Online Appendix A

Table A.1: Pretreatment Test

Dep. Variables	(1) North	(2) Pop.	(3) Piedmont	(4) Municipality	(5) Province	(6) Rome	(7) Jud. Eff.	(8) Corruption	(9) Soc. Cap.
	Panel A: Intention-to-Treat								
Linear	0.0578	54.80	-0.0149	-0.0812**	-0.00657	-0.00902	-36.24	0.0307	6.13e-06
	(0.0439)	(89.22)	(0.0274)	(0.0378)	(0.0204)	(0.0109)	(25.35)	(0.0700)	(0.00471)
Quadratic	0.0513	52.05	-0.0157	-0.0723*	-0.00346	-0.00942	-29.39	0.0373	0.00144
	(0.0448)	(90.98)	(0.0280)	(0.0385)	(0.0213)	(0.0112)	(25.94)	(0.0726)	(0.00487)
Cubic	0.0161	64.30	0.000817	-0.0556	0.00425	-0.00839	-7.597	0.0524	0.00581
	(0.0589)	(122.4)	(0.0370)	(0.0505)	(0.0264)	(0.0155)	(33.39)	(0.0923)	(0.00637)
Quartic	0.00664	41.75	-0.00282	-0.0611	-0.0121	-0.00693	-5.441	0.0409	0.00553
	(0.0599)	(124.8)	(0.0377)	(0.0510)	(0.0296)	(0.0159)	(34.15)	(0.0935)	(0.00649)
LLR	0.0527	46.46	-0.0170	-0.0749*	-0.00555	-0.00955	-29.90	0.0345	0.00132
	(0.0448)	(90.87)	(0.0280)	(0.0384)	(0.0207)	(0.0113)	(25.90)	(0.0723)	(0.00485)
	Panel B: Fuzzy-RDD								
Linear	0.407	404.7	-0.107	-0.586**	-0.0531	-0.0665	-251.8	0.228	4.55e-05
	(0.316)	(657.9)	(0.197)	(0.282)	(0.164)	(0.0819)	(180.0)	(0.522)	(0.0349)
Quadratic	0.400	416.8	-0.118	-0.546*	-0.0253	-0.0747	-225.5	0.288	0.0112
	(0.355)	(727.9)	(0.209)	(0.297)	(0.155)	(0.0904)	(201.8)	(0.563)	(0.0376)
Cubic	0.0933	391.2	0.00554	-0.378	0.0319	-0.0486	-44.28	0.343	0.0368
	(0.340)	(737.4)	(0.250)	(0.348)	(0.198)	(0.0906)	(193.7)	(0.606)	(0.0406)
Quartic	0.0407	273.0	-0.0203	-0.434	-0.0802	-0.0430	-33.42	0.301	0.0386
	(0.366)	(810.0)	(0.271)	(0.367)	(0.195)	(0.0991)	(208.9)	(0.689)	(0.0454)
LLR	0.391	445.0	-0.0757	-0.602**	-0.0306	-0.0460	-287.3*	0.171	-0.0130
	(0.281)	(601.9)	(0.187)	(0.269)	(0.151)	(0.0707)	(161.1)	(0.502)	(0.0331)
Observations	2,042	2,323	2,649	2,685	3,176	2,139	2,008	2,437	2,545
Average	0.600	1052	0.132	0.631	0.0970	0.0150	876	1.050	0.842
Bandwidth	0.737	0.838	0.975	0.999	1.600	0.770	0.724	0.888	0.919

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 400,000 euro threshold and Fixed Effects for years 2000-2005. Panel A, rows 1 (3) [5] {7} and 2 (4) [6] {8}, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 9 (11) [13] {15} and 8 (10) [12] {16} report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). The dependent variables are: in column 1, *North*, a dummy equal to one for works assigned with in a region in the north of Italy; in column 2, *Pop*, is the number of resident at provincial level (1,000); in column 3, *Piedmont*, a dummy equal to one for works assigned with in Piedmont; in column 4, *Municipality*, a dummy equal to one for works assigned with by a municipality; in column 5, *Province*, a dummy equal to one for works assigned with by a province; in column 6, *Rome*, a dummy equal to one for works assigned with in Rome; in column 7, *Jud. Eff. Winner*, is the length of civil trial (in days) at provincial-yearly level; in column 8, *Corruption*, is the Golden-Picci Index (2005) defined as the difference between the actual quantities of public infrastructures and the priced paid to accumulate that stock of capital; in 9 column, *Soc. Cap* is the Guiso et al. (2004) measure based on referendum turnout. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and we include only municipality, province and region to allow clustering at region level.

Table A.2: Local Linear Regression

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Baseline Model					
ITT	0.127***	-0.242	-0.580	-10.37	-5.442	0.0104	0.000630	0.0479*	0.0940*
	(0.0246)	(0.488)	(1.521)	(16.28)	(12.88)	(0.0155)	(0.0427)	(0.0273)	(0.0569)
Fuzzy-RDD		-2.134	-5.992	-145.9	-62.35	0.0692	-0.0254	0.329*	0.449
		(3.702)	(11.37)	(109.4)	(75.44)	(0.112)	(0.296)	(0.187)	(0.304)
				Panel B: Region and Year Fixed Effect					
ITT	0.123***	-0.284	-0.961	-5.448	-2.622	0.0115	-0.00979	0.0490**	0.0903
	(0.0239)	(0.358)	(1.259)	(13.98)	(10.17)	(0.0154)	(0.0464)	(0.0219)	(0.0590)
Fuzzy-RDD		-2.392	-8.319	-109.3	-45.18	0.0809	-0.0946	0.348*	0.418
		(2.394)	(8.613)	(82.62)	(88.28)	(0.122)	(0.336)	(0.173)	(0.373)
				Panel C: Region-Year Fixed Effect					
ITT	0.124***	-0.215	-1.259	-11.25	-4.675	0.0123	-0.00804	0.0443**	0.0949
	(0.0255)	(0.376)	(1.384)	(12.18)	(10.48)	(0.0137)	(0.0480)	(0.0196)	(0.0626)
Fuzzy-RDD		-1.787	-10.49	-145.4*	-60.73	0.0886	-0.0844	0.314*	0.394
		(2.607)	(10.08)	(75.35)	(90.14)	(0.108)	(0.340)	(0.153)	(0.399)
				Panel D: Province and Year Fixed Effect					
ITT	0.119***	-0.181	-0.536	-6.458	1.271	0.0118	0.0104	0.0553**	0.103
	(0.0277)	(0.413)	(1.189)	(13.76)	(10.91)	(0.0157)	(0.0407)	(0.0238)	(0.0630)
Fuzzy-RDD		-1.481	-4.876	-101.2	-21.07	0.0912	0.0748	0.409**	0.534
		(2.406)	(11.08)	(119.6)	(86.13)	(0.115)	(0.307)	(0.199)	(0.364)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from local linear regressions, which includes the difference of the reserve price from the 300,000 euro threshold and an interaction between this variable and an indicator variable for discretion. The Panel A (B) [C] {D} regressions include Fixed Effects for years 2000-2005 (Fixed Effect for each region and year, 20 regions and years 2000-2005)[Fixed Effect for each couple of region-year, 20 regions and years 2000-2005]{Fixed Effect for each province and year, 110 province and years 2000-2005}. Rows 1 (5) [9] {13} and 2 (6) [10] {14} report the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects), Rows 3 (7) [11] {15} and 4 (8) [12] {16} the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument and the interaction between this variable the difference of the reserve price from the 300,000 euro threshold as instrument (Fuzzy RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity (clustered at region level) [clustered at region level] {clustered at province level}. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the construction procurements works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.3: Baseline Model - Sample 2001-2005

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.170***	-0.617	-1.779	-2.988	-9.325	0.00336	0.0364	0.0505*	0.0948*
	(0.0305)	(0.649)	(1.350)	(18.71)	(12.19)	(0.0153)	(0.0359)	(0.0280)	(0.0576)
Quadratic	0.156***	-0.476	-1.685	7.892	-7.538	0.00263	0.0262	0.0479*	0.102*
	(0.0284)	(0.652)	(1.391)	(19.41)	(12.53)	(0.0152)	(0.0386)	(0.0275)	(0.0585)
Cubic	0.182***	-0.315	-2.657	-22.25	9.309	0.00232	0.0347	0.0841**	0.103
	(0.0420)	(0.872)	(1.659)	(23.72)	(15.65)	(0.0207)	(0.0456)	(0.0377)	(0.0765)
Quartic	0.174***	-0.309	-2.479	-21.53	8.935	0.00818	0.0277	0.0898**	0.0876
	(0.0399)	(0.880)	(1.681)	(24.57)	(15.92)	(0.0210)	(0.0534)	(0.0373)	(0.0776)
LLR	0.154***	-0.515	-1.600	7.985	-7.406	0.00379	0.0292	0.0479*	0.0994*
	(0.0280)	(0.653)	(1.391)	(19.31)	(12.43)	(0.0151)	(0.0371)	(0.0273)	(0.0585)
				Panel B: Fuzzy-RDD					
Linear		-3.961	-11.95	-18.03	-58.88	0.0224	0.290	0.330*	0.521
		(4.121)	(8.854)	(112.5)	(77.33)	(0.102)	(0.286)	(0.186)	(0.337)
Quadratic		-3.286	-11.73	51.90	-51.60	0.0187	0.180	0.335*	0.623
		(4.468)	(9.484)	(129.2)	(86.07)	(0.108)	(0.264)	(0.197)	(0.383)
Cubic		-1.729	-16.44	-114.5	49.51	0.0124	0.232	0.441**	0.532
		(4.770)	(10.03)	(120.7)	(84.49)	(0.111)	(0.304)	(0.209)	(0.428)
Quartic		-1.826	-15.81	-116.5	51.21	0.0477	0.167	0.506**	0.474
		(5.179)	(10.49)	(131.7)	(92.35)	(0.121)	(0.319)	(0.227)	(0.443)
LLR		-4.052	-11.52	-67.44	-61.11	0.0234	0.179	0.328*	0.371
		(4.065)	(9.475)	(132.6)	(75.00)	(0.103)	(0.264)	(0.187)	(0.322)
Observations	1,614	1,936	2,354	1,488	1,815	1,974	2,836	1,848	1,252
Average	0.0905	12.76	14.00	376.4	135.8	0.134	0.559	0.0958	0.494
Bandwidth	0.670	0.812	1.035	0.620	0.761	0.831	1.762	0.773	0.617

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effects for years 2000-2005. |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm.*Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2001 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works executed in 2000 are dropped.

Table A.4: Region-Year Fixed Effects Model - Sample 2001-2005

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.167***	-0.493	-2.427	-12.09	-11.68	0.000727	0.0305	0.0484**	0.0918
	(0.0296)	(0.364)	(1.503)	(14.47)	(11.68)	(0.0180)	(0.0359)	(0.0212)	(0.0718)
Quadratic	0.153***	-0.428	-2.372	-0.829	-8.887	-0.000888	0.0190	0.0445**	0.0991
	(0.0290)	(0.354)	(1.622)	(16.36)	(11.21)	(0.0150)	(0.0364)	(0.0200)	(0.0695)
Cubic	0.186***	-0.361	-2.700*	-25.45	5.948	-0.00154	0.0219	0.0855**	0.121
	(0.0507)	(0.575)	(1.305)	(27.01)	(15.84)	(0.0259)	(0.0414)	(0.0349)	(0.123)
Quartic	0.178***	-0.392	-2.631*	-25.18	6.047	0.00431	0.0174	0.0907**	0.110
	(0.0465)	(0.527)	(1.285)	(28.87)	(15.33)	(0.0257)	(0.0556)	(0.0368)	(0.125)
LLR	0.152***	-0.453	-2.317	-1.187	-8.829	0.000251	0.0231	0.0444**	0.0974
	(0.0282)	(0.344)	(1.601)	(16.37)	(11.25)	(0.0150)	(0.0365)	(0.0196)	(0.0691)
				Panel B; Fuzzy-RDD					
Linear		-3.174	-16.63	-72.80	-74.74	0.00486	0.246	0.315*	0.513
		(2.358)	(9.866)	(86.03)	(81.43)	(0.119)	(0.280)	(0.153)	(0.452)
Quadratic		-2.960	-16.82	-5.406	-61.80	-0.00630	0.132	0.310*	0.613
		(2.304)	(11.14)	(106.6)	(80.90)	(0.107)	(0.247)	(0.155)	(0.495)
Cubic		-2.019	-16.62*	-129.6	31.82	-0.00839	0.145	0.457*	0.626
		(3.245)	(8.923)	(127.0)	(87.35)	(0.142)	(0.270)	(0.221)	(0.735)
Quartic		-2.367	-16.67*	-136.6	34.63	0.0259	0.105	0.521*	0.602
		(3.221)	(8.782)	(143.7)	(90.32)	(0.151)	(0.334)	(0.246)	(0.774)
LLR		-3.170	-16.79	-112.1	-74.76	0.00412	0.146	0.316*	0.388
		(2.420)	(11.28)	(104.8)	(78.39)	(0.117)	(0.242)	(0.153)	(0.418)
Observations	1,614	1,936	2,354	1,488	1,815	1,974	2,836	1,848	1,252
Average	0.0905	12.76	14.00	376.4	135.8	0.134	0.559	0.0958	0.494
Bandwidth	0.670	0.812	1.035	0.620	0.761	0.831	1.762	0.773	0.617

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2001 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works executed in 2000 are dropped.

