Cover letter – Gonzalo Moromizato

Dear Workshop Organizers,

I am writing to apply to the Development Networks Workshop. I am a PhD Candidate in Economics at the Kellogg School of Management, Northwestern University, with research interests in development economics and political economy.

My application includes my CV, statement of motivation and research interests, and working paper to present at the workshop.

If I am shortlisted, Prof. Nancy Qian (nancy.qian@kellogg.northwestern.edu) could provide a reference.

Thank you for considering my application. Looking forward to hearing back from you.

Best,
Gonzalo Moromizato
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Gonzalo Moromizato

Updated: September 2026

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EDUCATION

Northwestern University – Kellogg School of Management
Ph.D., Managerial Economics and Strategy, 2028 (expected)
Prospectus passed, September 2026.
M.S., Managerial Economics and Strategy, 2024

Universidad del Pacífico
M.A., Economics, 2021

B.A., Economics, 2019
Concentration in Economic Theory. Thesis recommended for publication.

University of London – London School of Economics
B.Sc., Economics, 2020
Graduated with *First Class Honours*.

PH.D. COURSEWORK

First Year
Microeconomics 410-1, 410-2, 410-3; Econometrics 480-1, 480-2, 480-3; Optimization 560-1, 560-2

Second Year
Development Economics 425-1, 425-2, 425-3; Political Economy 540-1, 540-3; Public Economics 436; Organizational Economics 570-1, 570-2; Labor Economics 440

RESEARCH

Fields: Political Economy, Development Economics

Working Papers

Contracts Without Office: Informal Political Networks and Public Procurement
with Victor Gamarra

Separation of Powers and Electoral Rules: A Laboratory Study of a Presidential Democracy
with Santiago Medina and Kristian Lopez

Deforestation and Reelected Local Authorities: Evidence from Peru
with Santiago Medina and Manuel Barron

Work in Progress

Temporary Authority, Permanent Relationships: A Public Procurement Analysis

Sequential Information and Strategic Voting in a High-Stakes Election
with Gaspar Arias and Joaquin Armas

CONFERENCE PRESENTATIONS OF PAPERS

NEUDC 2020, LACEA 2022, IMEBESS 2023, APE 2026, LACEA 2026 (forthcoming)

AWARDS

International Conference Travel Award, Roberta Buffett Institute for Global Affairs 2026

Merit-based Scholarship, M.A. in Economics, Universidad del Pacífico 2019–2021

RESEARCH EXPERIENCE

Northwestern University – Kellogg School of Management
Research Assistant to Prof. Ameet Morjaria 2025

Innovations for Poverty Action (IPA) – Uganda
Research Assistant to Prof. Dean Karlan and Chris Udry 2024

University of Chicago – Harris School of Public Policy
Pre-doctoral Research Assistant to Prof. Oeindrila Dube and Joshua Blumenstock 2021–2023

Research Center of Universidad del Pacífico (CIUP)
Research Assistant to Prof. Manuel Barron 2019–2021

TEACHING

Northwestern University – Kellogg School of Management
Teaching Assistant, Statistical Decision Analysis, Prof. Nancy Qian 2026–2027

Teaching Assistant, Business Analytics, Prof. Alvaro Sandroni 2025–2026

Universidad del Pacífico – Department of Economics
Teaching Assistant 2017–2020
General Economics I (5 semesters), Microeconomics I (2), Microeconomics II (1), Econometrics I (1), Applied Statistics I (1).

PROFESSIONAL EXPERIENCE

Videnza Consultores – Research and Consulting 2018–2019
Quantitative evaluation of public and private policies in health and education.

APOYO Consultoría – Economic Studies 2018
National and international macroeconomic and monetary analysis.

KPMG – Financial Management 2017
Financial consulting for corporate clients.

TECHNICAL SKILLS

Statistical Computing: Stata, R

High-Performance Computing: Northwestern Quest, SLURM batch computing

Other: ArcGIS, LaTeX, VBA

ADDITIONAL INFORMATION

· **Languages:** Spanish (native), English (fluent), German (conversational), Portuguese (conversational)

REFERENCES

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Statement of Motivation and Research Interests – Gonzalo Moromizato

My research lies at the intersection of development economics and political economy, with a particular interest in how political and economic relationships shape access to opportunities and public resources. I am especially interested in how temporary institutional or political circumstances create relationships that persist after the circumstances that generated them disappeared.

The project I will present at the workshop, *Contracts Without Office: Informal Political Networks and Public Procurement*, studies whether co-candidacy ties affect access to municipal procurement in Peru. Using close elections, we find that suppliers linked to unelected council candidates on barely winning mayoral lists receive more discretionary procurement and that these advantages persist into the subsequent electoral cycle. We are now transforming this project into a *Local Elite Formation* paper, asking whether temporary access to a local governing network produces durable economic and political advantages. A network framework is therefore becoming increasingly important to the framing of the project.

I am also working on *Temporary Authority, Permanent Relationships: A Public Procurement Analysis*, which studies whether temporary emergencies create persistent relationships between sellers and government buyers. The project uses procurement data from 35 countries, with a causal approach on Colombia, to examine whether relationships formed under temporary expansions of procurement discretion continue after normal rules return.

I would like to attend the Development Networks workshop because both projects address questions about how networks form, persist, and shape economic outcomes. I hope to learn how to frame the Local Elite Formation project more clearly through a networks perspective and how to push both projects beyond just documenting individual relationships. I want to understand the network structures behind these relationships. Feedback from professors and peers in this workshop would be especially valuable for the next stage of both projects.

Contracts Without Office: Informal Political Networks and Public Procurement
[Preliminary: Do not circulate] *

Victor Gamarra and Gonzalo Moromizato †

September 15, 2026

Abstract

We study whether co-candidacy ties formed through electoral campaigns are sufficient to generate favoritism in public procurement. Using close municipal elections in Peru as a source of quasi-random variation in political connectedness, we compare discretionary procurement outcomes for suppliers linked to barely winning mayoral slates with those linked to barely losing slates. These links operate through unelected council candidates who hold no government office or procurement authority, allowing us to isolate the co-candidacy channel from formal power. Connected suppliers are about twice as likely to receive a discretionary contract from their own municipality and earn approximately 22 percent more in total contract value. The premium persists into the subsequent electoral cycle. By contrast, co-partisan connections to mayors in other municipalities generate no comparable advantage, suggesting that the relevant relationship is personal rather than simply partisan. Finally, connected suppliers are less specialized, a pattern more consistent with preferential access than with the selection of suppliers based on sector-specific expertise.

JEL codes: D72, D73, H57, O12.
Keywords: Political connections, public procurement, firm contracting, developing countries.

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1 Introduction

Public procurement accounts for between 12 and 20 percent of GDP in most countries (Bosio et al., 2022), making it both a critical instrument of public policy and a prime arena for political exchange. A large body of evidence documents that politically connected firms win more valuable contracts, attract fewer competing bids, and deliver at higher cost than unconnected rivals (Baránek and Titl, 2024; Brogaard et al., 2021; Szucs, 2024; Romero, 2025; Brugués et al., 2024). Yet two fundamental questions about political connections in procurement remain open. First, what type of connection is sufficient to generate favoritism: must it involve financial exchange, a signed contract, or formal authority, or can a co-candidacy tie produce the same reallocation of public contracts? Second, how do these networks deliver value to connected suppliers, and how durable are they across electoral cycles when the connection is not anchored by a documented financial transaction? Procurement networks are not simply instruments of extraction. They are investments that politicians make in their political coalitions (Stokes et al., 2013), and understanding how they operate requires knowing both what activates them and what sustains them over time. We answer both questions using close municipal elections in Peru as a source of quasi-random variation in political connectivity.

