cambridge-UK), Research Associate Center for Blockchain Technologies (UCL-UK) and member of the Blockchain Center University of Zurich (CH). He was formerly Deputy Rector of the University of Siena and Head of the Economics Department. He has been Chair of Innovation Procurement (Maastricht School of Management-NL) Fullbright Student, Chevening Scholar, NATO-CNR and Fernand Braudel Fellow (EUI). From 2003 until 2008 he collaborated as Economic consultant with the Research Office of Consip, the Italian Procurement Agency for the public sector. His research interests include game and decision theory, behavioral and cognitive economics, procurement, health and pharmaceutical economics, innovation and incentives. He is one of the editors and of the authors of the "Handbook of Procurement (Cambridge University Press, 2006)" as well as of other articles and reports on procurement.

Alessio D'Amato:

Alessio D'Amato is Associate Professor in Economic Policy, Department of Economics and Finance, University of Rome "Tor Vergata". His main fields of expertise are: drivers of environmental behaviours; environmental regulation; eco-innovation. He got his PhD in Economics at the University of Rome "Tor Vergata", where he teaches Green Finance, Environmental Economics and Policy and Sustainable Development. He has been and is involved in national and international projects, and he is co-author of

several working papers, book chapters and papers published on international peer reviewed journals (including Ecological Economics, Energy Economics, Environmental and Resource Economics, Energy Journal, Journal of Regulatory Economics and Resource and Energy Economics).

Gustavo Piga:

Gustavo Piga, Ph. D. in Economics at Columbia University, is Full Professor of Economics at the University of Rome Tor Vergata, where he chairs the Master in Procurement Management. He is the co-editor of the Handbook of Procurement, edited by Cambridge University Press. He has been a procurement consultant and a member of several Procurement Expert Groups. He has chaired the Italian Procurement Agency for Goods and Services, Consip Ltd., between 2002 and 2005. He is also the co-editor of The European Journal of Public Procurement Markets and a columnist for several newspapers. See gustavopiga.eu for more details.