Table A.5: Region and Year Fixed Effects

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.138***	-0.210	-1.159	-12.89	-4.515	0.0106	-0.0135	0.0519**	0.0925
	(0.0271)	(0.397)	(1.095)	(12.95)	(11.44)	(0.0170)	(0.0438)	(0.0227)	(0.0597)
Quadratic	0.126***	-0.324	-1.041	-6.703	-3.124	0.0106	-0.0113	0.0487**	0.0886
	(0.0250)	(0.357)	(1.262)	(13.69)	(10.10)	(0.0153)	(0.0464)	(0.0222)	(0.0596)
Cubic	0.171***	-0.260	-2.559**	-12.32	30.98**	-0.00878	0.00203	0.0887**	0.0651
	(0.0400)	(0.457)	(1.045)	(21.21)	(13.07)	(0.0277)	(0.0714)	(0.0349)	(0.0633)
Quartic	0.161***	-0.534	-2.069	-2.919	34.69**	-0.00634	0.0115	0.0954**	0.0646
	(0.0362)	(0.428)	(1.306)	(23.09)	(13.92)	(0.0286)	(0.0708)	(0.0364)	(0.0598)
				Panel B: Fuzzy-RDD					
Linear		-1.849	-8.700	-92.93	-29.56	0.0804	-0.0979	0.348*	0.540
		(3.363)	(8.192)	(94.99)	(76.35)	(0.124)	(0.326)	(0.169)	(0.422)
Quadratic		-2.431	-8.324	-53.16	-22.44	0.0869	-0.0876	0.350*	0.585
		(2.555)	(9.859)	(108.5)	(73.21)	(0.122)	(0.367)	(0.178)	(0.464)
Cubic		-1.943	-16.33**	-72.33	185.4*	-0.0528	0.0134	0.464*	0.367
		(3.373)	(6.404)	(122.9)	(86.47)	(0.171)	(0.470)	(0.219)	(0.387)
Quartic		-3.674	-14.51	-18.20	212.0**	-0.0406	0.0835	0.532**	0.366
		(3.044)	(8.268)	(143.6)	(92.92)	(0.186)	(0.505)	(0.242)	(0.369)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region and year (20 regions and years 2000-2005). Panel A, rows 1 (3) [5] {7} and 2 (4) [6] {8}, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 9 (11) [13] {15} and 8 (10) [12] {16}, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.6: Region-Year Fixed Effects

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.139***	-0.161	-1.424	-19.90*	-7.154	0.0116	-0.0121	0.0483**	0.0947
	(0.0284)	(0.408)	(1.241)	(10.88)	(11.93)	(0.0161)	(0.0450)	(0.0212)	(0.0634)
Quadratic	0.126***	-0.242	-1.345	-12.26	-5.164	0.0116	-0.00928	0.0443**	0.0932
	(0.0266)	(0.376)	(1.396)	(11.86)	(10.47)	(0.0137)	(0.0480)	(0.0200)	(0.0637)
Cubic	0.178***	-0.217	-3.185***	-13.99	32.46**	-0.00331	0.00631	0.0855**	0.0714
	(0.0413)	(0.464)	(0.892)	(19.96)	(14.04)	(0.0269)	(0.0730)	(0.0349)	(0.0649)
Quartic	0.167***	-0.540	-2.659**	-4.549	36.57**	-0.000729	0.0151	0.0906**	0.0692
	(0.0371)	(0.431)	(0.977)	(22.21)	(14.40)	(0.0277)	(0.0718)	(0.0366)	(0.0607)
				Panel B: Fuzzy-RDD					
Linear		-1.424	-10.68	-142.3	-45.00	0.0851	-0.0872	0.314*	0.538
		(3.509)	(9.461)	(87.49)	(78.52)	(0.113)	(0.332)	(0.153)	(0.438)
Quadratic		-1.826	-10.64	-96.90	-35.90	0.0922	-0.0711	0.309*	0.603
		(2.753)	(11.00)	(97.52)	(74.77)	(0.104)	(0.374)	(0.155)	(0.490)
Cubic		-1.596	-19.65***	-78.37	189.0*	-0.0197	0.0404	0.458*	0.393
		(3.377)	(6.189)	(111.4)	(94.81)	(0.161)	(0.464)	(0.221)	(0.387)
Quartic		-3.646	-18.26**	-27.02	214.6**	-0.00465	0.107	0.521*	0.379
		(3.005)	(6.446)	(131.8)	(97.79)	(0.177)	(0.498)	(0.246)	(0.358)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). Panel A, rows 1 (3) [5] {7} and 2 (4) [6] {8}, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 9 (11) [13] {15} and 8 (10) [12] {16} report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.7: Province Fixed Effects

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.133***	-0.157	-0.666	-14.02	-1.039	0.0107	0.00925	0.0585**	0.104**
	(0.0314)	(0.333)	(1.402)	(15.72)	(13.61)	(0.0153)	(0.0393)	(0.0269)	(0.0446)
Quadratic	0.122***	-0.182	-0.635	-7.911	0.884	0.0106	0.00935	0.0549**	0.102**
	(0.0286)	(0.351)	(1.511)	(17.70)	(14.27)	(0.0145)	(0.0391)	(0.0262)	(0.0447)
Cubic	0.161***	-0.0751	-2.114	-18.72	29.40*	-0.00516	0.0197	0.0932**	0.0868
	(0.0466)	(0.494)	(2.223)	(20.30)	(15.99)	(0.0264)	(0.0595)	(0.0417)	(0.0729)
Quartic	0.150***	-0.227	-1.547	-8.301	32.93**	-0.000735	0.0253	0.101**	0.0860
	(0.0437)	(0.547)	(2.329)	(21.78)	(16.13)	(0.0266)	(0.0589)	(0.0416)	(0.0696)
				Panel B: Fuzzy-RDD					
Linear		-1.456	-5.154	-105.1	-7.316	0.0838	0.0700	0.404**	0.653*
		(3.032)	(10.49)	(114.0)	(96.28)	(0.115)	(0.297)	(0.192)	(0.367)
Quadratic		-1.409	-5.190	-64.99	6.890	0.0899	0.0752	0.402**	0.735*
		(2.648)	(11.93)	(142.8)	(110.9)	(0.119)	(0.314)	(0.200)	(0.407)
Cubic		-0.572	-14.24	-117.0	183.4*	-0.0328	0.139	0.495**	0.503
		(3.731)	(13.54)	(120.5)	(106.5)	(0.172)	(0.425)	(0.246)	(0.457)
Quartic		-1.609	-11.46	-55.53	209.7*	-0.00501	0.196	0.579**	0.503
		(3.767)	(15.91)	(141.4)	(110.2)	(0.182)	(0.467)	(0.276)	(0.438)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each province and year (110 province and years 2000-2005). Panel A, rows 1 (3) [5] {7} and 2 (4) [6] {8}, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 9 (11) [13] {15} and 8 (10) [12] {16}, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at province level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.8: Contracting Authority Fixed Effect

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.120***	-0.296	-1.226	-27.45**	-5.489	0.0136	0.0825*	0.0671*	0.0361
	(0.0360)	(0.484)	(1.504)	(10.69)	(17.65)	(0.0149)	(0.0444)	(0.0363)	(0.116)
Quadratic	0.112***	-0.430	-0.932	-21.93*	-5.990	0.0190	0.0872*	0.0671*	0.0227
	(0.0331)	(0.524)	(1.432)	(11.72)	(16.78)	(0.0126)	(0.0472)	(0.0369)	(0.115)
Cubic	0.145**	-0.0751	-1.842	-19.91*	14.42	0.0255	0.0720	0.129**	-0.0173
	(0.0524)	(0.468)	(2.855)	(11.08)	(21.65)	(0.0437)	(0.0496)	(0.0487)	(0.194)
Quartic	0.134**	-0.466	-1.195	-15.27	14.43	0.0299	0.0696	0.133**	-0.0468
	(0.0515)	(0.399)	(3.180)	(13.84)	(22.70)	(0.0427)	(0.0472)	(0.0478)	(0.197)
LLR	0.107***	-0.454	-0.794	-21.14*	-6.220	0.0190	0.0858*	0.0660*	0.0162
	(0.0321)	(0.501)	(1.445)	(11.47)	(17.03)	(0.0120)	(0.0478)	(0.0348)	(0.115)
				Panel B: Fuzzy-RDD					
Linear		-3.638	-14.14	-229.9*	-42.29	0.130	0.895	0.570*	0.273
		(5.582)	(17.78)	(114.1)	(145.5)	(0.132)	(0.514)	(0.298)	(0.897)
Quadratic		-3.857	-11.74	-194.9	-50.89	0.206	1.017	0.609*	0.195
		(4.262)	(18.85)	(113.8)	(155.8)	(0.142)	(0.610)	(0.324)	(1.011)
Cubic		-0.673	-14.43	-138.5	85.24	0.215	0.594	0.913*	-0.101
		(4.150)	(23.04)	(86.77)	(127.4)	(0.377)	(0.519)	(0.442)	(1.159)
Quartic		-3.867	-10.52	-117.0	87.61	0.260	0.644	0.959*	-0.274
		(3.167)	(28.20)	(129.5)	(139.4)	(0.381)	(0.550)	(0.466)	(1.199)
LLR		-4.116	1.514	-200.2	-41.93	0.192	1.505	0.645	0.311
		(4.744)	(31.79)	(126.1)	(153.7)	(0.227)	(1.394)	(0.379)	(0.925)
Observations	1,293	2,385	1,577	1,286	973	1,408	1,542	1,149	737
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005) and contracting authority. |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005) and contracting authority.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy for work assigned warded in the North of Italy; in column 2, *Pop*, the number of residents at the provincial level (in 1,000); in column 3, a dummy for work assigned warded in the Piedmont; in column 4, *Municipality*, a dummy for work assigned warded by a Municipality; in column 5, *Provincia*, a dummy for work assigned warded by a Provincia; in column 6, *Rome*, a dummy for work assigned warded by in Rome; in column 7, *Jud. Eff.*, lenght of civil trial at province and year level; in column 8, *Corruption index*, the Golden-Picci Index (2005) the difference between the actual quantities of public infrastructures and the priced paid to accumulate that stock of capital; in 9 column, *Social Capital Index*, the Guiso et al. (2004) measure based on referendum turnout. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity and clustered at regional level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.9: Controlling for Social Capital, Corruption and Judicial Efficiency - Local Linear Regression

