Economics of Procurement
CLASSROOM P5

MODULE’s coordinator:
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CONTRIBUTORS TO THE MODULE:
Prof. Gianluigi Albano (4 hours)
Prof. Elisabetta Iossa (4 hours)
Dott. Riccardo Pacini (4 hours)
Prof. Gustavo Piga (12 hours)
Dott. Adriano Di Domenicantonio (6 hours)

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) Sourcing in complex organizations;
5) Award Procedures
6) Contracting Strategies
7) Public and private partnerships for the provision of public services: a case study;
8) Auctions and scoring rules.
9) Scoring rules in procurement.
10) Case study: drafting and awarding a European tender.

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) 2) *Handouts.*

Exam rules: Presence in class is essential and monitored with signatures. Students with 24 hours presence at least will only face an oral exam with Prof. Piga.
Students with less than 24 hours presence will also pass a written exam and, if passed, an oral exam.

Office Hours, room of Prof. Piga (3rd floor, Building B): appointment via e-mail.
Lesson 1, Prof. Gustavo Piga, Tuesday, April 22nd, 2014, 2-4 PM:
Lesson 2, Prof. Gustavo Piga, Wednesday, April 23rd, 2014, 2-4 PM:
Lesson 3, Prof. Gustavo Piga, Thursday, April 24th, 2014, 2-4 PM:
Lesson 4, Prof. Gustavo Piga, Monday, April 28th, 2014, 2-4 PM:
Lesson 5, Prof. Gustavo Piga, Thursday, April 24th, 2014, 2-4 PM:
Lesson 12, Prof. Gustavo Piga, Tuesday, May 13th, 2014, 2-4 PM:

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

Lessons 7-8, Prof. Gianluigi Albano, Monday, May 5th and Tuesday May 6th, 2014, 2-4 PM

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

Lesson 6, Prof. Elisabetta Iossa, Wednesday, April 30th, 2014, 2-4 PM:
Lesson 9, Prof. Elisabetta Iossa, Wednesday, May 7th, 2014, 2-4 PM:

Public Private Partnerships for the Provision of Public Services

Potential advantages and costs of PPP
Risk allocation and Incentives in PPP contracts
Corruption in PPPs
Lessons 10-11, Prof. Riccardo Pacini, Monday, May 12th, 2014, 2-6 PM:

Evaluation and awarding criteria in procurement:
- 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

Lessons 13, 14 and 15, Dr. Adriano Di Domenicantonio
Monday, Tuesday, Wednesday, May 19th and 21st, 2014, 2-5 PM:

Interdisciplinary skills required to prepare tender documents: the lawyer and the buyer, roles / interactions in private and public procurement.
Principles governing European public procurement directives.
From Drafting the tender notice to awarding the contract:
- Procedure and contractual choice.
- Participation and qualitative selection criteria
- Service Level Agreements, Key Performance Indicators and penalties (deductions)
- Contract award criteria and award procedure.
Simulating an awarding procedure using the most advantageous economic tender criterion

A brief profile of the teachers:

Gianluigi Albano:
Gian Luigi Albano, Ph.D. in Economics at the Université catholique de Louvain (Belgium, is Head of Research and Development at Consip S.p.A., the National Central Purchasing Body, Italy. Dr Albano is in charge of the supervision of the economic assessment of Consip’s procurement strategies and of the research activities on public procurement. He is invited professor at the Universities of Turin and LUISS “G. Carli” Rome as well as at the Italian National School of Public Administration. He is an expert on public procurement for the European Commission, the Inter-American Development Bank, the OECD, SIGMA, the United Nations, and is currently advising the Italian Treasury Department on the “Emission Trading Scheme.”

Adriano Di Domenicantonio:
Adriano Di Domenicantonio is a Buyer at Trenitalia Ltd - "Department of Industrial Logistics - Technical purchasing" - and has been a procurement consultant at "Advanced Procurement" a consulting, professional training and research firm. As consultant he has worked in projects for the International Fund of Agricultural Development (IFAD), the Region of Lazio, several public utilities companies among which ACEA Ltd., ENI Ltd and Poste Italiane Ltd. He graduated in Economics and he holds a Master in "Procurement Management" from University of Rome “Tor Vergata.”
Elisabetta Iossa:

Elisabetta Iossa is Full Professor of Economics at the University of Rome "Tor Vergata", Research Fellow at CEPR (London), and Research Affiliate at CMPO (Bristol). She studied in Naples, York and Brussels and worked for more than 10 years at Brunel University in London. Her research focuses on Public Private Partnership and Public Services. Her main publications are available on http://www.elisabetta-iossa.co.uk. Elisabetta has worked as expert adviser for the UK Competition Committeion, the Office of Fair Trading, the Financial Service Authority and the World Bank.

Riccardo Pacini:

Riccardo Pacini is public officer at Agenzia del Demanio (the Italian State property agency). He has been member of the Council of Experts at the Italian Treasury and consultant on procurement for the Government of Bangladesh, the Region of Lazio, the public utilities company of the Municipality of Rome (ACEA Ltd.), and the Italian Procurement Agency for Goods and Services (Consip Ltd.). He holds a Doctorate in Financial Economics from University of Rome “Tor Vergata” and a Master in Financial Institutions Management from University of Siena. He has contributed with four chapters to the Handbook of Procurement, Cambridge University Press, and his research papers have been published in Quaderni Consip and Rivista di Politica Economica.

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 Expert Groups. He has chaired the Italian Procurement Agency for Goods and Services, Consip Ltd., between 2002 and 2005 and has been Co-Coordinator of the Project “For a Culture of Integrity in the Italian Public Administration” at the Italian School School of Government (http://integrita.sspa.it). He is also the editor of the Rivista di Politica Economica, the scientific journal of Confindustria and a columnist for several newspapers. See www.gustavopiga.it for more details.