The literature on political connections and public resource allocation has studied two settings and two connection types. In public employment, Colonnelli et al. (2020) study council candidates and campaign donors jointly as "elite supporters," finding that political connections are a quantitatively large determinant of hiring. A parallel literature documents how political turnover reshapes bureaucratic composition and service quality (Akhtari et al., 2022; Bazzi and Labanca, 2023). In public procurement, Gulzar et al. (2025) isolate campaign donors and document persistent distortions that survive political transitions, a finding they attribute to the sunk cost of the original financial contribution. Across this work, one connection type has never been isolated: the co-candidacy channel, ties formed through appearing together on a party's electoral slate and campaigning together. We study suppliers linked to council candidates who ran on the winning party's slate but narrowly failed to win a seat. This design identifies the effect of a documented electoral association. The co-candidacy tie, publicly filed with electoral authorities with names and identity information, is a distinct channel of political connection. Unlike monetary connections studied in procurement or family ties that are private and difficult to observe at scale, co-candidacy requires no financial transaction, signed contract, or formal authority to be operative. By restricting attention to unelected candidates, we remove the formal-authority channel: these individuals never enter government and hold no power over procurement decisions. What remains is a co-candidacy

tie formed through shared electoral risk: publicly documented, large in scale, and operative without formal office.

Peru's municipal elections provide an unusually clean laboratory. Locally organized parties dominate competition across roughly 1,800 municipalities, formal party discipline is weak, and mayors retain broad discretion over a large share of local spending, conditions under which co-candidacy ties have the greatest scope to operate (Makarin et al., 2020). We compare suppliers linked to barely-winning parties against otherwise similar suppliers linked to barely-losing parties using the regression discontinuity design of Calonico et al. (2014). Our running variable is the mayoral vote-share margin: the difference between the council candidate's mayoral candidate's vote share and that of the best contender, defined so that the threshold at zero separates suppliers connected to barely-winning mayors from suppliers connected to parties that narrowly lost the plurality. We link Peru's procurement records to electoral records using names, identity numbers, and supplier registry information. For firms, we use shareholder records to identify companies owned by candidates. This produces two types of connected suppliers: natural persons who appear directly on a winning-party council list, and firms whose shareholders do. Discretionary purchases (those below a regulatory value threshold and requiring no competitive bidding) are the focus of our analysis. They are a high-discretion instrument in Peru's procurement system and the place where mayoral influence over supplier choice is most direct.

We find that co-candidacy connections generate a meaningful access premium in discretionary procurement. Connected suppliers are 2 percentage points more likely to receive any discretionary order from their own municipality, roughly doubling the baseline probability, and receive approximately 22 percent more in total purchase-order value. This premium is durable. Connected suppliers continue to receive approximately 19 percent more in total procurement value five to eight years after the original election, in the subsequent electoral cycle, showing that co-candidacy networks persist well beyond the mayor's first term. Gulzar et al. (2025) show that when suppliers make financial contributions to winning campaigns, those payments create an ongoing obligation that survives political transitions. We find the same durability without any observed financial exchange, whether a campaign donation or a signed contract. Appearing together on a publicly filed party list, sharing electoral risk with no monetary stake, is sufficient to sustain preferential access across political transitions. The durability of the premium marks the exchange as relational rather than transactional clientelism (Nichter, 2018; Gans-Morse et al., 2014): the mayor sustains her political platform between elections through ongoing material rewards to co-candidates, the grassroots members of her coalition, rather than delivering a one-off benefit around election time. We also find that connected suppliers are substantially less specialized than their unconnected

peers: they are 5.9 percentage points less likely to operate within a single industry, a reduction of approximately 17 percent relative to the baseline specialization rate. If mayors used co-candidacy ties to identify high-quality suppliers, connected suppliers should be more specialized, not less. The specialization deficit is inconsistent with quality-based screening and more consistent with loyalty-based selection, though we cannot rule out that mayors screen on reliability rather than expertise or that connected suppliers diversify across sectors as new procurement entrants.

Two additional results sharpen the interpretation. Suppliers connected to a mayor of the same party in a neighboring municipality, who shares party ideology but not the personal co-candidacy tie to the local winner, receive no preferential treatment. This rules out party membership as the operative channel. Suppliers connected to elected council members of the winning party receive a smaller but positive premium, consistent with the effect scaling with proximity to mayoral discretion: it is the mayor who controls discretionary orders, not the council. Together, these results confirm that the co-candidacy tie to the winning mayor is the operative condition for the procurement advantage. We also test for strategic threshold manipulation, asking whether connected suppliers systematically split orders to stay below the ceiling. We find no evidence of bunching, confirming that the premium operates through selection frequency rather than order-splitting.

Why would a mayor route contracts to individuals who hold no government office and wield no formal authority over spending decisions? Appendix Section A.1 develops a conceptual framework with two non-exclusive channels through which co-candidacy ties could generate procurement advantages. The first is reciprocity: the co-candidate's public campaign commitment creates a social obligation that the mayor discharges through subsequent contracts, sustaining coalition loyalty between elections (Finan and Schechter, 2012; Stokes et al., 2013). The second is information: shared campaign experience may lower the mayor's cost of identifying reliable suppliers, so that connected suppliers receive more contracts not as a reward but because they are less risky or less costly to find. More broadly, the framework connects co-candidacy procurement to theories of clientelism and patronage in which targeted exchange depends on credible relationships, social proximity, and repeated local interaction (Robinson and Verdier, 2013; Keefer and Vlaicu, 2008; Cruz et al., 2017; Stokes, 2005; Nichter, 2018; Gans-Morse et al., 2014). We do not separately identify reciprocity and information, but the specialization evidence in Section 5.6 favors reciprocity: the patterns we document are inconsistent with quality screening and consistent with loyalty-based selection.

This paper makes two contributions. First, we provide direct evidence that co-candidacy ties, absent formal authority over spending decisions, are sufficient to generate procurement favoritism. The existing literature documents distortions from monetary connections in pro-

curement (Gulzar et al., 2025; Brogaard et al., 2021; Szucs, 2024; Baránek and Titl, 2024) and from co-candidacy ties in public employment (Brassiolo et al., 2020; Colonnelli et al., 2020), but has not established whether the co-candidacy channel alone can distort procurement. We study unelected council candidates identified through their publicly filed electoral list, individuals who hold no office, no procurement authority, and no formal role in government, and find that their suppliers receive substantially more discretionary purchase orders. Two results isolate the channel: suppliers linked to co-partisan mayors in neighboring municipalities receive no premium, ruling out party ideology; and suppliers connected to elected council members receive a smaller premium, consistent with the effect scaling with proximity to the mayor who controls discretionary orders.

Second, we show that co-candidacy networks are durable and that durability does not require the financial investment that Gulzar et al. (2025) identify as the glue sustaining monetary networks. The access premium survives into the subsequent electoral cycle without any observed financial exchange. This suggests that the bar for creating durable procurement capture is lower than the literature has recognized, and that co-candidacy ties may be a widespread but previously unmeasured source of procurement distortion in settings where electoral lists are publicly filed. In the non-political procurement literature, Decarolis et al. (2016) show that past performance in government contracts generates persistent supplier advantages when performance is transparently measured and rewarded. Our setting departs from this baseline: connected suppliers achieve comparable persistence while being less specialized, suggesting that political access can substitute for the performance reputation that normally sustains incumbent advantages.

The remainder of the paper is organized as follows. Section 2 describes the institutional setting. Section 3 presents the data. Section 4 details the empirical strategy. Section 5 reports the access premium results. Section 6 concludes.

2 Institutional Background

2.1 Local Governments and Politics in Peru

At the heart of Peru's local politics is the directly elected mayor, the chief executive of one of approximately 1,800 district and provincial municipalities which are the smallest and second smallest administrative units, beneath 25 regional administrations and the national government. The mayor holds broad authority over the municipal budget and development plans, and is the central actor in public procurement: it is the mayor's office that initiates, supervises, and controls the award of public contracts. This concentration of executive power,

across municipalities that vary widely in resources and administrative capacity, defines the institutional environment in which political connections can translate into material rewards through contracting.

Municipal elections are held every four years across all municipalities simultaneously. Alongside the mayor, voters choose a municipal council composed of elected council members, which serves as the legislative branch responsible for approving local laws and amendments to the budget. Council seats are allocated by closed-list proportional representation (D'Hondt method), and Peru's electoral law assigns the winning mayoral list a majority bonus, enough seats to hold at least a simple majority on the council, regardless of the exact proportional outcome.[1] List rankings are set by party leadership before the election, not by voters: the party decides which candidates occupy which positions on the slate. A party that wins the mayoralty therefore fills council seats starting from the top of its pre-ranked list, in proportion to its vote share.

