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Willem K. Korthals Altes

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OTB - Research Institute for the Built Environment
Delft University of Technology
Jaffalaan 9, 2628 BX Delft, The Netherlands
Tel. +31 (0)15 278 30 05
Fax +31 (0)15 278 44 22
E-mail mailbox@otb.tudelft.nl
<http://www.otb.tudelft.nl>

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Private market PPP versus innovative public market procurement practices

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OTB - Research for the Built Environment, Delft University of Technology, Delft, the Netherlands. E-mail: w.k.korthalsaltes@tudelft.nl

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Abstract

Public contracts between contracting authorities and economic operators take place in a context in which initiative rests with a contracting authority publishing a contract notice defining content and scope of the contract. Many innovative contracting practices, described as public-private partnerships (PPP) take place using public contract proceedings. The operation of these proceedings does not fit neatly with the idea of partnership. This paper will address the following questions: What is partnership? How does partnership relate to PPP? What are the problems of public contract PPPs in relation to partnership? What drives actors on private markets? In what respects does the European public contracting directive not fit with relational contracting? How do public and private markets relate in urban development? Do public authorities in urban development prefer public or private contracts? The results of this paper suggests that in the case of urban development projects there is preference of contracting authorities for private contracts. The paper discusses whether this preference is a sign of government failure or of rational choice.

Keywords: private market, public private partnership, urban development projects

1. Introduction

There are many definitions of public private partnerships (PPP). The term can be used as widely as ‘the discovery of alternate ways (...) to take advantage of a third party’ (Codecasa, Ponzini, 2011, 650) by authorities, which also involves a rhetorical dimension (Menez, 2008). Alternatively, more precise definitions exist involving that a specific idea of partnership must be part of a PPP. Definitions may also indicate that parties cooperate on the ‘basis of their own indigenous objectives’ (Nijkamp et al., 2002, 1869). On the one hand, this criterion can be seen as the basic legal principle of autonomy indicating that contracting parties stay autonomous in making their own decisions and that their individuality does not disappear by closing a contract (Van der Veen, 2009). On the other hand, it can be seen as a restriction of the definition based on the idea that it is the indigenous objective of a public authority to produce public services and of a private party to produce private products. A PPP seen in this light is a joint action in which public and private parties share interests producing private products and public services. According to this definition many public private partnerships are no partnerships at all, as they are about private participation in public service delivery (see Schaeffer, Loveridge, 2002), but may qualify, e.g., as innovative procurement practices.

The last P of PPP stands for partnership which is more than co-operation (as we will see below). The notion of partnership does not fit well with the framework of public contracting as partnership is about relational activities between partners and goes beyond a single public contract (Erridge, Nondi, 1994). Such a relational approach to PPP appears to make a better fit with more malleable ways of private contracting than with public contracting structured by rules of the selection of contract partners and the award of the contract. The paper focusses on the context of land development practices, where there are PPP based on private contracts (Leväinen, Korthals Altes, 2005).

Procurement in the European Economic Area takes place on public markets structured by European directives on public contracts (Bovis, 2005). Initiative in a public market rests with a contracting authority publishing a contract notice defining content and scope of the

contract. Many innovative contracting practices, described as PPP, take place on these public markets (Lenferink et al., 2012). The operation of public markets, however, does not fit neatly with the idea of partnership (Erridge & Nondi, 1994). Forms of PPP existing in private markets may fit better to this idea of partnership as the co-operation in private markets is not structured by public contract regulations.

This paper will address the following questions:

- What is partnership? How does partnership relate to PPP? (section 2)
- What are the problems of public markets PPP in relation to partnership? What drives actors on private markets? In what respects do the European public contracting do not fit with relational contracting? (section 3)
- How do public and private markets relate in urban development? (section 4)
- Do public authorities in urban development prefer public or private contracts? (section 5)
- Discussion on the question whether this preference is a sign of government failure or of rational choice (section 6).