VARIABLES	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Social Capital					
ITT	0.125***	-0.242	-0.329	-9.030	-4.753	0.0126	0.00244	0.0473*	0.0910
	(0.0245)	(0.418)	(1.488)	(16.20)	(12.83)	(0.0153)	(0.0425)	(0.0273)	(0.0568)
Social Capital	0.366***	-71.65***	-105.1***	-282.1***	-137.8**	-0.484***	-0.951***	0.365***	0.529**
	(0.0747)	(2.337)	(7.959)	(67.68)	(54.92)	(0.0917)	(0.168)	(0.108)	(0.231)
Fuzzy-RDD		-2.403	-4.372	-137.9	-59.11	0.0809	-0.0165	0.328*	0.443
		(3.233)	(11.40)	(111.1)	(76.14)	(0.113)	(0.297)	(0.187)	(0.305)
Social Capital		-71.29***	-109.3***	-331.9***	-144.5*	-0.562***	-1.029***	0.205	0.269
		(2.638)	(12.20)	(113.3)	(82.96)	(0.138)	(0.300)	(0.183)	(0.335)
				Panel B: Corruption					
ITT	0.124***	-0.303	-0.753	-11.06	-5.474	0.00928	0.00109	0.0483*	0.0911
	(0.0246)	(0.444)	(1.509)	(16.37)	(12.95)	(0.0155)	(0.0428)	(0.0274)	(0.0570)
Corruption	-0.0116**	3.677***	5.523***	1.517	-1.072	0.0229**	0.0435***	-0.00491	0.0456***
	(0.00492)	(0.138)	(0.651)	(5.269)	(4.086)	(0.00898)	(0.0105)	(0.00768)	(0.0159)
Fuzzy-RDD		-2.445	-7.178	-155.2	-65.42	0.0620	-0.0183	0.347*	0.420
		(3.427)	(11.64)	(111.3)	(76.22)	(0.115)	(0.307)	(0.195)	(0.303)
Corruption		3.641***	5.621***	3.512	-0.693	0.0248**	0.0468***	-0.000879	0.0519***
		(0.143)	(0.775)	(6.223)	(4.538)	(0.00994)	(0.0156)	(0.00899)	(0.0178)
				Panel C: Judcial Efficiency					
ITT	0.120***	-0.193	-0.512	-6.295	0.856	0.0121	0.00836	0.0550**	0.103*
	(0.0247)	(0.345)	(1.363)	(16.28)	(12.83)	(0.0147)	(0.0401)	(0.0276)	(0.0562)
Length Civil Trial	0.00361	-0.0905	0.167	1.363	-3.627	0.00186	-0.0134	-0.00314	-0.00907
	(0.00492)	(0.0851)	(0.365)	(3.704)	(3.173)	(0.00365)	(0.00892)	(0.00669)	(0.0121)
Fuzzy-RDD		-1.585	-4.657	-100.5	-23.72	0.0934	0.0586	0.405*	0.533
		(2.753)	(10.67)	(124.3)	(84.98)	(0.122)	(0.305)	(0.208)	(0.365)
Length Civil Trial		-0.0897	0.178	0.742	-4.578	0.00163	-0.0131	-0.00508	-0.0124
		(0.0842)	(0.366)	(3.975)	(3.530)	(0.00379)	(0.00902)	(0.00727)	(0.0144)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from local linear regressions, which includes the difference of the reserve price from the 300,000 euro threshold and an interaction between this variable and an indicator variable for discretion. Panel A (B) [C] includes control for Social Capital index (Corruption index) [Length of civil trial]. Rows 1 (9) [17] and 2 (10) [18] report the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects); rows 3 (11) [19] and 4 (12) [20] report the Coefficient and SEs (in parenthesis) of the Social Capital index (Corruption index) [Length of civil trial]. Rows 5 (13) [21] and 6 (14) [22] the IV-LATE estimates estimates of V-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD); rows 7 (15) [23] and 8 (16) [24] report the Coefficient and SEs (in parenthesis) of the Social Capital index (Corruption index) [Length of civil trial]. The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012)

Table A.10: Work Type Fixed Effects

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.140***	-0.148	-0.687	-15.35	-9.915	0.0112	-0.00222	0.0505*	0.112**
	(0.0265)	(0.462)	(1.490)	(15.68)	(12.92)	(0.0155)	(0.0419)	(0.0281)	(0.0561)
Quadratic	0.128***	-0.199	-0.376	-8.624	-7.583	0.0115	0.000178	0.0474*	0.105*
	(0.0245)	(0.509)	(1.526)	(16.12)	(12.88)	(0.0157)	(0.0430)	(0.0277)	(0.0570)
Cubic	0.168***	0.161	-2.155	-11.22	25.48	-0.00755	0.00960	0.0852**	0.0828
	(0.0362)	(0.585)	(1.924)	(20.35)	(16.86)	(0.0210)	(0.0563)	(0.0383)	(0.0746)
Quartic	0.159***	-0.486	-1.807	-1.208	29.49*	-0.00489	0.0148	0.0899**	0.0785
	(0.0340)	(0.703)	(1.977)	(20.78)	(16.84)	(0.0213)	(0.0575)	(0.0378)	(0.0758)
LLR	0.126***	-0.221	-0.356	-7.269	-7.035	0.0123	0.000813	0.0473**	0.106*
	(0.0243)	(0.502)	(1.611)	(12.84)	(9.782)	(0.0177)	(0.0449)	(0.0210)	(0.0512)
				Panel B: Fuzzy-RDD					
Linear		-1.289	-5.120	-109.1	-65.41	0.0821	-0.0159	0.340*	0.645*
		(4.001)	(10.95)	(110.7)	(85.36)	(0.113)	(0.300)	(0.193)	(0.352)
Quadratic		-1.479	-2.981	-67.06	-54.76	0.0908	0.00136	0.342*	0.678*
		(3.743)	(12.00)	(124.6)	(93.14)	(0.124)	(0.329)	(0.204)	(0.397)
Cubic		1.183	-13.49	-67.24	155.0	-0.0460	0.0620	0.476**	0.458
		(4.346)	(11.79)	(120.5)	(113.2)	(0.130)	(0.363)	(0.227)	(0.437)
Fuzzy RD		-3.281	-12.32	-7.685	181.4	-0.0319	0.104	0.541**	0.433
		(4.700)	(13.22)	(131.9)	(115.6)	(0.140)	(0.401)	(0.247)	(0.437)
LLR		-1.865	-4.178	-129.3	-86.74	0.0799	-0.0153	0.340*	0.553
		(3.324)	(10.20)	(76.18)	(92.65)	(0.130)	(0.316)	(0.162)	(0.355)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for work type and years 2000-2005.|Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for work type and years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.11: Work Type and Region-Year Fixed Effects

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.137***	-0.166	-1.269	-16.31	-9.749	0.0128	-0.0123	0.0489**	0.107*
	(0.0273)	(0.396)	(1.219)	(9.787)	(11.72)	(0.0177)	(0.0440)	(0.0215)	(0.0584)
Quadratic	0.125***	-0.243	-1.203	-8.772	-6.991	0.0131	-0.0108	0.0447**	0.105*
	(0.0257)	(0.379)	(1.369)	(10.53)	(10.06)	(0.0156)	(0.0463)	(0.0206)	(0.0585)
Cubic	0.173***	-0.175	-2.900***	-11.60	28.31**	-0.00244	-0.00183	0.0879**	0.0869
	(0.0407)	(0.475)	(0.947)	(18.19)	(11.97)	(0.0303)	(0.0701)	(0.0347)	(0.0600)
Quartic	0.164***	-0.490	-2.407**	-1.694	32.46**	0.000256	0.00737	0.0919**	0.0840
	(0.0369)	(0.432)	(1.013)	(20.45)	(12.95)	(0.0309)	(0.0691)	(0.0367)	(0.0542)
LLR	0.123***	-0.219	-1.129	-7.657	-6.496	0.0138	-0.00917	0.0444**	0.106*
	(0.0247)	(0.375)	(1.355)	(10.77)	(10.18)	(0.0156)	(0.0465)	(0.0201)	(0.0577)
				Panel B: Fuzzy-RDD					
Linear		-1.480	-9.649	-118.5	-63.89	0.0953	-0.0898	0.329*	0.625
		(3.413)	(9.472)	(79.17)	(82.46)	(0.126)	(0.330)	(0.156)	(0.444)
Quadratic		-1.852	-9.626	-70.26	-50.45	0.105	-0.0832	0.322*	0.688
		(2.803)	(10.96)	(86.33)	(76.05)	(0.120)	(0.367)	(0.162)	(0.496)
Cubic		-1.299	-18.05**	-66.91	171.6*	-0.0149	-0.0118	0.497**	0.486
		(3.494)	(6.401)	(104.9)	(80.89)	(0.186)	(0.456)	(0.228)	(0.383)
Quartic		-3.337	-16.64**	-10.34	197.4**	0.00168	0.0526	0.558**	0.466
		(3.003)	(6.743)	(124.8)	(87.29)	(0.203)	(0.488)	(0.256)	(0.343)
LLR		-1.819	-9.478	-119.3*	-82.72	0.0997	-0.0873	0.328*	0.493
		(2.683)	(10.16)	(64.40)	(95.27)	(0.120)	(0.338)	(0.156)	(0.413)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for work type and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for work type and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.12: Cotrolling for Region-Year Fe, Category FE and Judicial Efficiency

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.137***	-0.183	-1.278	-16.17	-9.416	0.0129	-0.0125	0.0489**	0.107*
	(0.0271)	(0.395)	(1.230)	(9.598)	(11.56)	(0.0175)	(0.0442)	(0.0215)	(0.0572)
Quadratic	0.125***	-0.286	-1.174	-8.770	-6.751	0.0130	-0.0102	0.0447**	0.105*
	(0.0256)	(0.374)	(1.377)	(10.46)	(9.969)	(0.0157)	(0.0464)	(0.0206)	(0.0565)
Cubic	0.173***	-0.176	-2.941**	-11.54	27.85**	-0.00234	-0.00253	0.0879**	0.0927
	(0.0406)	(0.481)	(0.983)	(18.20)	(12.17)	(0.0300)	(0.0700)	(0.0347)	(0.0577)
Quartic	0.164***	-0.513	-2.420**	-1.644	31.95**	0.000390	0.00713	0.0920**	0.0891
	(0.0368)	(0.442)	(1.052)	(20.48)	(13.18)	(0.0306)	(0.0693)	(0.0367)	(0.0520)
LLR	0.123***	-0.260	-1.097	-7.654	-6.268	0.0137	-0.00856	0.0444**	0.106*
	(0.0247)	(0.371)	(1.361)	(10.70)	(10.10)	(0.0156)	(0.0466)	(0.0201)	(0.0559)
				Panel B: Fuzzy-RDD					
Linear		-1.631	-9.720	-117.4	-61.55	0.0955	-0.0909	0.328*	0.623
		(3.387)	(9.553)	(77.22)	(80.84)	(0.125)	(0.332)	(0.155)	(0.437)
Quadratic		-2.171	-9.395	-70.25	-48.61	0.104	-0.0788	0.322*	0.693
		(2.732)	(11.05)	(85.66)	(75.02)	(0.121)	(0.367)	(0.162)	(0.485)
Cubic		-1.309	-18.29**	-66.57	169.4*	-0.0143	-0.0164	0.496**	0.520
		(3.535)	(6.581)	(104.9)	(82.47)	(0.184)	(0.455)	(0.227)	(0.377)
Quartic		-3.491	-16.72**	-10.03	195.2**	0.00255	0.0509	0.557**	0.495
		(3.084)	(7.040)	(125.0)	(89.15)	(0.200)	(0.489)	(0.254)	(0.336)
LLR		-2.202	-9.374	-118.8*	-80.50	0.0997	-0.0876	0.328*	0.476
		(2.607)	(10.07)	(63.59)	(94.07)	(0.120)	(0.339)	(0.155)	(0.411)
Observations	2,025	3,314	2,392	2,014	1,620	2,163	2,349	1,850	1,310
Average	0.0889	12.88	14.13	376.8	137.3	0.136	0.567	0.0957	0.479
Bandwidth	0.730	1.836	0.864	0.726	0.585	0.780	0.847	0.775	0.572

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold, length of civil trial and Fixed Effect for work type, and Fixed Effect for each region-year pair (20 regions and years 2000-2005. |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for length of civil trial and Fixed Effect for work type, and Fixed Effect for each region-year pair (20 regions and years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.13: Days of delay divided by the contractual length, Region-Year Fixed Effects

VARIABLES	(1) Deg 1	(2) Deg 2	(3) Deg 3	(4) Deg 4	(5) LLR	(6) Deg 1	(7) Deg 2	(8) Deg 3	(9) Deg 4	(10) LLR
ITT	0.0192	0.0163	0.196**	0.199**	0.0163	0.0219	0.0194	0.209**	0.212**	0.0191
	(0.0652)	(0.0650)	(0.0851)	(0.0847)	(0.0647)	(0.0622)	(0.0520)	(0.0765)	(0.0848)	(0.0524)
Fuzzy-RDD	0.122	0.112	1.151**	1.194**	0.135	0.137	0.132	1.227***	1.268**	0.143
	(0.412)	(0.447)	(0.564)	(0.568)	(0.381)	(0.374)	(0.341)	(0.399)	(0.450)	(0.419)
Observations	1,641	1,641	1,641	1,641	1,641	1,641	1,641	1,641	1,641	1,641
Average	0.684	0.684	0.684	0.684	0.684	0.684	0.684	0.684	0.684	0.684
Bandwidth	0.593	0.593	0.593	0.593	0.593	0.593	0.593	0.593	0.593	0.593
Year FE	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
Region-Year FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes

