


Competitive Procurement Design: Evidence from
Regional Passenger Railway Services in
Germany

by

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**4th Workshop on Transport Economics
19th of May, 2014**



Questions of the paper

- Interesting questions about the design of awarding procedures in the German regional passenger railway services

- Careful econometric analysis: OLS, count data, discrete choice models, test for endogeneity

- They use regression techniques to investigate:
 1. the determinants of the number of bidders
 2. the identity of the winning bidder
 3. the subsidy level



Questions of the paper

- Why do you think entry of new operators would improve regional railroad passenger services?

- Would it be possible to measure the output of an awarding procedure? (price, quality of the service, etc.)



Main results:

- There are more bidders in tenders involving less risk and higher contract durations

- The dominant operator DB Regio is more likely to win if the number of bidders is low, contract volumes are large and if it was the previous operator of the services

- The design of the awarding procedures influences participation in tenders and, furthermore, the chance of new operators to win the contract



Data and methodology

- Good work in collecting the data
- Information provided by the regional transport agencies in a questionnaire
- An English translation of the questionnaire?



Comments and suggestions

Table 3 (Regression on DB wins):

- maybe you should show OLS with agency dummies as well
- Coefficient on Duration somewhat low
- Show the correlation between instruments and the endogenous variable (number of bidder) in an Appendix?



Comments and suggestions

Table 4 (Regression on the number of bidders)

- most of the variables are not statistically significant

Table 5 (Regression on the subsidy level)

- most of the variables are not statistically significant: low number of observations
- is there any way you could improve sample size in estimations with subsidy level?



Comments and suggestions

Table 6 (Mean comparison of direct and competitive awarding)

- - in the text: 92 direct awardings, but in the table:86



Comments and suggestions

- I missed some quantitative interpretation of the estimation results from time to time
- Suggestion: have you tried panel data techniques (agency fixed effects)?
- According to the results of your paper, how would you design an awarding procedure?