2. Partnership

The concept of PPP is used for a variety of phenomena, which may have the only common feature that public and private players, in one way or the other, relate to each other (Codecasa, Ponzini, 2011). Based on analysing PPP in a certain context, for example, urban development, more conceptual clarity can be developed (see also Sagalyn, 2007).

“A PPP is an institutionalised form of co-operation of public and private actors who, on the basis of their own indigenous objectives, work together towards a joint target, in which both parties accept investment risks on the basis of a predetermined distribution of revenues and costs.” (Nijkamp, et al., 2002, 1869)

Partnership is however more than co-operation, it is more than contracting. Moreover, the idea of a 'pre-determined distribution of revenues and costs' suggests that there is a determination phase outside the PPP and that the process of changing these distribution of revenues and costs happens outside the PPP. Moreover, not all contracts between public authorities and private parties wording towards a joint target are considered to be a PPP, 'a contractual relationship is not necessarily perceived as constituting a partnership' (Nelson, 2001, 487). A variety of features of PPP can be found, which may vary relating to the (national) context of the authors (Nelson, 2001). Here the study of PPP can be analysed by family resemblance. It often occurs that authors have the idea that PPP "have the ability to produce outcomes which the public sector, working alone, cannot achieve" (Nelson, 2001, 485). The debate is often about privatization or about 'the promotion of private sector entrepreneurial values within the public sector' (Nelson, 2001, 486). In relation to such a movement, developments towards more private involvement in public projects are called PPP (Codecasa, Ponzini, 2011). Conceptualising PPP as a movement of activities from public to private actors suggests that it is a temporary phenomenon. If activities are already moved to private actors in a previous PPP, copying the same constellation is no PPP anymore as no further move to the private sector takes place. Moreover, such a definition does not refer to a definition of partnership. Using a stringent definition of partnership as a condition to select 'real PPPs' from a set of 'so-called PPPs' may make sense if the idea of partnership is distinct feature that is very important to understand and explain PPP. The debate on PPP suggests that this is the case.

Partnership involves also a sort of collaboration. Spekman (see also Erridge, Nondi, 1994) defines the concept as collaboration as follows.

"Collaboration is the process by which partners adopt a high level of purposeful cooperation to maintain a trading relationship over time. The relationship is bilateral; both parties have the power to shape its nature and future direction over time. Mutual commitment to the future and a balanced power relationship are essential to the process." (Spekman, 1988, 77)

Partnership defined as collaboration is so more fluid and not pre-determined. Such a collaboration ‘cannot exist’ in situation in which a buyer ‘attempts to rule the relationship with an iron hand and dictate performance’ (Spekman, 1988, 77). Collaboration grows, according to Spekman, in a context in which parties recognise their interdependence and aim to reduce uncertainties. It is a form of what Macneil (1978) calls a relational contract which contents depend on on-going relations between parties. In the field of urban development agreements between local authorities and private players the context suits that of relational contract, taken the long-term relationships and interdependence and uncertainties of complex urban projects (Van der Veen, 2009; Van der Veen, Korthals Altes, 2012). Here is a situation of interdependence in which ‘the relationship is the deal’ (Frieden, Sagalyn, 1989, 150), which may be at odds with European public procurement proceedings that do not allow that relational values play a role in selection and awarding of contracts as the whole idea of the European public contracting directives is that closed shops between authorities and national suppliers must be opened to allow the establishment of an European market (Korthals Altes, Taşan-Kok, 2010).

3. Public contracts and partnership

3.1 The idea of public markets

European public procurement regulation is part of a programme to create a single European market (Korthals Altes, 2006). Public procurement regulations create within this single market a sub-category of public markets, which serve the pursuit of public interests (and not the maximisation of profits) by the state and its organs (Bovis, 2005). Bovis points to markets where authorities ‘appear as the sole outlet for an industry’s output’ (2005, 83). For many major infrastructure projects this appears to be the case and as such, public interest is the driving force behind demand in public markets. “Purchasing patterns follow tendering and negotiations and often purchases are dictated by policy rather than price/quality considerations” (Bovis, 2005, 83). This process results

(according to Bovis) in products that ‘are rarely innovative and technologically advanced’ (2005, 83).