Notes: The table reports estimates for discretion on the ratio between the number of days of delay, defined as the difference in days between the end of the project and the contractual deadline, and the contractual length, defined as the number of days from the first day of work until the contractual deadline. Columns 1 and 6 report the coefficients from a model that includes linear polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 2 and 7 reports the coefficient from a model that includes quadratic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 3 and 8 report the coefficients from a model that includes cubic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 4 and 9 report the coefficients from a model that includes linear quartic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 5 and 10 report the coefficients from a model which includes the difference of the reserve price from the 300,000 euro threshold and an interaction between this variable and an indicator variable for discretion. Rows 1 and 5 report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Rows 3 and 4 report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). Row 5 reports the number of observation; row 6 *Average* reports the average value of the dependent variables; row 7 *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth; row 8 reports the use of Fixed Effects for year 2000-2005; row 9 reports the use of Fixed Effect for each region-year pair (20 regions and years 2000-2005). SEs are adjusted for heteroschedasticity (clustered at region level) in columns 1-5 (6-10). Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.14: Work Overall Length

VARIABLES	(1) Deg 1	(2) Deg 2	(3) Deg 3	(4) Deg 4	(5) LLR	(6) Deg 1	(7) Deg 2	(8) Deg 3	(9) Deg 4	(10) LLR
ITT	-26.00	-20.13	-33.08	-25.17	-18.76	-27.33*	-19.61	-34.05	-26.34	-18.37
	(17.90)	(18.39)	(23.80)	(24.40)	(18.33)	(13.37)	(14.11)	(21.68)	(23.25)	(14.38)
Fuzzy-RDD	-186.6	-155.7	-210.1	-170.0	-202.4	-199.5*	-154.2	-216.0	-179.2	-202.3**
	(127.9)	(141.3)	(149.9)	(162.8)	(125.3)	(102.6)	(111.2)	(134.7)	(154.5)	(91.73)
Observations	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189	2,189
Average	466.5	466.5	466.5	466.5	466.5	466.5	466.5	466.5	466.5	466.5
Bandwidth	0.799	0.799	0.799	0.799	0.799	0.799	0.799	0.799	0.799	0.799
Year FE	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
Region-Year FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes

Notes: The table reports estimates for discretion on the work overall length, defined as the number of days from the awarding date until the effective date of delivery of the work. Columns 1 and 6 report the coefficients from a model that includes linear polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 2 and 7 reports the coefficient from a model that includes quadratic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 3 and 8 report the coefficients from a model that includes cubic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 4 and 9 report the coefficients from a model that includes linear quartic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 5 and 10 report the coefficients from a model which includes the difference of the reserve price from the 300,000 euro threshold and an interaction between this variable and an indicator variable for discretion. Rows 1 and 5 report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Rows 3 and 4 report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). Row 5 reports the number of observation; row 6 the average value of the dependent variables; row 6 *Average* reports the average value of the dependent variables; row 7 *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth; row 8 reports the use of Fixed Effects for year 2000-2005; row 9 reports the use of Fixed Effect for each region-year pair (20 regions and years 2000-2005). SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public constructon works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.15: Baseline Model, Missing Values Not Dropped

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.166***	0.191	-1.464	-23.53	19.36	0.0133	0.0132	0.0513**	0.0959**
	(0.0223)	(0.520)	(1.115)	(16.26)	(13.21)	(0.0143)	(0.0368)	(0.0209)	(0.0448)
Quadratic	0.153***	0.151	-1.483	-13.63	25.76*	0.0140	0.0137	0.0571***	0.0853*
	(0.0207)	(0.525)	(1.112)	(16.33)	(13.35)	(0.0147)	(0.0377)	(0.0210)	(0.0457)
Cubic	0.187***	-0.0601	-0.430	-39.29*	5.687	0.00887	0.0170	0.0758***	0.0617
	(0.0297)	(0.686)	(1.412)	(20.64)	(16.50)	(0.0200)	(0.0489)	(0.0281)	(0.0590)
Quartic	0.178***	0.0248	-0.700	-35.54*	7.823	0.00941	0.0169	0.0673**	0.0549
	(0.0280)	(0.694)	(1.435)	(21.06)	(16.78)	(0.0208)	(0.0500)	(0.0282)	(0.0601)
LLR	0.151***	0.134	-1.470	-11.88	27.55**	0.0142	0.0133	0.0546***	0.0844*
	(0.0204)	(0.525)	(1.114)	(16.30)	(13.29)	(0.0147)	(0.0377)	(0.0208)	(0.0458)
				Panel B: Fuzzy-RDD					
Linear		1.229	-10.44	-141.6	126.5	0.0851	0.0807	0.285**	0.485**
		(3.372)	(7.811)	(96.76)	(92.90)	(0.0916)	(0.225)	(0.118)	(0.239)
Quadratic		1.042	-10.30	-89.58	178.6*	0.0965	0.0924	0.346***	0.474*
		(3.647)	(7.579)	(106.1)	(102.7)	(0.102)	(0.253)	(0.130)	(0.264)
Cubic		-0.341	-2.943	-228.9*	28.83	0.0470	0.0888	0.391***	0.307
		(3.882)	(9.584)	(121.4)	(84.52)	(0.106)	(0.255)	(0.151)	(0.301)
Quartic		0.149	-4.487	-208.4*	39.74	0.0525	0.0924	0.372**	0.273
		(4.164)	(9.072)	(123.5)	(86.47)	(0.116)	(0.272)	(0.160)	(0.304)
LLR		1.288	-10.30	-208.2**	167.2	0.0815	0.0791	0.263**	0.502**
		(3.303)	(7.205)	(100.6)	(115.3)	(0.0911)	(0.221)	(0.125)	(0.222)
Observations	3,250	3,524	4,958	2,003	1,554	2,954	2,977	3,292	2,033
Average	0.105	12.83	15.09	380.1	139.5	0.142	0.575	0.0936	0.473
Bandwidth	0.691	0.767	1.268	0.550	0.431	0.785	0.684	0.832	0.575

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effects for years 2000-2005. |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works with missing values in the dependent variable are not dropped.

Table A.16: Drop Single Bidders - Just One Invited - Region-Year FE

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
	Panel A: Intention-to-Treat								
Linear	0.140***	-0.287	-2.066	-21.13*	-2.789	0.00756	-0.00319	0.0421*	0.122*
	(0.0323)	(0.370)	(1.220)	(11.38)	(11.54)	(0.0170)	(0.0598)	(0.0217)	(0.0613)
Quadratic	0.129***	-0.312	-2.331	-14.33	1.133	0.00780	0.00266	0.0381*	0.113*
	(0.0299)	(0.373)	(1.409)	(11.82)	(11.43)	(0.0141)	(0.0612)	(0.0212)	(0.0626)
Cubic	0.167***	-0.163	-2.184*	-17.12	29.15*	0.00179	-0.0269	0.0808*	0.0631
	(0.0442)	(0.484)	(1.057)	(21.19)	(15.18)	(0.0249)	(0.0664)	(0.0385)	(0.0743)
Quartic	0.158***	-0.627	-1.535	-6.588	31.43*	0.00448	-0.0198	0.0893**	0.0703
	(0.0410)	(0.455)	(1.168)	(23.73)	(15.11)	(0.0259)	(0.0661)	(0.0399)	(0.0681)
LLR	0.127***	-0.324	-2.205	-13.06	1.234	0.00849	0.00358	0.0382*	0.116*
	(0.0290)	(0.347)	(1.378)	(12.20)	(11.30)	(0.0143)	(0.0614)	(0.0208)	(0.0609)
	Panel B: Fuzzy-RDD								
Linear		-2.650	-15.80	-150.5	-17.69	0.0556	-0.0232	0.266	0.722
		(3.227)	(9.106)	(93.02)	(75.31)	(0.120)	(0.438)	(0.156)	(0.487)
Quadratic		-2.406	-18.30	-110.6	7.903	0.0614	0.0212	0.261	0.732
		(2.730)	(10.85)	(95.61)	(78.89)	(0.106)	(0.483)	(0.162)	(0.530)
Cubic		-1.227	-14.28	-103.5	173.1	0.0112	-0.157	0.450	0.347
		(3.570)	(8.359)	(124.6)	(105.5)	(0.154)	(0.398)	(0.257)	(0.454)
Quartic		-4.290	-10.97	-42.15	183.8	0.0300	-0.122	0.523*	0.387
		(3.286)	(8.774)	(149.9)	(104.9)	(0.170)	(0.413)	(0.277)	(0.426)
LLR		-2.590	-18.32	-157.5*	-48.83	0.0563	-0.0285	0.266	0.685
		(2.429)	(11.63)	(86.38)	(80.83)	(0.116)	(0.427)	(0.165)	(0.471)
Observations	2,044	3,348	2,576	2,049	1,571	2,220	2,035	1,791	1,257
Average	0.0841	12.91	14.01	376.5	137.9	0.136	0.564	0.0944	0.477
Bandwidth	0.740	2.913	0.940	0.743	0.573	0.806	0.738	0.753	0.553

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works assigned with *Trattativa Privata*, one bidder and only one invited bidder are dropped.

Table A.17: Drop Single Bidders - Less 5 Invited - Region-Year FE

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.137***	-0.164	-2.007	-21.16*	-11.00	0.00669	0.00127	0.0391*	0.0930*
	(0.0317)	(0.426)	(1.234)	(11.70)	(11.28)	(0.0168)	(0.0573)	(0.0220)	(0.0472)
Quadratic	0.127***	-0.276	-2.304	-14.27	-8.253	0.00649	0.00643	0.0359*	0.101**
	(0.0296)	(0.389)	(1.435)	(12.48)	(10.66)	(0.0140)	(0.0587)	(0.0203)	(0.0451)
Cubic	0.163***	-0.338	-2.112*	-19.13	26.06*	0.00322	-0.0290	0.0805**	0.106
	(0.0445)	(0.444)	(1.052)	(20.56)	(13.96)	(0.0252)	(0.0692)	(0.0367)	(0.0784)
Quartic	0.154***	-0.627	-1.377	-7.778	31.13**	0.00628	-0.0215	0.0859**	0.0884
	(0.0409)	(0.435)	(1.136)	(23.01)	(13.27)	(0.0256)	(0.0697)	(0.0392)	(0.0775)
LLR	0.124***	-0.227	-2.167	-12.97	-7.886	0.00724	0.00775	0.0357*	0.0994**
	(0.0285)	(0.395)	(1.405)	(12.80)	(10.48)	(0.0141)	(0.0590)	(0.0200)	(0.0447)
				Panel B: Fuzzy-RDD					
Linear		-1.471	-15.50	-157.7	-73.95	0.0491	0.00942	0.257	0.567
		(3.700)	(9.334)	(98.52)	(83.83)	(0.118)	(0.425)	(0.170)	(0.386)
Quadratic		-2.153	-18.27	-115.9	-60.09	0.0511	0.0518	0.254	0.669
		(2.903)	(11.14)	(104.1)	(81.68)	(0.105)	(0.464)	(0.166)	(0.417)
Cubic		-2.557	-13.97	-112.1	150.1	0.0210	-0.178	0.457*	0.572
		(3.278)	(8.287)	(118.4)	(86.42)	(0.161)	(0.435)	(0.245)	(0.519)
Quartic		-4.307	-10.05	-47.85	184.6*	0.0435	-0.139	0.517*	0.494
		(3.121)	(8.580)	(140.5)	(86.00)	(0.172)	(0.458)	(0.270)	(0.514)
LLR		-2.010	-18.26	-159.5*	-80.97	0.0458	0.0107	0.258	0.467
		(2.804)	(12.02)	(85.69)	(82.92)	(0.120)	(0.426)	(0.176)	(0.456)
Observations	2,048	3,253	2,566	2,017	1,680	2,241	2,095	1,859	1,380
Average	0.0825	12.93	14.03	376.6	137.3	0.136	0.564	0.0941	0.487
Bandwidth	0.743	1.738	0.937	0.732	0.610	0.819	0.761	0.783	0.608

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works assigned with *Trattativa Privata*, one bidder and only less than 5 invited bidder are dropped.