This list structure is central to our identification strategy. Parties compete for the mayoralty and council seats on a single unified slate: a mayoral candidate runs alongside a ranked list of council candidates from the same party. The list contains as many council candidates as there are seats on the council in that municipality, usually between 5 and 15 depending on the municipality's population. How many seats a party fills depends on its vote share in the municipal election, which means the number of council seats won, and therefore which council candidates enter government and which do not, is determined by the mayoral vote margin. Our running variable is this margin: the winning party's vote share minus the runner-up party's vote share for parties that win the mayoralty, and the reverse for parties that lose. The threshold at zero separates council candidates connected to barely-winning mayors from those connected to parties that narrowly lost the plurality, including parties that finished second, third, or lower. A typical district-level list contains between 5 and 15 council candidates, and those low enough in the ranking such that their mayor candidate's vote does not secure a seat for them return to private life without any formal position in government. These unelected candidates campaigned alongside the mayor, share organizational and personal networks, and were publicly identified as part of the winning coalition, yet they hold no office, no procurement authority, and no formal role in government. They are the population we study.

Because list rankings are set by party leadership before the election, one might worry that parties place their most business-connected candidates near the expected seat cutoff. This is implausible in practice: Peru's municipal elections are highly fragmented and contested across many parties, making it impossible for party leaders to forecast the mayoral

[1] Organic Law of Municipalities, Art. 26.

vote margin, and therefore the seat cutoff, with the precision that strategic candidate placement would require. We confirm this empirically in Section 4. List rank, however, raises a distinct and more substantive concern. Party leadership sets the ranking before the election, and higher-ranked candidates are more likely to reflect stronger pre-existing personal ties to the mayoral candidate rather than ties formed purely during the campaign. We address this by including list-rank fixed effects in all specifications, comparing candidates at the same list position across winning and losing slates. This is a conservative choice: if higher-ranked candidates have stronger pre-existing connections on average, absorbing rank variation attenuates the estimated effect toward zero, making our estimates a lower bound on the true co-candidacy effect.

Peru's party system is among the most weakly institutionalized in Latin America (Levitsky, 2013). Most parties lack stable organizational structures, programmatic identities, or durable ties to voter blocs. At the subnational level, some locally organized parties restricted by law to competition within a single region, dominate municipal politics in much of the country. These organizations are largely personal vehicles: they are formed around individual candidates, have minimal organizational infrastructure beyond the current electoral campaign, and frequently dissolve or re-register under new names between cycles. Nationally organized parties compete in a subset of municipalities but hold no structural advantage in most local races. A direct consequence of this weak institutionalization is that party labels are highly unstable at the individual level. Peru's electoral law permits, and in practice encourages, candidates to run under different party labels in consecutive cycles, as many subnational parties fail to meet renewal requirements or dissolve between elections. Among mayors who win consecutive terms in the same district in our data, 61 percent do so under a different party label than in their first election. This feature of the system is the structural expression of a party system organized around persons rather than institutions.

The channel through which these candidates can benefit supplier networks operates through the mayor's procurement office. Electoral lists are publicly filed with Peru's electoral authorities and include each candidate's full name and identity information, creating a public record that links every candidate to a specific individual. This generates two types of connected suppliers. Candidates who are natural persons can receive discretionary orders in their own name as individual contractors. Candidates who hold ownership stakes in registered firms create firm-level connections: Peru's national procurement registry records the full name and identity information of registered shareholders, allowing us to identify firms whose owners appear on a party's electoral list. In both cases, our outcome is procurement received from the candidate's own municipality, that is, the district or province where the candidate ran and where the mayor who won the election exercises procurement

authority. The mayor's procurement officer, who reports directly to the mayor and controls orders below the discretionary threshold, can route non-competitive purchases to individuals or firms in the candidate's network without publishing specifications, soliciting competing bids, or producing a competitive selection record. We do not distinguish between the specific sub-mechanisms through which the mayor routes contracts toward the candidate's network, whether through direct personal loyalty, continued campaign-era relationships, or shared business ties formed during the election, because our design identifies the total effect of appearing on the winning electoral list rather than any single sub-channel. This makes the discretionary channel the natural arena for relational favoritism: the exercise of mayoral discretion with limited external scrutiny of supplier choice. A growing body of evidence documents that political connections generate procurement distortions in precisely these high-discretion environments (Schoenherr, 2019; Szucs, 2024; Brugués et al., 2024); our setting isolates the relational channel specifically, absent both monetary transfers and formal authority over spending decisions.

2.2 The Procurement Process and Mayoral Discretion

When a municipality needs to purchase goods, hire services, or commission a public work, the process begins with an estimation of the contract's value. This estimate determines which procedure applies. Peru's procurement framework establishes a hierarchy of procedures, each with distinct transparency requirements triggered by the estimated value of the purchase.

Below a legally defined threshold, the municipality may issue a discretionary order, without any competitive process. No specifications need to be published, no bids solicited, and no evaluation criteria established in advance. The procurement officer, who reports directly to the mayor, selects the supplier and issues the order. This instrument gives the mayor direct discretion over supplier choice for all purchases that fall below the threshold. Above the threshold, the municipality must follow formal competitive procedures: publishing the contract opportunity in the national procurement registry, allowing a minimum period for offers, and evaluating submissions according to pre-defined criteria. Larger contracts, including public tenders, impose the most stringent requirements, including public advertisement, independent evaluation committees, and mandatory publication of results.

In practice, even formal competitive procedures are not fully insulated from political influence: procurement officers can write technical specifications that restrict competition to a preferred supplier, or set timelines that disadvantage outside bidders. The scope for such manipulation is substantially larger in discretionary orders, where little process documentation is required and no external parties observe the selection. The discretionary channel

is therefore the natural arena for relational favoritism, and it is where connected suppliers are most concentrated in practice. The goods and services transacted through discretionary orders, such as construction materials, food supplies, and vehicle maintenance, are precisely the sectors where small local contractors without specialized technical credentials can plausibly operate, making them the realistic avenue for unelected candidates who return to private life after the election. Formal competitive tenders, by contrast, require registered participation, public evaluation, and sector-specific technical qualifications that most unelected council candidates do not hold. We therefore focus our analysis on discretionary purchases as the primary outcome.

3 Data

We build a novel administrative dataset by linking two Peruvian national registries: public procurement records (OSCE) and electoral records (JNE). The objective is to build a dataset at the candidate-election level that shows all instances in which a losing council candidate received a procurement contract in the four years after the election in which they lost. We code participation in procurement when the candidate appears as a shareholder of the firm that received the contract.