This concept of non-innovative public markets is contested by authors that analyse the use of public procurement innovation (PPI) as a prime instrument in government policies that pursue innovation (Edler, Georghiou, 2007; Uyarra, Flanagan, 2010). The demand side of markets has an important role in innovation and authorities may use procurement strategies to boost innovation. However, a recent analysis of cases suggests the following. “The EU regulation of public procurement has been an important obstacle to PPI.” (Edquist, Zabala-Iturriagoitia, 2012, 1767) This is because these regulations put competition first and insufficiently cater for interactive learning, that is, the relational qualities of corporation.

“Therefore, ways should be found to get around these rules, and further actions to have them changed should also be taken.” (Edquist, Zabala-Iturriagoitia, 2012, 1767)

Contracting on private markets is more malleable and not guided by the strict emphasis on competition as public procurement rules prescribe in public markets.

In private markets players are not guided by the public interest, which does not involve that operating from self-interest on private markets is necessarily against the public interest as Adam Smith already indicated this in the following, well-known, quote about individuals preferring the purchase of products produced by domestic industry above foreign produced goods.

“He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to

promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it” (Smith, 1791, Vol. 2, 273).

Smith indicates, furthermore, the following:

“Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country.”(Smith, 1791, Vol. 2, 272)

The reasons Smith uses are that in home-trade, there is not only better oversight of capital, but also that the individual ‘can know better the character and situation of the persons whom he trusts’ (1791, Vol. 2, 270), and has better knowledge of the national laws if legal action is necessary. So the benefits of the use of relational values in contracting are part of Smith’s invisible hand guiding the purchase of domestic products towards greater public benefit.

It must be noted that private interests is not the same as private profit. Bovis (2005), for example, reflects the idea that players on private markets are presumably guided by profit. This is however disputed by others. Fligstein (1996) indicates, for example, that actors are pre-dominantly guided by the survival of the firm as the goal of action. The recent banking crisis has also showed the tension between private interest as profit maximizing and as the survival of the firm also in relation to the impact on the public interest emerging from actors acting on private interest. “Profit-maximizing behavior by banks creates systemic risk.” (Shleifer, Vishny, 2010, 307) Based on the idea of the survival of the firm as prime objective, Fligstein suggests that actors are geared towards the creation of stable worlds, that is, ‘shelters from price competition’ (Fligstein, 1996, 659), and states ‘... provide stable and reliable conditions under which firms organize, compete, cooperate, and exchange. The enforcement of these laws affects what

conceptions of control can produce stable markets' (Fligstein, 1996, 660). Law on public contracts breaks through this shelter, as competition on price is the most important criterion in the award of contracts. Consequently, it may be expected that actors show reluctance towards organising the market differently. Collaboration through relational contracting may fit better with these ideas of private interests involving the survival of the firm, than defining private interest as a bare pursuit for profit.

3.2 No fit

European public contracting does not fit easily to the idea of partnership and the corresponding practices of relational contracting, because of the following aspects.

1. Initiative. European public contracting theory is based on the situation that a contracting authority opens the proceedings by publishing a contract notice. Initiative by other partners is not supposed to pay. This issue has been debated by advocate general Jääskinen (AGECJ, 2010) in a case on land development planning in Valencia (Korthals Altes, 2013).

2. Change. European public contracts are not allowed to change beyond the contract notice if such a change could affect the decision of economic operators to enter the competition (ECJ, 2004). In the uncertain context of relational contracting, change may well go beyond the contract.

3. Combining selection and award. Within European public contracts there must be made a strict separation between selection of parties capable of doing the contract (which is so a quality of the economic operator) and the award of the contract to one of these parties (based on the quality of the bid or proposal). There are, however, degrees of uncertainty whether a proposed contracting party could do the job, just as a consumer in a shop may weigh higher priced products of premier brands versus lower priced products of less-well-known brands, a contracting authority may prefer a good deal by a trusted supplier,

above a slightly cheaper product of a supplier that might do a good job, but with whom there is no previous experience. In a context of uncertainty there are matters of degree in relation to judge whether an economic operator is able to provide a good job.