Table A.18: Drop Single Bidders - Less 5 Invited or Missing - Region-Year FE

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.125***	-0.257	-1.549	-12.30	-4.243	-0.0146	-0.00884	0.0379	0.103**
	(0.0220)	(0.441)	(1.281)	(11.62)	(12.45)	(0.0123)	(0.0508)	(0.0297)	(0.0438)
Quadratic	0.118***	-0.292	-1.743	-6.144	-0.328	-0.0169*	-0.00373	0.0419	0.106**
	(0.0200)	(0.436)	(1.482)	(11.62)	(12.12)	(0.00923)	(0.0528)	(0.0286)	(0.0430)
Cubic	0.130***	-0.924	-2.289**	-19.87	27.06	-0.00559	-0.00708	0.109**	0.123
	(0.0373)	(0.537)	(0.938)	(20.85)	(16.03)	(0.0151)	(0.0718)	(0.0406)	(0.0730)
Quartic	0.120***	-0.905*	-1.524	-12.94	29.42*	-0.00150	-0.00197	0.108**	0.110
	(0.0365)	(0.480)	(1.047)	(22.58)	(16.01)	(0.0147)	(0.0724)	(0.0414)	(0.0717)
LLR	0.116***	-0.266	-1.616	-5.024	-0.251	-0.0153	-0.00298	0.0400	0.105**
	(0.0198)	(0.438)	(1.457)	(11.83)	(12.01)	(0.00989)	(0.0528)	(0.0284)	(0.0428)
				Panel B: Fuzzy-RDD					
Linear		-2.236	-12.79	-103.7	-30.51	-0.124	-0.0724	0.263	0.710
		(3.709)	(10.59)	(107.0)	(92.78)	(0.115)	(0.426)	(0.217)	(0.417)
Quadratic		-2.489	-14.68	-55.22	-2.594	-0.150	-0.0329	0.317	0.792*
		(3.577)	(12.27)	(107.8)	(95.96)	(0.0963)	(0.469)	(0.231)	(0.447)
Cubic		-7.731*	-17.43**	-138.1	190.5	-0.0425	-0.0518	0.680**	0.805
		(3.704)	(8.065)	(141.9)	(123.3)	(0.114)	(0.529)	(0.304)	(0.541)
Quartic		-7.185*	-13.08	-95.45	202.3	-0.0121	-0.0154	0.684**	0.740
		(3.384)	(8.849)	(162.5)	(121.4)	(0.118)	(0.565)	(0.298)	(0.544)
LLR		-2.480	-14.23	-93.12	-68.17	-0.132	-0.0822	0.209	0.629
		(3.470)	(13.74)	(99.79)	(95.84)	(0.109)	(0.415)	(0.228)	(0.490)
Observations	2,323	2,883	2,439	2,118	1,562	2,586	2,210	1,562	1,354
Average	0.0771	12.83	14.16	377	137.8	0.134	0.566	0.0967	0.487
Bandwidth	0.849	1.243	0.890	0.772	0.573	0.954	0.808	0.656	0.599

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are:in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works assigned with *Trattativa Privata*, one bidder and less than five invited bidder or the number of invited bidders is missing are dropped.

Table A.19: Nord-Center Regions - Region-Year Fixed Effects

VARIABLES	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.148***	-0.646*	-2.984*	-10.28	12.66	-0.00542	-0.0292	0.0550**	0.0897
	(0.0320)	(0.314)	(1.516)	(15.68)	(14.59)	(0.0166)	(0.0712)	(0.0230)	(0.0575)
Quadratic	0.136***	-0.786*	-3.006*	3.825	15.69	-0.00721	-0.0247	0.0484*	0.0989
	(0.0294)	(0.352)	(1.400)	(17.83)	(13.72)	(0.0140)	(0.0733)	(0.0218)	(0.0561)
Cubic	0.189***	-0.316	-2.716	-14.19	29.02	0.0125	-0.0198	0.0917**	0.119
	(0.0447)	(0.556)	(1.501)	(31.31)	(17.29)	(0.0219)	(0.0646)	(0.0397)	(0.0851)
Quartic	0.178***	-0.218	-2.541	-11.77	31.65*	0.0165	-0.0148	0.0966**	0.102
	(0.0404)	(0.513)	(1.444)	(33.95)	(16.30)	(0.0201)	(0.0638)	(0.0413)	(0.0845)
LLR	0.134***	-0.789	-2.984**	3.905	16.35	-0.00647	-0.0239	0.0484	0.0971
	(0.0280)	(0.492)	(1.265)	(19.23)	(14.56)	(0.0137)	(0.0499)	(0.0304)	(0.0598)
				Panel B: Fuzzy-RDD					
Linear		-4.404*	-20.94*	-64.75	71.97	-0.0380	-0.193	0.334*	0.513
		(2.057)	(10.82)	(101.8)	(79.54)	(0.119)	(0.495)	(0.154)	(0.421)
Quadratic		-5.526**	-20.61*	26.02	95.95	-0.0521	-0.178	0.312*	0.617
		(2.127)	(9.767)	(120.8)	(82.11)	(0.105)	(0.550)	(0.154)	(0.460)
Cubic		-1.972	-18.85	-74.24	170.4	0.0758	-0.104	0.463*	0.613
		(3.446)	(11.02)	(158.5)	(121.1)	(0.126)	(0.350)	(0.246)	(0.507)
Quartic		-1.512	-16.44	-64.80	185.0	0.110	-0.0823	0.525*	0.548
		(3.509)	(10.39)	(181.1)	(109.7)	(0.128)	(0.362)	(0.269)	(0.513)
LLR		-5.843*	-20.90*	-80.64	62.33	-0.0487	-0.195	0.332*	0.427
		(3.085)	(10.84)	(109.3)	(79.70)	(0.104)	(0.489)	(0.152)	(0.488)
Observations	1,714	2,147	2,561	1,481	1,156	2,196	1,683	1,624	1,196
Average	0.0986	11.25	12.32	374.7	134.4	0.126	0.550	0.101	0.506
Bandwidth	0.718	0.897	1.286	0.619	0.489	0.917	0.701	0.780	0.600

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works from the North and Center of Italy.

Table A.20: Performance Missing

MODEL	(1) Deg. 1	(2) Deg. 2	(3) Deg. 3	(4) Deg. 4	(5) LLR	(6) Deg. 1	(7) Deg. 2	(8) Deg. 3	(9) Deg. 4	(10) LLR
					Panel A: Missing Performance					
ITT	0.029	0.039	0.060	0.063	0.036	0.029	0.036	0.052	0.055	0.034
	(0.029)	(0.030)	(0.039)	(0.040)	(0.030)	(0.030)	(0.034)	(0.035)	(0.034)	(0.034)
Fuzzy-RDD	0.182	0.261	0.349	0.386	0.166	0.199	0.264	0.328	0.369	0.210
	(0.182)	(0.202)	(0.229)	(0.245)	(0.187)	(0.212)	(0.265)	(0.238)	(0.242)	(0.202)
Observations	4,475	4,475	4,475	4,475	4,475	4,475	4,475	4,475	4,475	4,475
Average	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Bandwidth	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951	0.951
					Panel B: Missing Incumbency					
ITT	-0.001	-0.000	-0.001	-0.001	-0.000	-0.000	-0.000	-0.001	-0.000	-0.000
	(0.001)	(0.000)	(0.001)	(0.001)	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)	(0.000)
Fuzzy-RDD	-0.003	-0.002	-0.004	-0.003	-0.003	-0.003	-0.003	-0.003	-0.002	-0.003
	(0.003)	(0.002)	(0.004)	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)	(0.002)	(0.004)
Observations	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,011	3,011
Average	0.162	0.162	0.162	0.162	0.162	0.162	0.162	0.162	0.162	0.162
Bandwidth	0.638	0.638	0.638	0.638	0.638	0.638	0.638	0.638	0.638	0.638
Year FE	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
Region-Year FE	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes

Notes: The table reports estimates for discretion on an indicator variable equal to one if the delay variable, or the cost overrun variable is missing (Panel A) or the incumbency variable is missing (Panel B). Columns 1 and 6 report the coefficients from a model that includes linear polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 2 and 7 reports the coefficient from a model that includes quadratic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 3 and 8 report the coefficients from a model that includes cubic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 4 and 9 report the coefficients from a model that includes linear quartic polynomial in the difference of the reserve price from the 300,000 euro threshold. Columns 5 and 10 report the coefficients from a model that includes linear polynomial in the difference of the reserve price from the 300,000 euro threshold and an interaction between this variable and an indicator variable equal 1 if the reserve price is below 300,000 euro. Rows 1 (5) and 2 (6) report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Rows 3 (7) and 4 (8) report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). Row 9 reports the number of observation; row 10 *Average* reports the average value of the dependent variables; row 11 *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth; row 12 reports the use of Fixed Effects for year 2000-2005; row 13 reports the use of Fixed Effect for each region-year pair (20 regions and years 2000-2005). SEs are adjusted for heteroschedasticity (clustered at region level) in columns 1-5 (6-10). Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012) and works with missing value in the dependent variables are not dropped.

Table A.21: Placebo Test: Simulated Threshold at 400,00 euro

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
	Panel A: Intention-to-Treat								
Linear	-0.00521	-1.059	-0.517	17.83	13.40	-0.00134	-0.0547	-0.0238	-0.0516
	(0.0236)	(0.661)	(1.539)	(15.27)	(12.90)	(0.0145)	(0.0478)	(0.0305)	(0.0665)
Quadratic	-0.00518	-1.153*	0.618	16.30	1.939	0.0103	-0.0610	-0.0144	-0.0516
	(0.0236)	(0.673)	(1.814)	(18.91)	(14.76)	(0.0149)	(0.0482)	(0.0318)	(0.0665)
Cubic	0.00371	-0.568	0.857	26.40	0.837	0.0118	-0.00643	0.000512	-0.0365
	(0.0326)	(0.881)	(1.908)	(20.11)	(17.46)	(0.0177)	(0.0638)	(0.0407)	(0.0889)
Quartic	0.00348	-0.623	0.583	16.88	-5.885	-7.73e-05	-0.00778	-0.0150	-0.0365
	(0.0326)	(0.903)	(2.281)	(24.85)	(20.57)	(0.0182)	(0.0644)	(0.0426)	(0.0889)
LLR	-0.00487	-1.126*	0.308	12.23	4.982	0.00723	-0.0592	-0.0193	-0.0512
	(0.0236)	(0.666)	(1.690)	(17.35)	(13.95)	(0.0146)	(0.0479)	(0.0312)	(0.0665)
	Panel B: Fuzzy-RDD								
Linear		17.70	8.063	-369.3	-181.6	0.0173	1.002	0.316	3.568
		(13.07)	(24.38)	(336.8)	(181.3)	(0.187)	(0.936)	(0.409)	(8.326)
Quadratic		23.97	-15.12	-408.0	-43.79	-0.224	1.297	0.253	3.570
		(17.88)	(43.87)	(512.5)	(335.0)	(0.332)	(1.141)	(0.562)	(8.333)
Cubic		-25.13	-16.91	-407.5	-31.49	-0.708	-0.221	0.0372	2.653
		(44.91)	(37.08)	(339.4)	(659.3)	(1.481)	(2.214)	(2.952)	(9.956)
Quartic		-48.98	132.7	-64,586	-2,614	-0.0508	-0.395	-4.845	2.632
		(113.6)	(1,009)	(6.338e+06)	(31,780)	(12.00)	(3.328)	(44.55)	(9.830)
LLR		47.08	-52.43	-317.7	314.7	-0.782	2.911	0.115	3.885
		(51.30)	(95.61)	(1,047)	(718.8)	(0.965)	(3.173)	(1.185)	(11.99)
Observations	1,149	1,813	2,546	2,848	2,300	2,238	1,748	1,622	918
Average	0.0331	13.18	15.89	403.4	149.2	0.138	0.538	0.102	0.477
Bandwidth	0.657	1.063	1.481	1.630	1.345	1.309	1.013	1.106	0.650

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 400,000 euro threshold and Fixed Effects for years 2000-2005. |Local linear regressions (LLR) include the difference of the reserve price from the 400,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 400,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 400,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.22: Placebo Test: Simulated Threshold at 250,00 euro