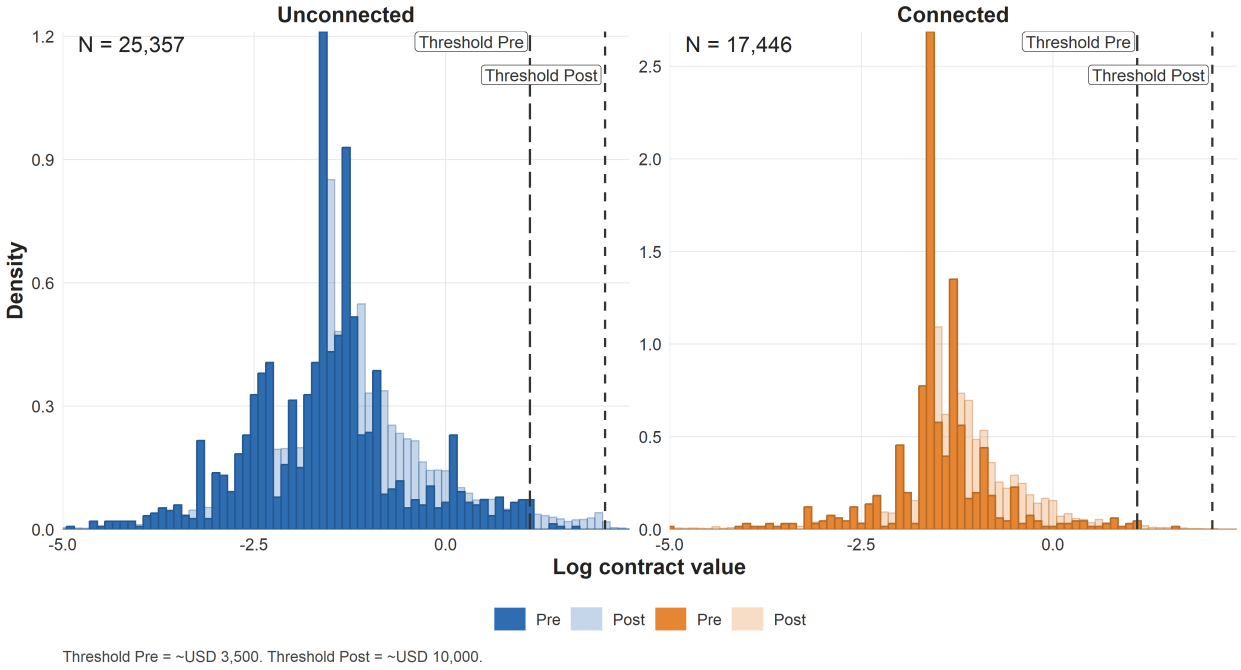
3.1 Data Sources

Procurement data. From Peru's public procurement authority (OSCE), we obtain the universe of discretionary purchases made by Peruvian government institutions from 2013 to 2025. We restrict to purchases where the buyer is a district or province municipality. Each record identifies the buyer municipality, the supplier firm, the contract value, the date, and the concept of the purchase.

We use about 13 million procurement records that we later link to electoral records. We focus on discretionary contracts because our analysis sample of suppliers mostly participates in small procurements that fall below the regulatory threshold for discretion. When linking procurement to candidates, we identify only 730 contracts from open tenders above the threshold. Consistent with Figure 1, most procurements in our sample are far below the threshold, and there is no bunching just below it. By contrast, Appendix Figure A2 shows clear bunching below the threshold in the universe of discretionary contracts.

Electoral data. From the national authority of elections (JNE) we obtain the complete electoral lists for all district and province municipality elections held every 4 years between

Figure 1: No bunching below the threshold



Distribution of discretionary contracts in our sample. In January 2016 the discretionary threshold tripled; the figure shows no bunching either before or after the reform.

2010 and 2022. Each list shows party affiliation and candidates' names. For the mayor candidate, it shows their vote share margin, which we use as input for our running variables in the regression discontinuity design. For the council candidates, it shows their ranking in the list and whether they won a council seat. For 39% of our candidates, we have their national identity number, which we use later to validate that the linking strategy based on full name matching works well.

Supplier registry. Also from OSCE, we obtain records on the shareholder composition of all firms registered to supply goods or services to the Peruvian government. Registration is mandatory, so all firms that participate in public procurement appear in this dataset. For each registered firm, the records include the tax identification number and the full name and national identity number of all registered shareholders.

In this version of the paper, we use shareholder composition at the moment of data extraction. We are working on web scraping the historical shareholder composition to reflect ownership at the moment of procurement. We do not worry about this issue for two reasons. First, from manual inspection, shareholder ownership percentages may vary over time, but shareholder identities seem more stable, and this is what we ultimately use to link firms to

candidates. Second, 64% of firms in our sample have only one employee, the owner, so only the remaining 36% are subject to these shareholder considerations. This is similar to the composition we observe in the universe of firms participating in procurement, where 70% have only one employee.

3.2 Linking Strategy

We link procurement records to electoral candidates by matching the full name of the candidate to the full name of the shareholders of the supplier firms. For firms with a single employee, the owner, this is straightforward, since the name of the firm is the name of the person. For firms with more than one employee, we expand the procurement dataset to a contract-shareholder level by using all shareholders of the firm, regardless of their participation.

We have the national identity number for 39% of our candidates, so we can validate the linking strategy by comparing the national identity number of the candidate to the national identity number of the shareholder. We find that 94% of the matches based on full name matching are correct. This gives us confidence that our linking strategy is accurate.

4 Empirical Strategy

4.1 Regression Discontinuity Design

To identify the causal effect of co-candidacy connections on procurement outcomes, we exploit the discontinuous change in a supplier's political connectivity at the mayoral electoral threshold. The identifying assumption is that, for the subset of competitive municipal elections we consider, whether a party wins or loses is as good as random, so that connected suppliers on barely-winning and barely-losing slates are comparable along all pre-determined characteristics.

Our running variable is the signed mayoral vote-share margin: for suppliers linked to the winning party, it equals the winner's vote share minus the runner-up's; for suppliers linked to a losing party, it equals that party's vote share minus the winner's. This centers the running variable at zero, with positive values indicating co-candidacy with the winning mayor and negative values indicating co-candidacy with a party that narrowly lost the plurality. We include all losing parties, not only the runner-up, in the comparison group, which increases statistical power; the construction ensures that every comparison is anchored at the winning margin regardless of where a given party finished.

Our main specification is a local linear regression discontinuity:

$$y_{imt} = \alpha + \tau \mathbf{1}\{\text{Margin}_{imt} \geq 0\} + \beta_1 \text{Margin}_{imt} + \beta_2 \mathbf{1}\{\text{Margin}_{imt} \geq 0\} \times \text{Margin}_{imt} + \rho_r + \varepsilon_{imt}, \tag{1}$$

where y_{imt} is a procurement outcome for supplier i in municipality m in electoral period t; β_1 and β_2 allow the relationship between the running variable and the outcome to differ linearly on each side of the threshold; and ρ_r are list-rank fixed effects, where $r \in \{1, 2, \ldots, R\}$ indexes the candidate's position on the party ballot, that compare candidates at the same list position across winning and losing slates, absorbing rank-correlated variation in pre-existing social proximity to the mayor. The coefficient of interest, τ, identifies the average discontinuous change in procurement outcomes at the electoral threshold.

We study co-candidacy effects on the full set of procurement outcomes through which the premium can manifest: the extensive margin, whether a supplier receives any discretionary order from the municipality; the frequency of contracting, the number of orders per year; the size of individual orders, log value per order; and the total procurement received, log total annual value of orders. We present all four outcomes together to assess on which margin the co-candidacy premium operates.

We estimate equation (1) following the CCT procedure of Calonico et al. (2014), using mean-squared-error-optimal bandwidth selection with bias-corrected robust confidence intervals throughout. Standard errors are clustered at the municipality level. This is the natural unit because the running variable is defined at the party-municipality level: all candidates on the same list share an identical margin, so their residuals are mechanically correlated. Municipality-level clustering accounts for this common running variable and for any other within-municipality correlation in procurement outcomes. We present estimates with and without list-rank fixed effects in Appendix Tables A2 and A3; the coefficients are nearly identical, confirming that rank-correlated social proximity to the mayor does not account for the premium.[2]

As an additional robustness check, we re-estimate the design on a balanced sample that restricts the losing-party side to candidates ranked equal or worse than the best-ranked losing council candidate on the winning-party slate. This is more restrictive, but it ensures that for each losing candidate on a losing slate we compare against a losing candidate on the winning slate with the same list rank and the same exposure to not entering office. The balanced-sample estimates are consistent with the main results and help rule out composition differences in the lower tail of the ballot.

[2]List-rank fixed effects are a conservative choice: if higher-ranked candidates have stronger connections to the mayor on average, absorbing rank variation attenuates the estimated τ toward zero, making our estimates a lower bound on the true co-candidacy effect.