4. Relational values cannot be taken into account. For relational partners it is usually not profitable to leave a bad impression about the delivering of a product. It does not contribute to the survival of the firm. The economic interest of the relation outweighs the potential profits of individual deals. Based on these interests parties can, without going to court, correct each other if the performance is insufficient. In a context in which relational values do not count, these relational bounds cannot be used to correct inadequate performance.

So, operating PPPs within the public market have their limitations in relation to aspects of partnership and co-operation in which relational values play a role.

4. Public and private market urban development

In urban development there is a combination of private property development and the servicing of the site by public infrastructure. The size of the projects may differ from developments in relation to current buildings, which may have an impact on public infrastructure, e.g., parking facilities, traffic, to the development of new neighbourhoods and cities. Larger developments, such as new towns (like Almere (Constandse, 1989; Savini, 2013) or Milton Keynes (Peiser, Chang, 1999)), waterfront redevelopment schemes (Galland, Hansen, 2012) or urban extension programmes (Verhage, 2003) may take decades to develop and consists of many smaller projects that are developed based on emerging current knowledge.

The complexities of urban development is that it is often contested what the public interest is and that players with agendas with different priorities on, e.g., economic, social or environmental issues, cooperate, that is,

“...PPPs for urban revitalisation serve as processes in which actors with greatly varying development priorities must negotiate their differences and consider the broader urban environment in order to work together effectively to improve city development” (Houghton, 2013, 2793).

In this cooperation there is often an entanglement of relations; players may be, to put it boldly, doomed to cooperate. In the Scala case, which related to the refurbishment of Bicocca, a former industrial area in the North of Milano, for example, the ECJ noted that ‘municipal authorities are not free to choose the other party to the contract since by law that person must be the owner of the land in question’ (ECJ, 2001, paragraph 71). Otherwise landowners cannot change the public authority. This entanglement, involves so that there is a specific relationship between landowners and contracting authorities involving, in this case, that the authorities may close a development agreement requiring the holder of the building permit to follow proceedings in the public contract directive to contract the works (Bovis, 2013).

When it comes to organising land development, different divisions of labour between public and private players exist (Leväinen, Korthals Altes, 2005; Sagalyn, 2007). There is a wide variety of contracts between local authorities and market players about urban development. On the one hand there is the private development of gated communities in which infrastructure behind the gates is not contracted by public authorities, but for which there remains the issue of how this private development is linked to public infrastructure outside the gate (Roitman, Phelps, 2011). On the other hand, there are, usually rare, pure public development processes in which authorities do not confine themselves to land development, but also develop buildings, such as, in the past, council housing or, presently, the development of housing for sale to new homeowners in the close community of Volendam in the Netherlands (Owen, 2011). Very common are processes in between these outliers, private players are responsible for property build and contracting authorities manage a part of infrastructure, like roads, after the area has been developed (Leväinen, Korthals Altes, 2005). This involves that players parallel contract

works within respectively a public and private contracting framework. There is, likewise, a need for inter-organisational coordination. The specifications of the infrastructure depend on the development taken place and the quality of development depends on the infrastructure, the quality of the location is important for the value of property. It is very common that value capture takes place and that the costs of servicing an area with infrastructure are financed by property development (Alexander, 2012).