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	-0.0103	0.793	1.250	3.150	19.55*	-0.0380**	-0.0494	-0.00627	-0.00813
	(0.0271)	(0.596)	(1.480)	(16.07)	(11.35)	(0.0172)	(0.0477)	(0.0312)	(0.0560)
Quadratic	-0.00922	0.976	1.301	3.342	19.23	-0.0377**	-0.0536	-0.00463	-0.00668
	(0.0273)	(0.647)	(1.518)	(16.16)	(11.83)	(0.0170)	(0.0478)	(0.0312)	(0.0562)
Cubic	0.0181	1.028	1.576	4.138	25.01*	-0.0417*	-0.0844	-0.0131	0.0258
	(0.0349)	(0.782)	(2.069)	(21.03)	(14.50)	(0.0222)	(0.0640)	(0.0410)	(0.0755)
Quartic	0.000479	0.831	1.901	9.123	25.75	-0.0372	-0.0799	-0.0132	0.0248
	(0.0354)	(0.907)	(2.194)	(21.22)	(15.70)	(0.0226)	(0.0640)	(0.0410)	(0.0758)
LLR	-0.0111	0.934	1.326	3.436	18.95	-0.0371**	-0.0521	-0.00483	-0.00661
	(0.0272)	(0.626)	(1.505)	(16.13)	(11.64)	(0.0170)	(0.0478)	(0.0312)	(0.0562)
				Panel B: Fuzzy-RDD					
Linear		-17.55	-53.49	-263.5	-680.2	1.907	240.4	0.460	0.229
		(14.63)	(77.22)	(1,421)	(713.3)	(2.699)	(33,796)	(2.387)	(1.589)
Quadratic		-43.91	-77.23	-310.8	-1,021	2.449	-34.33	0.376	0.207
		(54.60)	(135.8)	(1,635)	(1,555)	(4.448)	(640.5)	(2.591)	(1.750)
Cubic		74.73	64.80	185.5	1,175	-1.693	-24.06	0.444	-1.935
		(184.9)	(135.9)	(1,007)	(1,981)	(2.488)	(258.0)	(1.414)	(8.464)
Quartic		-146.6	-645.3	1,945	-5,205	25.42	-16.07	0.448	-2.441
		(893.4)	(7,575)	(15,603)	(36,955)	(611.2)	(121.9)	(1.421)	(12.79)
LLR		319.0	166.2	-5,338	585.0	2.684	15.90	0.598	0.313
		(4,339)	(1,611)	(330,300)	(7,382)	(16.94)	(192.1)	(1.641)	(0.919)
Observations	1,834	2,047	1,898	1,825	1,934	1,876	1,676	1,504	1,244
Average	0.113	12.59	13.48	352.1	128.8	0.135	0.579	0.111	0.456
Bandwidth	0.573	0.763	0.628	0.565	0.663	0.608	0.463	0.488	0.414

Notes: The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 250,000 euro threshold and Fixed Effects for years 2000-2005. |Local linear regressions (LLR) include the difference of the reserve price from the 250,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect years 2000-2005.| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 250,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 250,000 euro as instrument (Fuzzy-RDD). The dependent variables are:in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm.*Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Table A.23: Turin Sample FP - Full Sample

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Correlation					
ITT	0.0391	1.072	-3.877	-69.86***	-65.13***	0.0692*	0.0430	0.0725	0.0828
	(0.0428)	(1.352)	(3.137)	(20.19)	(14.87)	(0.0375)	(0.0567)	(0.0640)	(0.0746)
Fuzzy-RDD		24.95	-95.95	-8,143	-7,591	2.194	1.655	1.854	1.798
		(46.71)	(117.6)	(44,472)	(42,074)	(3.277)	(3.629)	(2.668)	(2.450)
				Panel B: Linear Model					
ITT	0.197***	-0.844	-3.574	-52.37	-60.49**	0.0460	-0.0176	0.189*	0.347**
	(0.0687)	(2.641)	(5.922)	(39.86)	(29.93)	(0.0734)	(0.124)	(0.114)	(0.136)
Fuzzy-RDD		-4.250	-18.14	-267.9	-309.4*	0.273	-0.0963	0.961	2.180*
		(12.91)	(29.98)	(200.4)	(184.0)	(0.433)	(0.683)	(0.714)	(1.268)
				Panel C: Category FE					
ITT	0.188**	-1.969	-7.363	-5.127	-42.95	0.0428	0.0636	0.249**	0.308**
	(0.0728)	(2.341)	(6.302)	(39.43)	(31.28)	(0.0790)	(0.126)	(0.117)	(0.147)
Fuzzy-RDD		-10.61	-39.14	-36.17	-303.0	0.312	0.319	1.326	1.787
		(11.71)	(35.70)	(272.9)	(261.1)	(0.579)	(0.633)	(0.867)	(1.157)
Observations	221	215	220	172	172	195	212	221	181
Average	0.109	28.57	17.08	370.4	102.8	0.259	0.783	0.330	0.497

Notes: The table reports estimates for discretion from regressions that includes Fixed Effects for years 2000-2005, Panel A. (linear polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effects for years 2000-2005, Panel B) [linear polynomial in the difference of the reserve price from the 300,000 euro threshold, Fixed Effects for years 2000-2005 and Fixed Effects for work type, Panel C]. Rows 1 (5) [9] and 2 (6) [10], report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Rows 3 (7) [11] and 4 (8) [12], report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal to one if the reserve price is below 300,000 euro as instrument (Fuzzy RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; SEs are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public procurements works tendered between 2003 and 2005 and by the county and municipality of Turin, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents).

Table A.24: Incumbency and Contract Execution: Delay - With Region-Year Fixed Effects

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Delay	Delay	Delay	Delay	Delay	Delay
MODEL	FE	PSM	RW	FE	PSM	RW
			Full Sample			
	Below 300,000 euro			Above 300,000 euro		
Incumbent Winner	-17.29*	-16.75	-16.85*	-0.659	2.040	-2.025
	(9.427)	(11.52)	(8.895)	(12.16)	(14.33)	(11.28)
Observations	1,343	1,343	1,343	1,089	1,089	1,089
			Optimal Bandwidth			
	Below 300,000 euro			Above 300,000 euro		
Incumbent Winner	-10.14	-15.06	-7.785	-9.226	-8.255	-11.42
	(11.74)	(13.83)	(10.46)	(17.77)	(20.46)	(15.59)
Observations	976	976	976	440	440	440

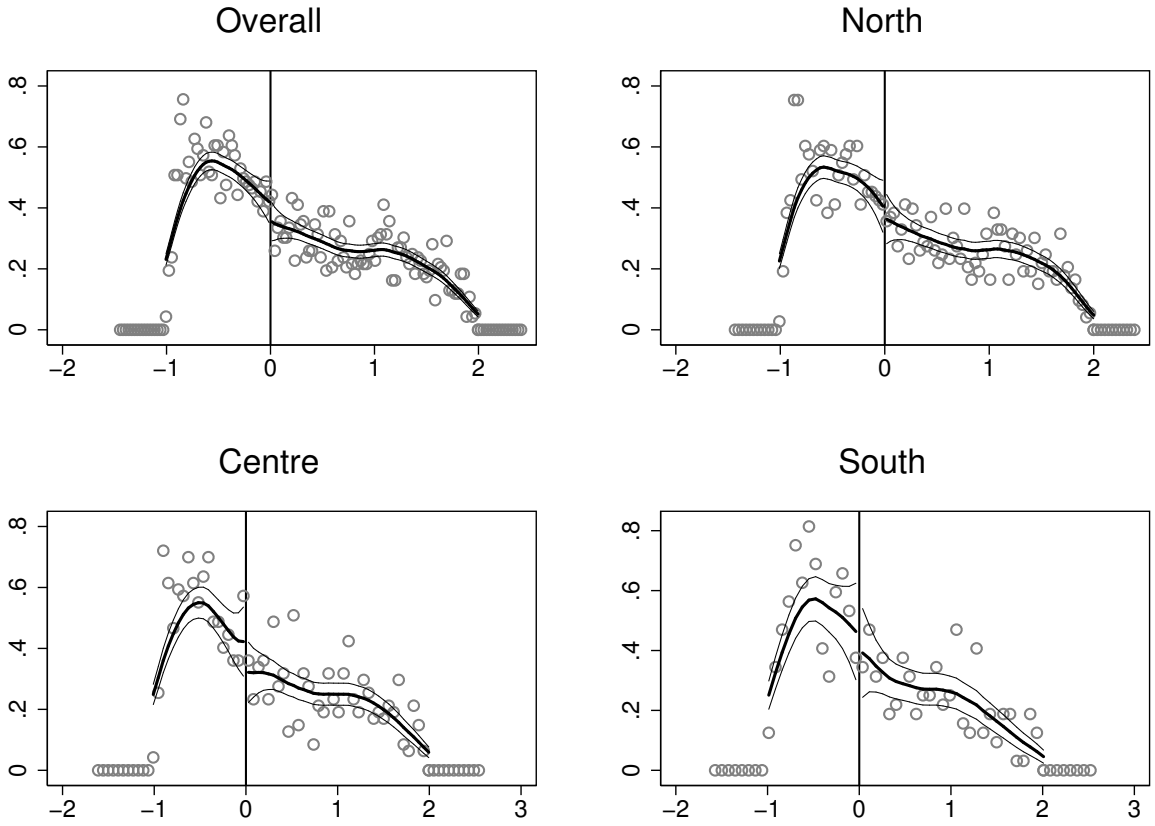
Notes: The table reports the effect of incumbency, defined as a dummy equal to one if the winning firm has won a contract with the public buyer in the past year, on days of delay, defined as the difference in days between the end of the project and the contractual deadline. Columns 1 through 3 report the results for the public works below 300,000 euros. Columns 4 through 6 report the results for the public works above 300,000 euros. Column 1 and 4 report the results of model including Fixed Effect for each province and year (110 province and years 2000-2005) and controls for the reserve price (cubic polynomial), number of bidders, contractual length, dummy for *Trattativa Privata* and winning rebate. Column 2 and 5 report the results for a Propensity Score Matching model; the project are matched using a propensity score on the reserve price (cubic polynomial), number of bidders, contractual length, dummy for *Trattativa Privata*, winning rebate and Fixed Effect for each region-year pair (20 regions and years 2000-2005). Column 3 and 6 report the results for a Propensity Score Reweigthing model; the propensity score is constructed as in the Propensity Score Matching model. *Observations* reports the number of observations. Standard Errors are adjusted for heteroskedasticity. Significance at the 10% (*), at the 5% (**), and at the 1% (***). Source: Statistics for all the public procurements works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents).