4.2 Validity of the Design

Three conditions underpin the RDD. The first is *continuity*: absent treatment, procurement outcomes would evolve smoothly through $\text{Margin}_{imt} = 0$. Continuity cannot be tested directly at the threshold, but pre-treatment balance provides the strongest available supporting evidence. We estimate equation (1) on procurement outcomes from the electoral period *prior* to the one we study, $y_{im,t-1}$. Under continuity, these pre-treatment outcomes should show no discontinuity at the threshold, since treatment status in the subsequent election cannot affect past procurement. Appendix Table A1 reports pre-treatment procurement outcomes in the previous electoral term. The coefficients are small and statistically indistinguishable from zero, consistent with the continuity assumption and indicating that suppliers linked to barely-winning and barely-losing parties were on parallel pre-treatment procurement trajectories.

The second condition is *no precise manipulation*: candidates cannot sort exactly around the electoral threshold. This is plausible in Peru's fragmented multi-party municipal elections, where the mayoral margin cannot be forecast with the precision that strategic candidate placement would require. We assess this with the McCrary continuity-of-density test around the electoral threshold. Appendix Figure A1 reports the McCrary test. The density appears smooth through zero, consistent with the assumption that parties cannot precisely control their position relative to the cutoff.[3]

A third concern is that mayors and co-candidates self-select onto the same slate, so the co-candidacy tie may partly reflect pre-existing relationships rather than connections forged during the campaign. This does not threaten the identifying assumption: the running variable is the mayoral vote-share margin, and whether the connection pre-dates or is built during the campaign does not affect the continuity condition at the threshold. What the design identifies is the effect of having an activated co-candidacy connection, whether pre-formed or campaign-built, at the moment the mayor takes office, not the effect of the campaign itself creating a connection from scratch. A related concern is that campaigns on winning and losing slates may differ in intensity, and candidates on more active campaigns may build broader contractor networks independently of whether their mayor wins. This would generate a discontinuity in network capital rather than a procurement advantage conditional on connection. The RDD addresses this directly: barely-winning and barely-losing campaigns are nearly identical in intensity by construction, so any discontinuity at

[3] An additional concern is that parties might place more business-connected candidates at the top of their list, not near the electoral cutoff, to ensure those candidates enter office if the party wins. This is a different form of selection than strategic placement at the threshold, and our list-rank fixed effects address it directly by comparing candidates at the same position across winning and losing slates.

the threshold reflects the electoral outcome itself, not differential campaign investment on the two sides. The list-rank fixed effects provide an additional safeguard: if higher-ranked candidates reflect stronger pre-existing ties to the mayor, absorbing rank variation attenuates the estimated τ toward zero, so our main estimates are a conservative lower bound on the true co-candidacy effect.

5 Results

5.1 Access Premium in Discretionary Procurement

Table 1 reports the estimates for the four procurement outcomes measured over the four years following the election, from equation (1), with MSE-optimal bandwidths and bias-corrected robust confidence intervals. Connected suppliers are 2.0 percentage points more likely to receive any discretionary order from their own municipality in the 4 years after the election, significant at the 1 percent level, against a baseline probability of approximately 2 percent for suppliers on barely-losing slates. The effect on the number of orders is 0.318 additional contracts per year, significant at the 1 percent level, a substantial increase relative to a baseline of approximately 0.12 orders per year. The log value per individual contract shows no significant change, indicating that average contract size is similar for connected and unconnected suppliers. By contrast, the log total value of all contracts received is 0.198 log-points higher for connected suppliers, significant at the 1 percent level, corresponding to approximately 22 percent more in total annual procurement value.

Figures 2 and 3 present the RD plots for these four outcomes. Each panel shows binned sample means of the outcome against the running variable, the signed mayoral vote-share margin, with local linear fits estimated separately on each side of the threshold.

Together, these estimates indicate that the co-candidacy premium operates primarily through the *extensive margin*: connected suppliers receive orders more frequently, not larger individual orders. The mayor routes discretionary purchases toward connected suppliers by selecting them more often, not by inflating the per-order amount. This pattern is consistent with the legal architecture of discretionary orders, where individual order values are constrained to remain below the regulatory ceiling, and with the mechanism we examine in Section 5.6: selection frequency is the operative margin.

5.2 Robustness

Table 2 verifies that the main results are not sensitive to bandwidth choice, reporting estimates at half the MSE-optimal bandwidth, the MSE-optimal bandwidth, and twice the

Table 1: Effect of connectedness on public procurement

	Any contract (1)	Num contract (2)	Log value per contract (3)	Log value (4)
Connectedness	0.020***	0.318***	-0.068	0.198***
	(0.005)	(0.080)	(0.103)	(0.048)
Bandwidth	0.090	0.123	0.116	0.097
Obs. left BW	43,603	64,209	1,091	47,717
Obs. right BW	6,879	8,254	367	7,188
Mean left BW	0.019	0.135	7.429	0.167
Ranking FE?	Yes	Yes	Yes	Yes
Balanced sample?	No	No	No	No

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Figure 2: Political connectedness increases contracts with own municipality

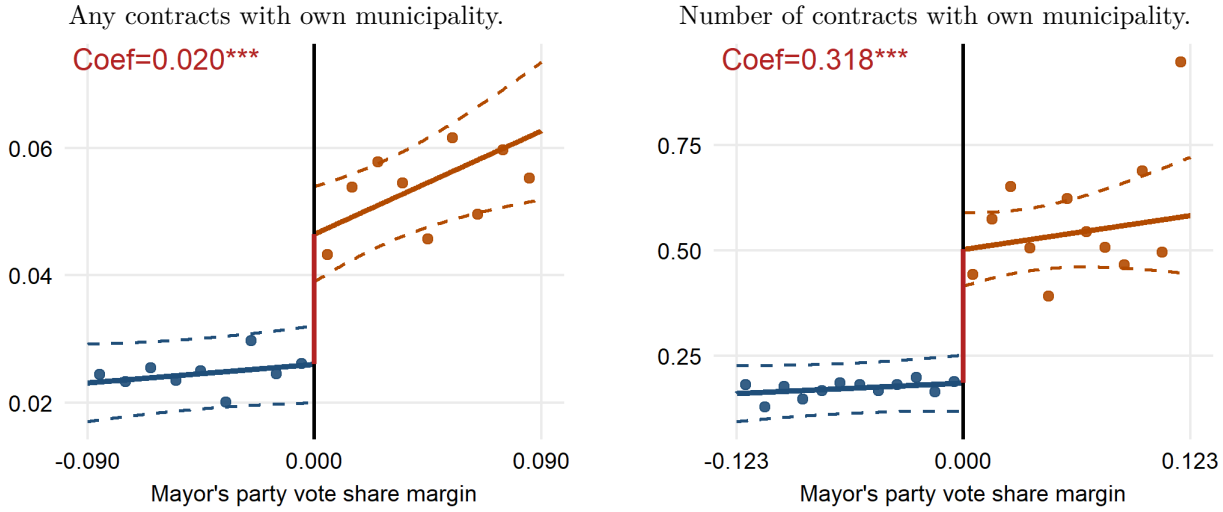
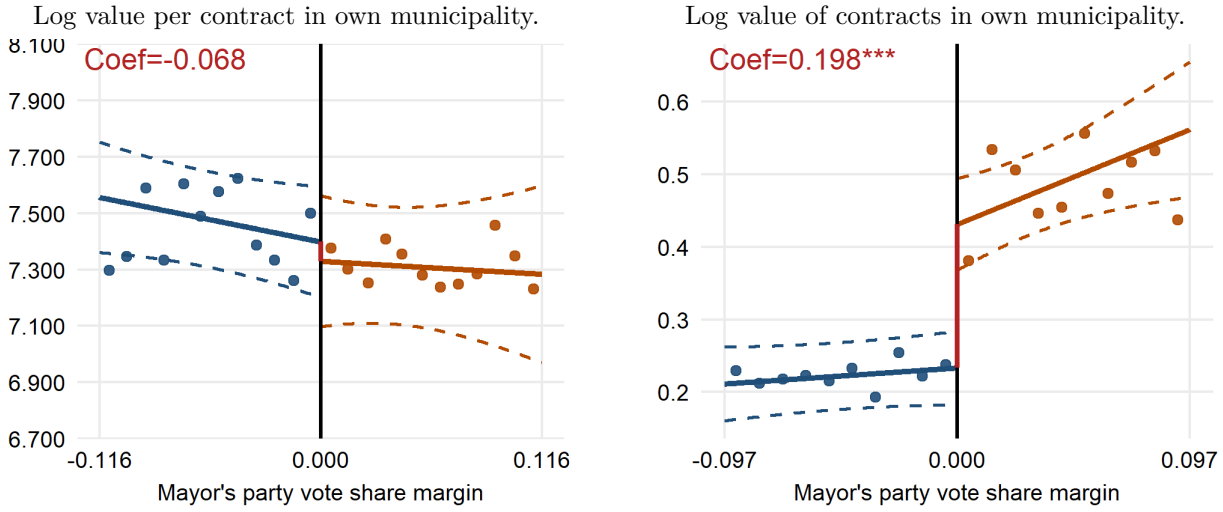