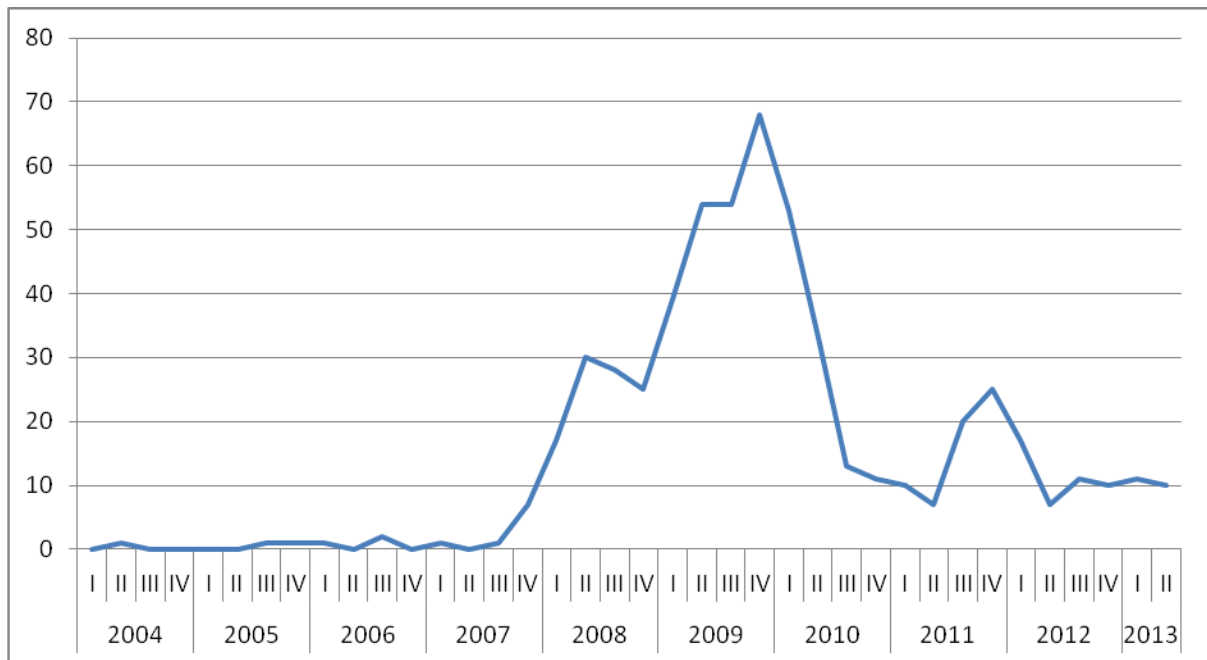
The complexity has resulted in that players have been uncertain about the procedures to be followed. The fiction that everybody knows the law does not in fact the law is known are even can be known as long as no legal judgments have been made. Perceptions of what the law says change and these changing perceptions about the interpretation of, e.g., the impact of European public procurement law may result in changing behaviour. Studying changes of behaviour based on different interpretations of the law can reveal insights about what kind of options players prefer. The question of this paper is do contracting authorities prefer contracting in public markets or in private markets?

5. Public versus private markets

The role the redefinition of public versus private markets play can be analysed based on a study of public land sales in Germany. Here a German Court, The Oberlandesgericht in Düsseldorf (OLGD) had ruled that government sales for land, for which urban development plans exists, were in fact urban works concessions according to European public contract law (Korthals Altes, 2010). This rule was followed by other German courts and practice reacted by a growing number of contract notices for land sales or land purchases in Tenders Electronic Daily (TED), the supplement of the Official Journal of the European Union, i.e., this rose from 0 to 2 notices per quarter before the OLGD's decisions to 39 in the first quarter of 2009 (Korthals Altes, 2010). Although originally the OLGD found that the case was so clear cut that it needed no guidance from the ECJ, it eventually asked (in another case) guidance from the ECJ. The ECJ's judgment was that these cases were no public work concessions, so it was not obliged to follow public contract proceedings (ECJ, 2010). The amount of publications in TED has subsequently

dropped to a lower level (Figure 1). Although the level is still higher than before the OLGD cases, the lower level suggests that contracting authorities generally prefer private markets over public markets.

Figure 1 : Quarterly publications of land sales and land purchase (CPV 701221* OR 701222*) by German authorities in TED (earlier years based on Korthals Altes, 2010).



Also in other cases, a potential classification of relationships between public and private parties as a public contract is considered to be a threat to pursuing urban development ambitions.