Table A.25: Incumbency and Past Performance -Region Year Fixed Effect

VARIABLES	(1) Win	(2) Win	(3) Win	(4) Win
	Full Sample			
	Below 300,000		Above 300,000	
Average Delay	-0.00141*	-0.00178**	-0.000689	-0.000891
	(0.000670)	(0.000690)	(0.000614)	(0.000650)
Observations	11,079	11,079	12,008	12,008
	Optimal Bandwidth			
	Below 300,000		Above 300,000	
Average Delay	-0.00166*	-0.00201**	-0.000685	-0.000933
	(0.000808)	(0.000863)	(0.000823)	(0.000880)
Observations	8,658	8,658	5,485	5,485

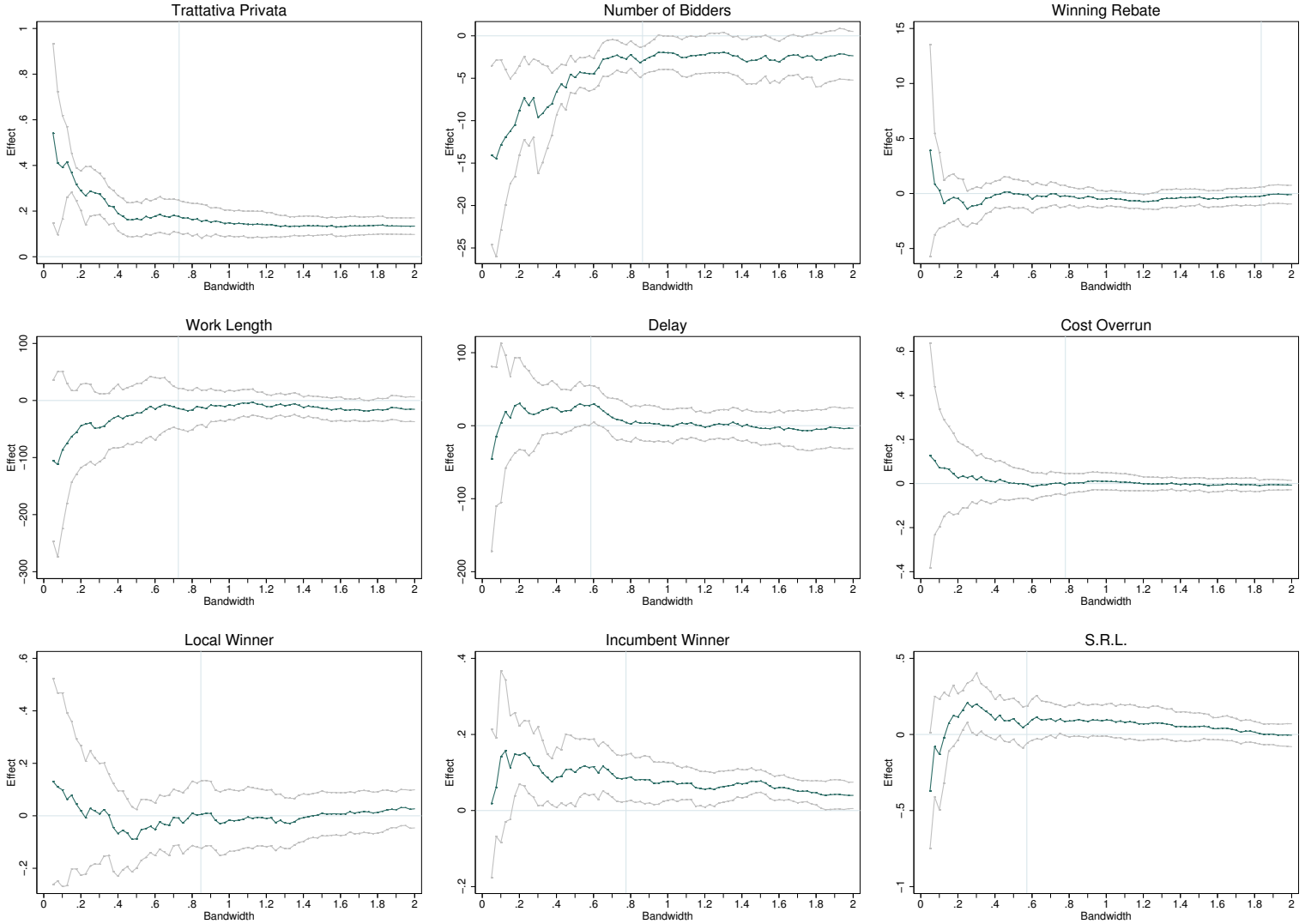
Notes: The table reports the effect of past performance, defined as the average number of days of delay in work executed in the previous year by the incumbent firm, on the probability of winning a auction today. The dependent variable is an indicator equal to one if the incumbent firm have win an auction today. Panel A (B) reports the results on the full sample (Optimal Bandwidth sample, calculated using the Imbens and Kalyanaraman (2012) procedure). Columns 1 and 2 report the results for the public works below 300,000 euros. Columns 3 through 4 reports the results for the public works above 300,000 euros. Columns 1 and 3 report the results of a model including as control region-year fixed effect (20 regions and years 2000-2005) and reserve price (cubic polynomial). Columns 2 and 4 report the results of a model that add as additional control the contracting authority experience, defined as the number of works awarded in the past year. *Observations* reports the number of observations. Standard Errors are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***). Source: Statistics for all the public construction works tendered between 2000 and 2005, with project value $y \in [2, 5]$, in 100,000 euro.

Figure A.1: Discontinuity Test of Auctions Reserve Price Around the Threshold, by macro-areas



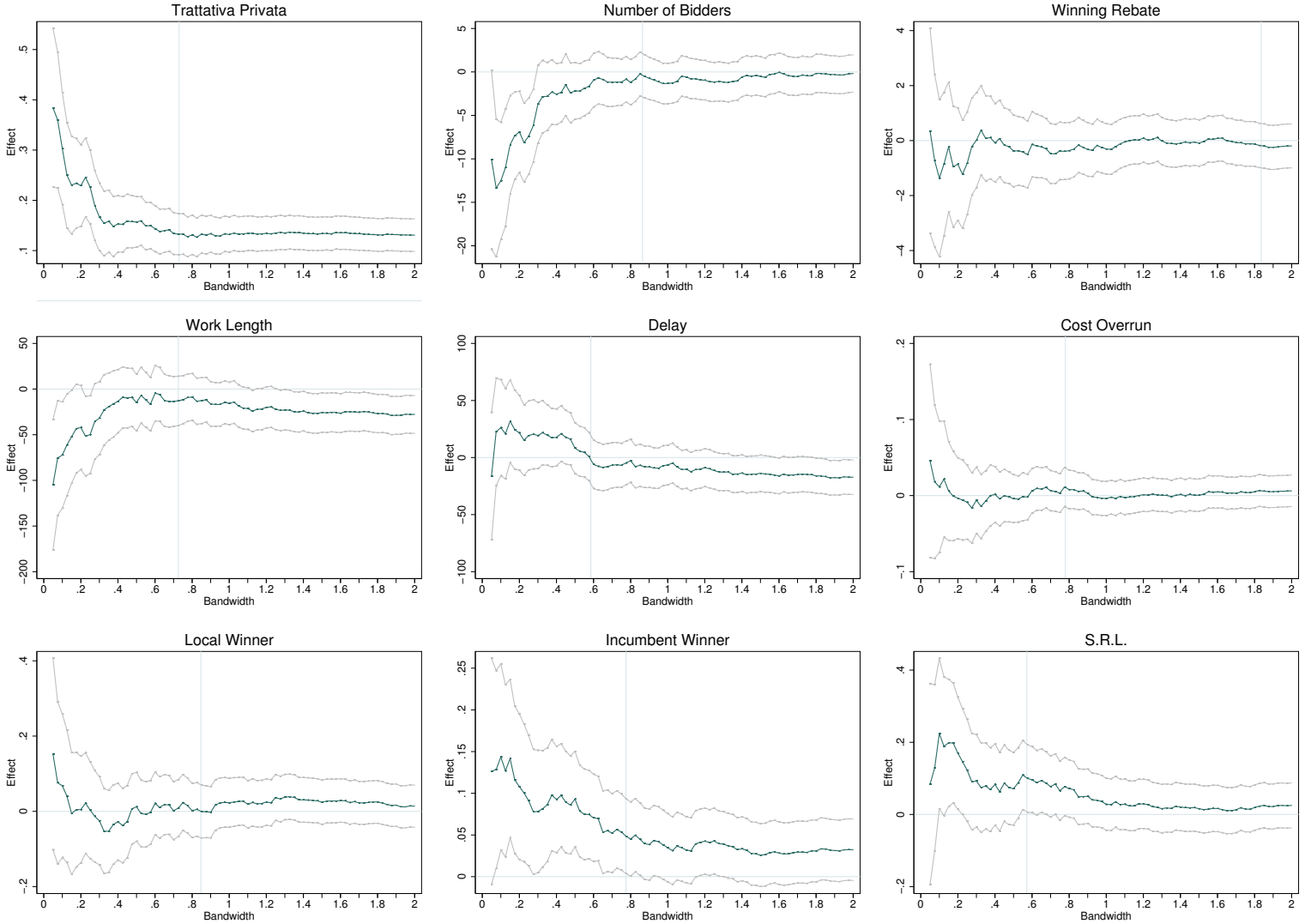
Notes: The running variable is the difference between the reserve price and the 300,000 euro threshold (vertical line). Circles are average observed values, the bold solid line is a kernel estimate (see McCrary, 2008), and the two thin lines are 95% confidence intervals. In these four sub-sample the McCrary (2008) discontinuity tests (standard errors) are: -.15 (.13) for the overall sample; -.08 (.17) for the North; -.27 (.23) for the Centre, and -.13 (.30) for the South. These tests suggests that the null hypothesis of no sorting cannot be rejected at standard statistical confidence levels.
Source: Statistics for all the public construction works tendered between 2000 and 2005, with auction value $y \in [2, 5]$, in 100,000 euros (2005 equivalents).

Figure A.2: Estimated Effects at Different Bandwidths, Region-Year Fixed Effects



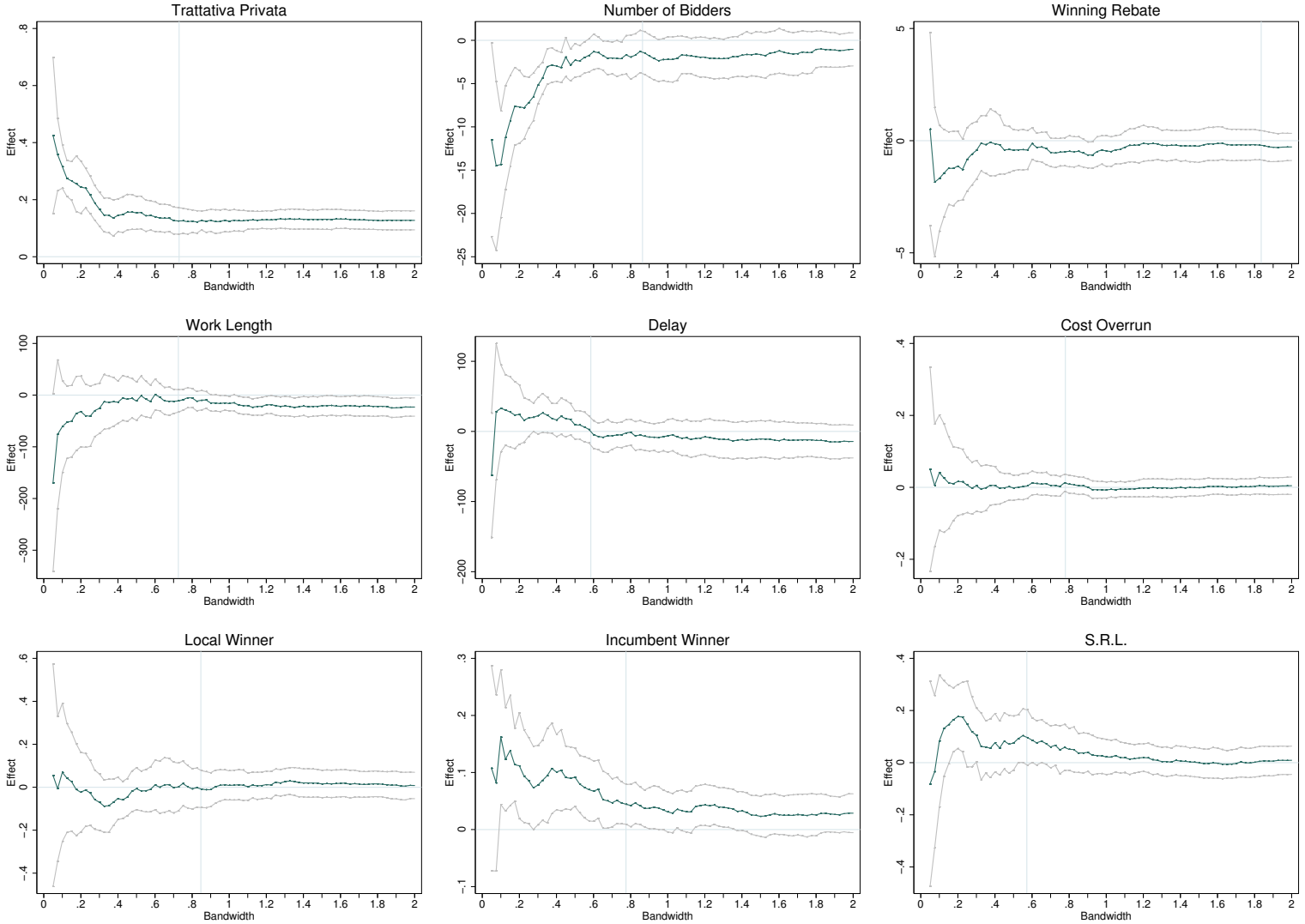
Notes: The graph report estimates for discretion from regressions, which include a cubic polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). The bold solid line reports point estimates at different bandwidths of the outcomes on an indicator variable equal to 1 if the reserve price is below 300,000 euros *(ITT effects)*, and the two thin lines are 90% confidence intervals. The vertical line denotes the optimal bandwidth computed using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth.. *Trattativa Privata* is a dummy equal to one for works assigned with a more discretionary procedure. *Winning Rebate* is the percentage discount over the reserve price. *Work Length* the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works. *Delay* is the difference in days between the effective end of the project and the contractual deadline. *Cost Overrun* is the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost. *Local Winner* is a dummy equal to one if the winning firm is located in the same province of the public buyer. *Incumbent Winner* is a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction. $S.R.L$ is a dummy equal to one if the winning firm is a limited liability firm.
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euros (2005 equivalents).