Figure 3: Political connectedness increases total amount earned



MSE-optimal bandwidth. The coefficients are stable across all three bandwidths for the probability and count outcomes; the log-value coefficient is somewhat larger at narrower bandwidths. We also present results without list-rank fixed effects: the estimates are nearly identical, confirming that the premium is not driven by rank-correlated social proximity to the mayor and, as discussed in Section 4, the inclusion of rank fixed effects is conservative.

The appendix reports additional checks. Tables A2 and A3 present the full specification for each outcome separately across all bandwidth and fixed-effect combinations. Table A4 reports robustness checks for the council-member estimates. Table A6 estimates the main specification at placebo cutoffs away from the electoral threshold; the coefficients are small and statistically indistinguishable from zero throughout, consistent with the identifying assumption.

Table 2: Robustness checks: different bandwidths

	Any contracts			Num contracts			Log value per contract			Log value		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Connectedness	0.020***	0.017	0.023***	0.318***	0.289*	0.329***	-0.068	-0.092	-0.144	0.198***	0.165	0.214***
	(0.005)	(0.008)	(0.005)	(0.080)	(0.112)	(0.078)	(0.103)	(0.188)	(0.096)	(0.048)	(0.072)	(0.045)
Obs.	50,482	23,141	122,434	72,463	32,425	189,680	1,458	703	3,228	54,905	24,897	135,251
Mean dep. var.	0.019	0.020	0.017	0.135	0.145	0.122	7.429	7.428	7.430	0.167	0.171	0.148
Bandwidth	0.090	0.045	0.181	0.123	0.061	0.245	0.116	0.058	0.231	0.097	0.048	0.193

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$. Mean dep. var. reports the left-of-cutoff mean within the estimation bandwidth.

5.3 Persistence Across Electoral Cycles

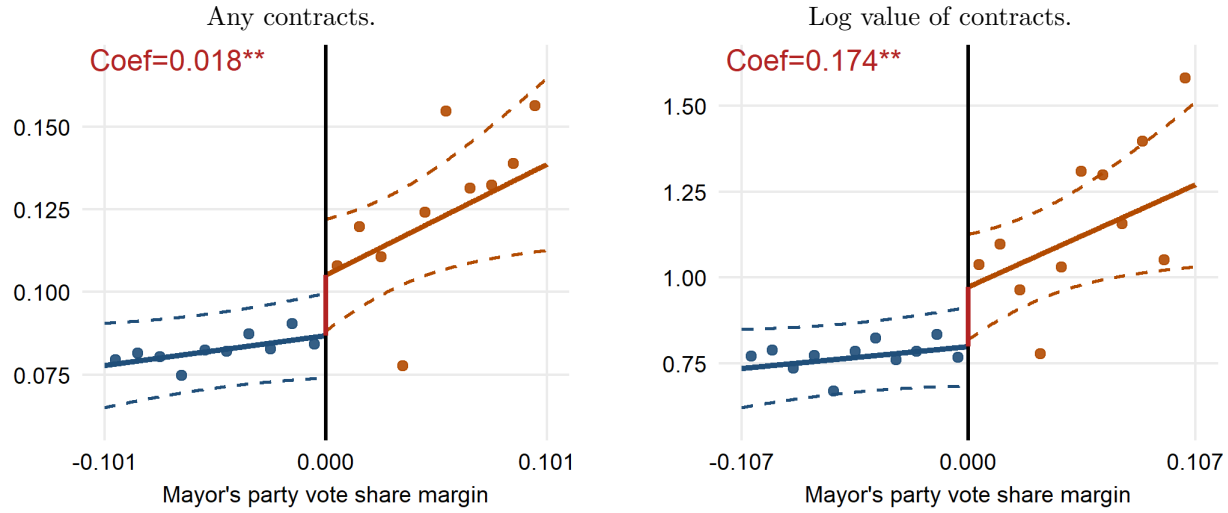
The co-candidacy premium is not limited to the term of the original mayor. Figure 4 presents RD plots for two procurement outcomes measured in the *subsequent* electoral cycle, five to eight years after the original election, using the original election margin as the running variable.

Connected suppliers remain significantly more likely to receive any procurement and to receive substantially more total contract value in the later period, both significant at the 5 percent level. Both effects operate at the extensive margin: connected suppliers continue to be selected more frequently, generating a persistent gap in total earnings without a detectable change in per-order amounts.

The persistence result implies that the co-candidacy tie creates an enduring network relationship that outlasts the original mayor's tenure. Gulzar et al. (2025) show that monetary campaign contributions generate durable procurement advantages in Colombia, which they attribute to the sunk costs of the original financial investment. We find the same durability without any such investment: publicly filing an electoral list together, with no

monetary stake, is sufficient to sustain preferential access nearly a decade later. The public commitment of co-candidacy, rather than a financial obligation, is the mechanism binding the network together across transitions.

Figure 4: Persistence: connected suppliers do more procurement 5–8 years later



5.4 Connection to an Elected Council Member

Suppliers in our control group, connected to losing-party candidates, may nonetheless have a co-candidate who won a council seat despite their party losing the mayoralty. While these individuals are not connected to the *mayor*, they share an electoral list with an elected council member. Council members hold legislative authority over municipal law and the budget but less control over procurement: the mayor's office issues discretionary orders without council approval.

Because council seats are allocated by proportional representation rather than a single threshold, this comparison is descriptive rather than causal. We therefore use an OLS specification with list-rank fixed effects:

$$y_{imt} = \alpha + \beta \, \text{Connected}_{imt} + \rho_r + \varepsilon_{imt}, \tag{2}$$

where Connected_{imt} indicates that at least one co-candidate on the same list won a council seat. Table 3 reports estimates of equation (2), comparing suppliers with at least one elected co-candidate against those with none. The effects are positive and significant at the 1 percent level for the probability of any procurement and log total value. These effects are substantially smaller than the mayoral connection premium: the any-procurement coefficient is one-tenth the size of the corresponding coefficient estimated for mayoral connections.

This gradient is consistent with the framework prediction that the procurement premium scales with proximity to the decision-maker who controls discretionary orders: connection to the mayor generates the strongest advantage, while connection only to a council member generates a smaller but positive association, consistent with council members' indirect influence through the budgetary approval process. The existence of a positive council-member association also speaks to the behavioral mechanism: it is difficult to attribute the mayor's co-candidacy premium solely to formal-access channels that require personal contact with the procurement office, since council members hold no such access.