Interesting is that often local authorities and lobbyists for private industry jointly protest to the use of public contracting proceedings for urban development. In the UK there has been a joint action of the British Property Foundation (BPF), an organisation representing the British property industry, and the Local Government Association (LGA). The BPF has placed this theme first in its five-point 'Regeneration Manifesto' and has requested more guidance to combat 'misinterpretation', that is, 'the use of tendering processes in circumstances where this is both unnecessary and unrealistic', and action to reduce inefficiency and the costs of the procurement process (BPF, 2009, 4). According to this

manifesto, these procurement proceedings deter developers from participating in regeneration schemes. Together with the LGA, they considered that their way of working had been affected by the procurement scheme (BPF, LGA, 2009). Guidance was provided by the Office of Government Commerce (OGC, 2009). One of the main features of this guidance, however, was that public bodies should obtain their own legal advice before proceeding.

Also in France there are tensions between the local parties willing to uphold the specific French ways of operating, ‘ce mode de gestion typiquement français’ (Menez, 2008, 263), and the European Commission promoting the transparency of public contract proceedings as alternative for the more relational practices of granting concessions used in France.

In the Netherlands the public procurement policies of the EU affected Dutch land development policies and practices (Taşan-Kok, Korthals Altes, 2012a; Taşan-Kok, Korthals Altes, 2012b). It has resulted in actions of associations of local authorities, provincial authorities and development companies to produce guideline to uphold as much of current practises as allowed under EU rule.

6 Discussion and conclusion

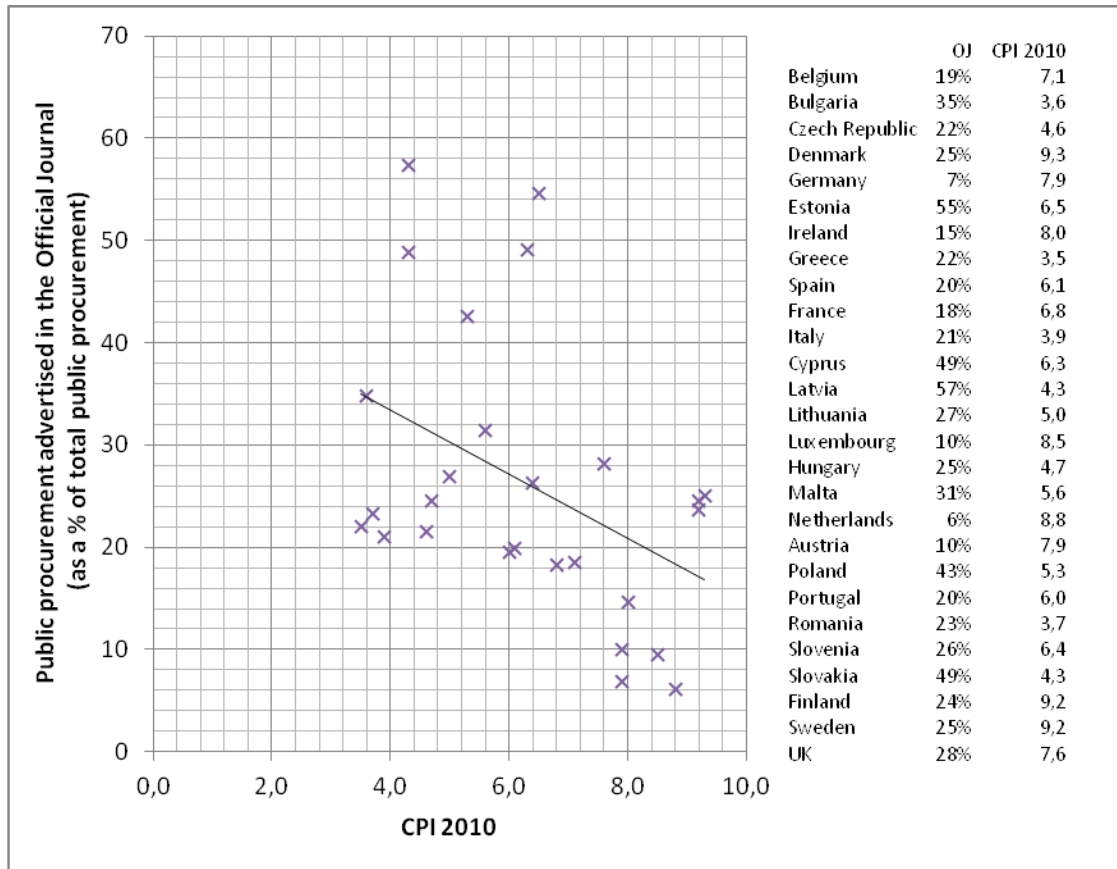
The preference (as suggested by Figure 1) of the use of private markets over public markets by authorities in urban development can be roughly explained using two alternative lines of thought. Firstly, it can be explained as a matter of government failure, because the public contracts are the most cost-effective and efficient way to organize these matters. Secondly, it can be explained as a failure in public contract proceedings to capture the interests of contracting authorities.