Figure A.3: Estimated Effects at Different Bandwidths, Local Linear Regression



Notes: The graph reports estimates for discretion from a local linear regressions, which includes the difference of the reserve price from the 300,000 euro threshold, an indicator variable equal to 1 if the reserve price is below 300,000 euros and an interaction between these two variables and Fixed Effects for years 2000-2005. The bold solid line reports point estimates at different bandwidths of the outcomes on an indicator variable equal to 1 if the reserve price is below 300,000 euros *(ITT effects)*, and the two thin lines are 90% confidence intervals. The vertical line denotes the optimal bandwidth computed using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth.. *Trattativa Privata* is a dummy equal to one for works assigned with a more discretionary procedure. *Winning Rebate* is the percentage discount over the reserve price. *Work Length* the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works. *Delay* is the difference in days between the effective end of the project and the contractual deadline. *Cost Overrun* is the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost. *Local Winner* is a dummy equal to one if the winning firm is located in the same province of the public buyer. *Incumbent Winner* is a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction. *S.R.L* is a dummy equal to one if the winning firm is a limited liability firm.
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euros (2005 equivalents).

Figure A.4: Estimated Effects at Different Bandwidths, Local Linear Regression with Region-Year Fixed Effects



Notes: The graph reports estimates for discretion from local linear regressions, which includes the difference of the reserve price from the 300,000 euro threshold, an indicator variable equal to 1 if the reserve price is below 300,000 euros, an interaction between these two variables and Fixed Effect for each region-year pair (20 regions and years 2000-2005). The bold solid line reports point estimates at different bandwidths of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euros *(ITT effects)*, and the two thin lines are 90% confidence intervals. The vertical line denotes the optimal bandwidth computed using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth.. *Trattativa Privata* is a dummy equal to one for works assigned with a more discretionary procedure. *Winning Rebate* is the percentage discount over the reserve price. *Work Length* the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works. *Delay* is the difference in days between the effective end of the project and the contractual deadline. *Cost Overrun* is the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost. *Local Winner* is a dummy equal to one if the winning firm is located in the same province of the public buyer. *Incumbent Winner* is a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction. *S.R.L* is a dummy equal to one if the winning firm is a limited liability firm.
Source: Statistics for all the public construction works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euros (2005 equivalents).

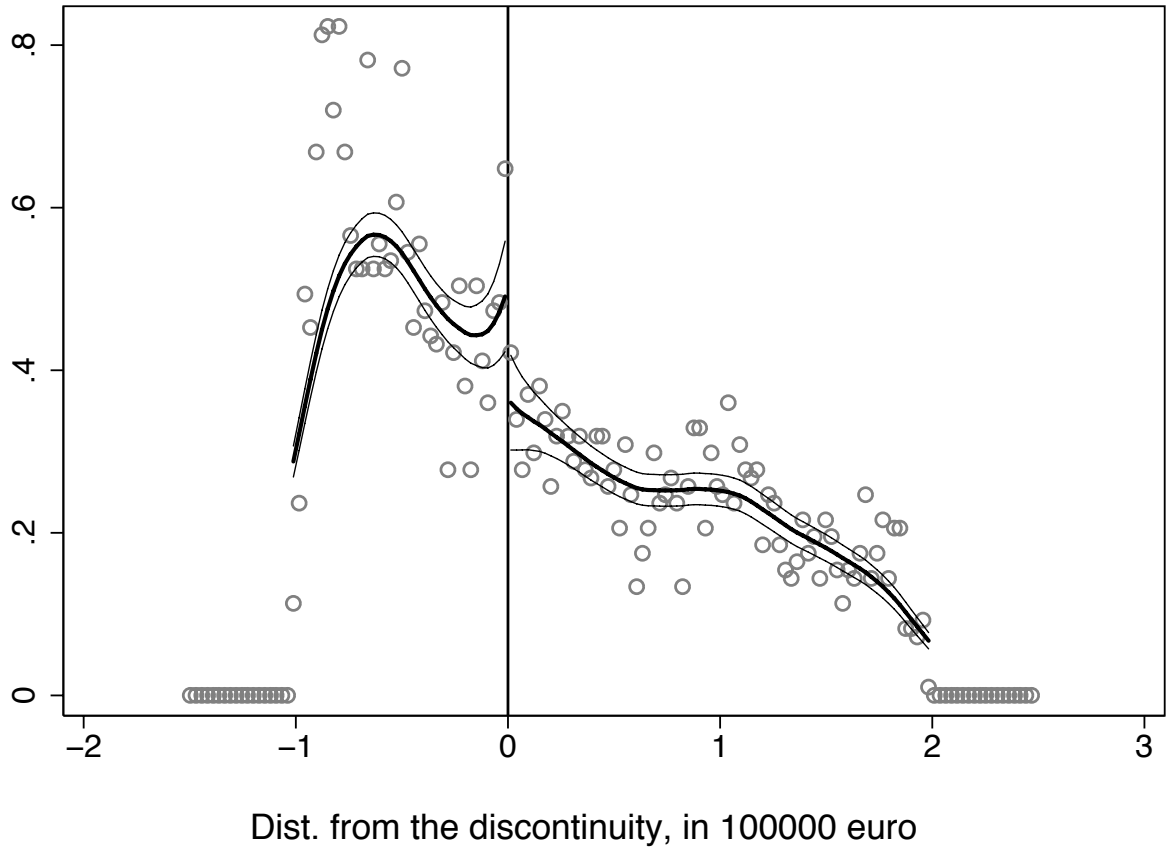
Online Appendix B

Table B.1: Roads Sample - Region-Year FE

Dep. Variables	(1) Trattativa	(2) Rebate	(3) N. Bidders	(4) Work Leng.	(5) Delay	(6) C. Over.	(7) Local W.	(8) Inc. W.	(9) S.R.L.
				Panel A: Intention-to-Treat					
Linear	0.232***	0.408	-0.539	-25.69	-6.649	-0.00318	0.0833*	0.0331	-0.0335
	(0.0742)	(0.427)	(2.620)	(30.11)	(12.24)	(0.0111)	(0.0403)	(0.0541)	(0.0529)
Quaratic	0.219***	0.407	-1.646	-27.97	-6.460	0.00189	0.0734	0.0413	-0.0290
	(0.0686)	(0.453)	(2.445)	(28.13)	(11.86)	(0.0107)	(0.0436)	(0.0510)	(0.0561)
Cubic	0.269***	-0.102	-5.575*	-54.39	-13.81	-0.0245	0.0842	0.0568	-0.0227
	(0.0885)	(0.601)	(3.148)	(35.79)	(16.84)	(0.0166)	(0.0554)	(0.0795)	(0.0479)
Quartic	0.255***	-0.0220	-5.251	-49.75	-13.17	-0.0195	0.0833	0.0577	-0.0181
	(0.0801)	(0.572)	(3.423)	(32.72)	(15.49)	(0.0151)	(0.0537)	(0.0812)	(0.0490)
LLR	0.213***	0.432	-1.290	-24.91	-5.742	0.00353	0.0732	0.0389	-0.0274
	(0.0642)	(0.449)	(2.497)	(26.53)	(11.28)	(0.00986)	(0.0422)	(0.0502)	(0.0566)
				Panel B: Fuzzy-RDD					
Linear		2.755	-3.423	-119.0	-42.33	-0.0143	0.359*	0.148	-0.206
		(2.606)	(16.03)	(106.5)	(68.94)	(0.0461)	(0.168)	(0.210)	(0.357)
Quadratic		2.779	-10.54	-136.7	-41.60	0.00882	0.334	0.193	-0.181
		(2.799)	(14.37)	(103.2)	(68.39)	(0.0520)	(0.207)	(0.199)	(0.373)
Cubic		-0.412	-22.47*	-207.3**	-56.53	-0.0933	0.334	0.217	-0.0895
		(2.524)	(10.76)	(84.03)	(54.16)	(0.0598)	(0.230)	(0.257)	(0.207)
Quartic		-0.0931	-22.45	-196.8**	-56.62	-0.0798	0.347	0.228	-0.0733
		(2.436)	(12.86)	(82.30)	(52.53)	(0.0602)	(0.240)	(0.272)	(0.212)
LLR		3.918	-28.09	-84.93	-25.94	0.0843	0.319	0.370	-0.0719
		(3.474)	(39.08)	(301.9)	(81.35)	(1.735)	(0.276)	(1.168)	(0.515)
Observations	1,497	2,972	2,781	1,948	2,859	1,745	1,848	1,749	2,469
Average	0.0982	12.81	33.03	304	123.9	0.110	0.566	0.157	0.507
Bandwidth	0.528	1.036	0.935	0.687	0.960	0.619	0.656	0.680	1.062

The table reports estimates for discretion from regressions, which include linear (quadratic) [cubic] {quartic} polynomial in the difference of the reserve price from the 300,000 euro threshold and Fixed Effect for each region-year pair (20 regions and years 2000-2005). |Local linear regressions (LLR) include the difference of the reserve price from the 300,000 euro threshold, an interaction between this variable and an indicator variable for discretion and Fixed Effect for each region-year pair (20 regions and years 2000-2005).| Panel A, rows 1 (3) [5] {7} |9| and 2 (4) [6] {8} |10|, report the estimates of the Coefficient and SEs (in parenthesis) of the regression of the outcomes on an indicator variable equal to one if the reserve price is below 300,000 euro (ITT effects). Panel B, rows 11 (13) [15] {17} |19| and 12 (14) [16] {18} |20|, report the IV-LATE estimates of the effects of discretion on the outcomes (*Trattativa Privata*), which use the indicator variable equal 1 if the reserve price is below 300,000 euro as instrument (Fuzzy-RDD). The dependent variables are: in column 1, *Trattativa Privata*, a dummy equal to one for works assigned with a more discretionary procedure; in column 2, *Winning Rebate*, the percentage discount over the reserve price; in column 3, the number of bidders; in column 4, *Work Length*, the number of days from the first day of work until the effective end of the project, which represent the effective duration of the works; in column 5, *Delay*, the difference in days between the effective end of the project and the contractual deadline; in column 6, *Cost Overrun*, the ratio between the difference in the final cost and the awarding cost (reserve price discounted by the winning rebate) and the awarding cost; in column 7, *Local Winner*, a dummy equal to one if the winning firm is located in the same province of the public buyer; in column 8, *Incumbent Winner*, a dummy equal to one for a winner that has won at least one other auction held by the same buyer within a year from the current auction; in 9 column, *S.R.L* a dummy equal to one if the winning firm is a limited liability firm. *Observations* reports the number of observations; *Average* reports the average value of the dependent variables; *Bandwidth* reports the optimal bandwidth calculated using the Imbens and Kalyanaraman (2012) procedure, and it is used to estimate the effects of discretion for the sample of works with reserve price within this bandwidth. SEs are clustered at region level. Significance at the 10% (*), at the 5% (**), and at the 1% (***).
Source: Statistics for all the public road works tendered between 2000 and 2005, with reserve price $y \in [2, 5]$, in 100,000 euro (2005 equivalents). The number of observations is smaller compared the full sample described in Table 1, because we restrict the analysis the optimal bandwidth sample, as in Imbens and Kalyanaraman (2012).

Figure B.1: Discontinuity Test of Auctions Reserve Price Around the Threshold for Roads



Notes: The running variable is the difference between the reserve price and the 300,000 euro threshold (vertical line). Circles are average observed values, the bold solid line is a kernel estimate (see McCrary, 2008), and the two thin lines are 95% confidence intervals.
Source: Statistics for all the public road works tendered between 2000 and 2005, with auction value $y \in [2, 5]$, in 100,000 euros (2005 equivalents).