Table 3: Connectedness to elected council member and procurement in own district

	Any contracts	Num contracts	Log value per contract	Log value
Connectedness	0.002***	0.026***	0.019	0.023***
	(0.001)	(0.009)	(0.037)	(0.006)
Obs.	301,944	301,944	5,280	301,944
Mean dep. var.	0.017	0.119	7.409	0.149
Ranking FE?	Yes	Yes	Yes	Yes
Balanced sample?	No	No	No	No

Standard errors clustered at the municipality level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

5.5 Personal vs. Partisan Connections

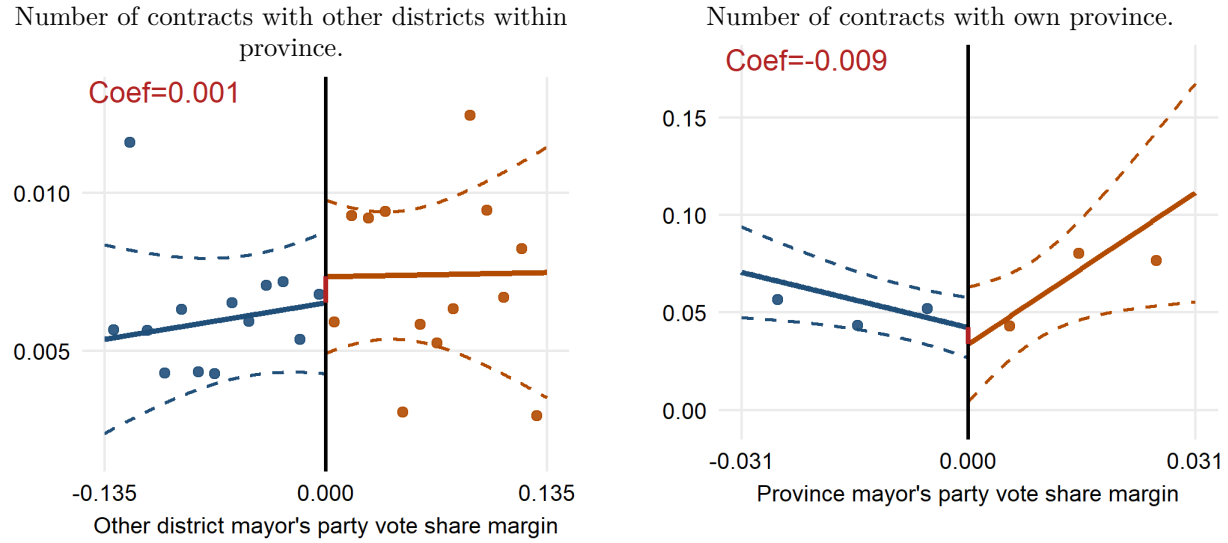
The co-candidacy tie bundles two potentially distinct components: a personal relationship forged through shared campaign experience, and a partisan affiliation with the winning party. We separate these channels by testing whether suppliers benefit from a co-partisan connection in a *different* municipality. Consider a candidate who ran on a party's list in district m whose party also competed in neighboring district n. If the party wins in n, the candidate is ideologically co-partisan with a mayor in n but shares no personal co-candidacy tie with that mayor. We use the vote-share margin in the district-n race as a second running variable, testing whether proximity to a co-partisan win in another district generates a procurement premium.

Figure 5 shows RD plots for the number of contracts received from municipalities in other districts within the province, and from the provincial municipality. Both panels show no discontinuity at the electoral threshold: the coefficients are close to zero and statistically insignificant. The effects are precisely estimated and statistically indistinguishable from zero.

This null result rules out common party affiliation alone as the operative channel and isolates the personal relationship between the mayor and the co-candidate as the mechanism. Being affiliated with a winning party is not sufficient; the benefit requires a personal

co-candidacy tie to the specific mayor who controls the local procurement budget. This finding is consistent with Peru's personalistic party system, where formal party organizations provide no coordination infrastructure that would translate a co-partisan relationship in a neighboring district into a procurement advantage in the candidate's home municipality.

Figure 5: Political connectedness is personal, not partisan



5.6 Are Connected Suppliers Better? Specialization

A natural alternative to the favoritism interpretation of our main result is that connected suppliers are genuinely better: mayors select from their co-candidate network not because they are rewarding loyalty but because the shared campaign experience has revealed the quality of those suppliers. If connected suppliers are higher quality, their procurement advantage is efficiency-enhancing rather than distortionary.

We test this directly using supplier specialization as a proxy for quality. For all suppliers with at least two contracts in our sample, we define One-Industry$_{imt}$ as an indicator equal to one if all contracts received by supplier i fall within the same industry category among the 14 categories into which we classify procurements. A more specialized supplier, one who operates within a single industry, is more likely to develop expertise, maintain established relationships with input suppliers, and deliver at lower cost and higher quality than an unspecialized general contractor.

Table 4 reports estimates of the relationship between co-candidacy connectivity and One-Industry. The results are consistent across specifications: connected suppliers are less likely to be single-industry across the ranking-fixed-effect, no-fixed-effect, and balanced-sample specifications. Against a baseline single-industry rate of approximately 34 percent

for unconnected suppliers, these estimates imply a materially lower degree of specialization among connected suppliers.

Connected suppliers are therefore *less* specialized, not more. This is consistent with the reciprocity mechanism in our conceptual framework: the mayor is rewarding loyalty by routing contracts across a broad set of goods and services, without regard for the co-candidate's sector-specific expertise. We note, however, that this finding admits two alternative interpretations. First, connected suppliers may be new procurement entrants, individuals entering the contracting market for the first time due to the political connection, who have not yet accumulated the experience needed to specialize. Second, some connected suppliers may operate as general contractors by design, diversifying across sectors as a deliberate business model rather than due to low quality. Taken together, the specialization evidence is most naturally consistent with the view that connected suppliers obtain contracts based on their political relationship, not their production competence.

Table 4: Connected suppliers are less specialized

	One-Industry		
	(1)	(2)	(3)
Connectedness	-0.059***	-0.051***	-0.065*
	(0.012)	(0.011)	(0.035)
Obs.	14,634	14,636	2,416
Mean dep. var.	0.339	0.339	0.408
Ranking FE?	Yes	No	Yes
Balanced sample?	No	No	Yes

Standard errors clustered at the municipality level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

6 Conclusion

This paper asks whether co-candidacy ties, formed through publicly running together on an electoral slate without monetary exchange or formal authority, are sufficient to generate favoritism in public procurement. Using close mayoral elections in Peru as a source of quasi-random variation in political connectivity, we show that suppliers linked to unelected candidates on barely-winning slates receive substantially more discretionary procurement from their own municipalities than suppliers linked to barely-losing slates. Connected suppliers are about twice as likely to receive any discretionary order and earn approximately 22 percent more in total contract value. The premium operates through selection frequency rather than contract size: connected suppliers are chosen more often, not awarded larger individual orders.

Several results clarify what kind of network this is. The premium persists five to eight years later, into the subsequent electoral cycle, indicating that co-candidacy networks are durable. The premium is also personal rather than partisan: co-partisan mayors in neighboring municipalities generate no comparable advantage when they do not share the co-candidacy tie. Finally, connected suppliers are less specialized than unconnected suppliers. This is the opposite of what we would expect if mayors were using co-candidacy ties mainly to identify expert contractors. The evidence is more consistent with loyalty-based selection, in which mayors reward members of their electoral coalition through repeated access to discretionary orders.

The results show that the minimal condition for procurement favoritism is weaker than a donation, an office, or a formal contract. A publicly filed political commitment, running together on an electoral list, is sufficient to redirect municipal spending even when the connected individual never enters government. This extends evidence on political connections in procurement and patronage by isolating co-candidacy as an independent source of distortion: the tie is public, observable at scale, and separable from formal procurement authority.

The findings also speak to the durability of political exchange. Prior work has emphasized monetary investments, such as campaign contributions, as a source of persistent procurement networks. In this setting, persistence arises without observing any such financial sunk cost. The public co-candidacy record, embedded in a local political coalition, appears sufficient to create preferential access that survives beyond the original electoral term. That durability suggests that procurement networks may be easier to create, and harder to unwind, than a focus on campaign finance alone would imply.

The policy implication is not that all procurement discretion should be eliminated. Discretion can improve procurement when officials are competent, informed, and constrained by competition (Bosio et al., 2022; Bandiera et al., 2021; Decarolis et al., 2025). The relevant vulnerability is the discretionary-purchase regime, where supplier selection can occur repeatedly without the documentation, comparison, and external scrutiny generated by formal procedures. Policies that preserve administrative flexibility while requiring digital records, price comparisons, or ex-post audit trails for discretionary orders would target the channel documented here more directly than blanket limits on all local discretion.