6.1 Government failure

The idea is that procurement on the internal market using the public market mechanism results in lower prices for authorities and that there are so certain failures in the operation of contracting authorities that prevent them from choosing the most efficient procurement method. Moreover, based on certain assumptions, a circular argument might be followed, i.e. the fact that contracting authorities do not always prefer to choose the most efficient way of procurement proves that government make inefficient choices and reiterates the need for market based procurement methods, etc.

However, there could be real issues here if government officials consider the nourishment of relational networks to be more important than the interests of the authority itself. The public procurement directive 'ensures that the public authorities cannot indulge in favouritism' (ECJ, 2001, paragraph 75). Procurement is one of the traditional fields in which government corruption may flourish (Dorn et al., 2008; Rose-Ackerman, 2008) by the 'abuse of contract awarding power for private gain' (Pashev, 2011, 411). Trust within enduring relationships plays often an important role in corruption cases (De Graaf, Huberts, 2008). Transparency in procurement may have an impact on these corruption networks and consequently officials profiting from corruption would counter the use of transparent proceedings, such as, can be followed by using the European contracts. However (see figure 2) European member states with lower levels of public sector corruption, that is, scoring high on the Corruption Perceptions Index 2010 by Transparency International (2010), tend not to have a higher percentage of public procurement advertised on the Official Journal as percentage of total public procurement (as published by EUROSTAT (2013)). So, relationships are not as straightforward as suggested. The overall perception of government transparency does not depend on the use of European public contract proceedings. Corruption does not vanish into thin air as soon as European public contract proceedings are introduced (Pashev, 2011). Moreover, it may be rational to provide more discretion to incorruptible officials as they are competent to bear these responsibilities, i.e., the weighing of costs and benefits of strict procurement proceedings may vary depending on the context.

Figure 2: Public procurement advertised in the Official Journal (in 2010) as percentage of total public procurement (source: EUROSTAT (2013)) versus European Member States' Corruption Perceptions Index 2010 (published by Transparency International (2010))



A final point of government failure in respect to criteria of efficiency and effectiveness is that these criteria are not the most important to governments, which is legitimacy, which is a much broader concept than just following the law. In some contexts of Euroscepticism there is even a debate that following *European* law affects national government legitimacy negatively (de Wilde, Trenz, 2012). Following European contract proceedings is a technocratic proceeding. It 'is a way of making decisions without seeming to decide' (Porter, 1995, 8) and as such especially attractive to bureaucratic officials, but not to politicians willing to choose a strategic contracting partner based on a political gut feeling. Politicians may get the blame if such a technical process results in a failure and consequently may prefer proceedings in which they are able to take control by

using their own relational skills and for which they may consider it to be fair play if they are tackled because of failures in contracting processes.

6.2 Procurement proceedings

Alternatively it can be said that it may be advantageous not to use European wide procurement proceedings. After all, this confirms to what Smith has indicated in relation to the preference of domestic produced products involving also the relational issue of dealing with trusted persons.

