

Public procurement in Chile

Framework

In 2003, Chile launched a reform with the objective of modernizing its public procurement system. The new system, launched in 2007, transformed the rules organizing public procurement in the country. All state agencies, with few exceptions, had to adapt to the new regulation. Similarly, firms were also required to follow new procedures and rules.

The new system organizes purchases into four types: e-store, public tenders, private tenders, and direct deals. The E-store is a digital marketplace for goods and services usually required by public agencies. It is organized and administrated by the central government. Public and private tenders are organized by the purchasing agency, with both purchase types following the same general rules, except that private tenders are not publicly announced and firms require an invitation in order to participate. Finally, if some requirements are fulfilled, direct deals allow agencies to approach and purchase goods from any firm, making it the most discretionary type of purchase.

In 2024 public procurement reached 16.540 US\$ billions (around 5% of Chile's GDP), involving more than 2 million transactions between 1,086 public agencies and 83,121 firms. Using the publicly data available from 2007 onwards, you are asked to study the evolution of public procurement through this central market in different dimensions.

The research project will be divided into three parts. First you will learn about public procurement in the World and Chile's reform. The goal of the second stage is to chose a specific research question to study using the Chilean context. Finally, you will provide an answer to your research question. This project will require some economic theory (public procurement, public economics, IO), but will mainly focus on overcoming empirical challenges such as managing very large datasets, constructing relevant measures of efficiency in public spending, and documenting their evolution over time.

Related literature

Ortuzar, G. B., Sevillano, E. M., Castro, C. L., & Uribe, C. (2017). Challenges in Chilean E-procurement system: a critical review. *Digital Governance and E-Government Principles Applied to Public Procurement*, 170-202.

Singer, M., Konstantinidis, G., Roubik, E., & Beffermann, E. (2009). Does e-procurement save the state money?. *Journal of Public procurement*, 9(1), 58-78.

Gerardino, M. P., Litschig, S., & Pomeranz, D. (2024). Distortion by audit: Evidence from public procurement. *American Economic Journal: Applied Economics*, 16(4), 71-108.

Jorquera, M. (2019). Compras Públicas y Big Data: Investigación en Chile sobre índice de riesgo de corrupción.