

The Effect of Institutions in Public Procurement *

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Abstract

This article explores the effect of institutional factors in the quantitative bidding process, based on panel data from 2007 to 2009 for Japanese prefectures. We first estimate and discuss some results by using a reduced form equation of the average winning bid rate of public procurement to estimate a Difference-in-Differences indicator. Then we estimate simple structural equations of supply-side and demand-side public procurement, and obtain coefficients of institutional factors. Finally, we discuss a counterfactual simulation for transparency and efficiency by a public procurement authority based on the coefficients of the structural equation.

Keywords: prefecture, public procurement, structural estimation

JEL classification: D44, H57, L41

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