The relational issue of trust cannot play a role in formal public contract proceedings, which may make it rational not to follow these proceedings if the outcomes are not too different from private contracting.

So are the profits of using European procurement proceedings large enough to overcome this preference? The evaluation of public procurement proceedings by the Commission revealed (based on econometric analysis) that publication of a contract notice resulted in a saving of 1.2% compared to no publication and that following an open or a restricted proceedings may result in total savings of respectively 3.8 % and 2.5% (EC, 2011). Taken the big figures of actual and potential public procurement in relation to GDP and the size of the GDP of the European Economic Area, the Commission points at the huge amount of funds that yearly can be saved by using these proceedings. An average saving of 3.8% is, however, not that big that it rules out the idea that there are contexts in which this can be perceived as 'nearly equal' (Smith, 1791, IV 2.6). Moreover, it is only an average. Research commissioned by the Commission suggests that there are large differences in these costs (Strand et al., 2011), e.g., in Germany they are with 4.5% of the volume much higher than in the Slovak Republic 0.5%. These costs are, however, measured in this report are based on the way how a normal purchase proceeds through the steps to be followed in the proceedings. They do not relate to issues (and so extra costs) of initiative, inflexibility etc. discussed above. So, in cases that is likely to deviate

from normal proceedings, and in which extra costs are expected above regular procurements, it may be not the most efficient choice to follow these public procurement proceedings.

7 Conclusions

Partnership involves collaboration of a relational nature that does not fit with a top-down procurement process, but which fits better to practices of relational contracting in which relationships are the source of contracts and not the other way around. Not all activities labelled as PPP fit to such a definition of partnership.

Public markets do not cater for initiative of private parties to new developments, they limit change to what can be foreseen in the contract notice, they do not allow to mix criteria of selection and award of contracts and relational values cannot taken into account and consequently these regulations constrain relational contracting. Relational aspects cannot be the basis of bargains made between parties. European public procurement is guided by competition based on the idea that private parties are guided by profit, which is however debated as private interests can be different from profit, such as the survival of the firm. The experience with PPI (public procurement innovation) also shows the limits of public contracting to sustain collaboration.

In urban development not all contracts between public and private parties are public contracts. Also private contracts exist to harmonize the production of public services (like roads and sewage systems) by public actors and the production of private property (like housing) by private actors. These land development practices may meet public contracting directives and actions of the European Commission to enforce the underlying directive.

Judgments of different courts have resulted in changing views of the obligation to follow public contracting policies for land development. A notable case has been in Germany,

where in several court cases an interpretation came forward that involved that all government land disposal for sites in which land use plans exist to change land use, must be proceeded through European proceedings as works concession or contract. Consequently the publication in the *Supplement of the Official Journal* of these kinds of contracts rocketed. However the ECJ interpreted the case differently and consequently publication decreased considerably. This suggests that authorities prefer private contracting over public contracting in the field of land development. There is also other evidence that suggests the same.

This preference might be related to government failure by government officials preferring the nourishment of informal networks above the public interest. Public contracting is a well-known field of corruption. However, there is no relationship between the shares of public procurement advertised in the Official Journal to the score on the Corruption Perception Index by Transparency International. Countries that score well on transparency do not have a higher share of public procurement. Alternatively this choice may be rational. Already Smith indicated that there is an invisible hand guiding buyers to domestic produced products. The savings of the procurement proceedings in the official evaluation are relatively small and it can be imagined easily that in cases in which public procurement proceedings make no good fit with the practice of PPP the costs of using these proceedings are higher than its benefits.

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**OTB - Research Institute
for the Built Environment**

Delft University of Technology

Jaffalaan 9, 2628 BX Delft, The Netherlands

Postbus 5030, 2600 GA Delft, The Netherlands

Phone +31 (0)15 278 30 05

Fax +31 (0)15 278 44 22

E-mail mailbox@otb.tudelft.nl

www.otb.tudelft.nl