Several limitations remain, and solving them is a work in progress. We document access and specialization, but we do not directly measure the welfare cost of the premium through prices, delivery quality, or project completion. Combining the linkage in this paper with price benchmarks, audit findings, or infrastructure quality measures would allow a direct estimate of the public cost of co-candidacy favoritism. We also cannot fully separate reciprocity from information. The specialization deficit is more consistent with reciprocity

than with quality screening, but direct measures of supplier reliability would sharpen that inference. Finally, Peru's weakly institutionalized municipal party system is a setting in which personal electoral networks are especially likely to matter. Whether co-candidacy networks distort procurement in more institutionalized political environments remains an important question for future work.

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A Appendix

A.1 Conceptual Framework

This appendix presents a simple framework to motivate the role of co-candidacy networks in procurement. The framework highlights how access to government contracts depends on social proximity to the decision-maker, why procurement is the operative instrument in our setting, and why the resulting network is organized around the mayor as a person rather than around the party as a label.

Mayors who win office face a fundamental challenge in sustaining their political coalition. The mayor's private incentive is straightforward: a loyal, mobilizable network of supporters available for the next election is worth investing in, and procurement is the instrument through which she pays for it. Delivering benefits before the next election requires instruments that are credible, rational for the patron to provide ex post, and that generate sufficient dependency to bind recipients to the patron's political survival (Robinson and Verdier, 2013; Keefer and Vlaicu, 2008). Public employment is the canonical solution: jobs create deep economic dependency, can be withdrawn as punishment, and are selectively targeted within the patron's political network (Colonnelli et al., 2020; Bazzi and Labanca, 2023). But employment-based patronage is constrained by civil service rules, headcount caps, and the scrutiny that comes with payroll records. In low-capacity municipalities dominated by small local contractors, as in the Peruvian setting we study, procurement is the more natural channel. Cash transfers are legally risky and easily flagged as electoral crimes (Weitz-Shapiro, 2014); a discretionary order, by contrast, carries the surface appearance of a legitimate commercial transaction. Procurement scales naturally with the municipality's capital budget, allowing the mayor to expand or contract the material basis of the coalition as fiscal resources allow, and it can generate private rents for both patron and client through inflated prices or kickbacks (Olken, 2007). Crucially, the most discretionary segment of the procurement budget, orders below the regulatory value ceiling, is controlled by the mayor's office with minimal documentation, no competitive process, and limited external oversight. This makes procurement not merely a substitute for employment but a more flexible and deniable instrument of coalition maintenance: the mayor builds and rewards her political network through contracts, and the network sustains her electoral coalition in return (Stokes et al., 2013).

Co-candidacy ties can activate this coalition-maintenance function through two distinct but complementary mechanisms. The first is reciprocity. Co-candidates are grassroots members of the mayor's political platform: individuals who ran on the slate, campaigned, and mobilized voters without guarantee of any public position or material reward. This voluntary

public commitment constitutes a credible signal of loyalty and generates a social obligation on the mayor's side: routing subsequent contracts is the credible ex-post fulfillment of an implicit promise, and defection would be observable and reputationally costly within the local community (Finan and Schechter, 2012). The second is information. Shared campaign experience reveals each co-candidate's reliability, local networks, and sector competence to the mayor in ways that cannot be conveyed by an unknown contractor approaching the procurement office cold. When the mayor's procurement officer faces no binding obligation to solicit bids, selecting a known co-candidate lowers the risk of poor delivery and reduces the informational cost of supplier identification. Both mechanisms predict the same pattern: connected suppliers receive more discretionary procurement than observationally similar unconnected ones. They differ in a key implication. The information channel predicts that connected suppliers should be better, more specialized, or more reliable, while the reciprocity channel carries no such prediction. Our finding that connected suppliers are less specialized is consistent with the reciprocity mechanism, the mayor rewarding loyalty rather than selecting on quality, but we cannot rule out two alternative interpretations: that connected suppliers are new procurement entrants who have not yet specialized across cycles, or that they are general contractors who operate across sectors by design. We discuss these alternatives and provide additional tests in Section 5.6.

No formal contract governs the exchange between the mayor and connected suppliers; the enforcement mechanism is social. Political exchange in clientelistic systems depends on the existence of a personal link between the patron and the recipient of targeted goods (Robinson and Verdier, 2013). Unlike market transactions, these exchanges cannot be enforced by third parties: a mayor who routes a contract to a political supporter has no legal recourse if the supporter defects, and a supplier who mobilizes voters before receiving payment has no guarantee of delivery. What sustains the exchange on both sides is social proximity (Finan and Schechter, 2012; Cruz et al., 2017). This structure places the co-candidacy exchange firmly in the category of relational rather than transactional clientelism (Nichter, 2018; Gans-Morse et al., 2014): the exchange is coalition-internal, between the mayor and her political platform rather than between the mayor and swing voters; ongoing, in the form of contracts that can renew across electoral cycles; and sustained by the social embeddedness of both parties in the same local community (Stokes, 2005). Transactional clientelism, one-off vote-buying around elections, generates loyalty only as long as the payment is contingent on the electoral outcome. Relational exchange generates loyalty between elections precisely because both parties expect it to continue.[4]

[4]Mayors and co-candidates self-select onto slates, so the tie may partly reflect pre-existing relationships rather than connections forged entirely during the campaign; we discuss the identification implications in

The structure of mayoral discretion over procurement, described in Section 2, determines where this exchange should concentrate. Below the discretionary threshold, the procurement officer selects suppliers without competitive process or a comparable public scoring rule, so the mayor's discretion over supplier choice is effectively unconstrained. Reallocation that operates through co-candidacy ties should therefore concentrate in the non-competitive segment, where no competitive constraint limits supplier choice and no documentation creates a detailed paper trail. One implication is that mayors may manage this boundary by splitting larger purchases into multiple orders below the ceiling. We test for this directly in Figure 1 and Appendix Figure A2, using the result to characterize whether the premium operates through strategic order-splitting or through the repeated selection of connected suppliers.

This logic also generates a prediction about elected council members. Elected council members share the same co-candidacy tie as their unelected slate-mates: they campaigned together, share organizational and personal networks, and were publicly identified as part of the winning coalition. The social proximity mechanism therefore applies to them as well. However, they are prohibited by law from participating in public procurement.

The final question is whether the resulting network is organized around the mayor as a person or around the party as a label. This distinction matters because it determines not only whether the network generates favoritism during the original term, but whether it survives the political transitions that are routine in Peru's weakly institutionalized party system. In employment-based patronage, control over the hiring roster is often vested in the party organization, so the client's income is tied to whichever politician controls the party payroll: loyalty is partisan (Colonnelli et al., 2020; Akhtari et al., 2022). Procurement is structurally different. The mayor personally exercises administrative discretion over orders below the threshold; no party structure mediates the transaction. The benefit flows from an individual to an individual, which means the obligation, and the loyalty it generates, runs between persons rather than between a client and a party label.

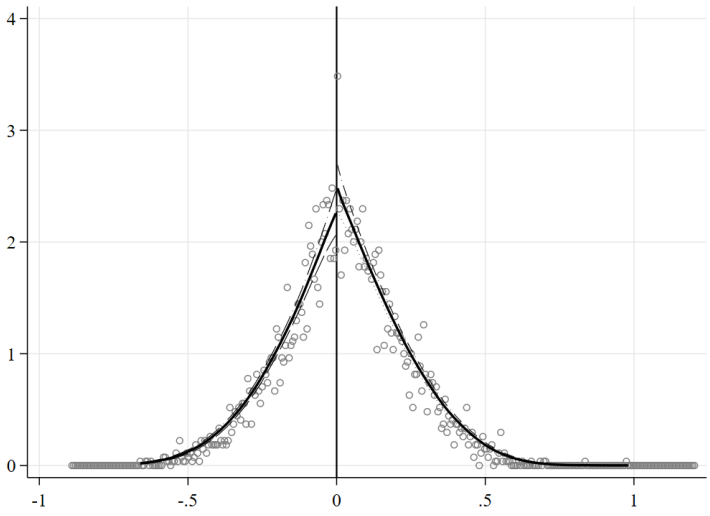
This person-based structure has a direct implication for durability. The co-candidacy tie is publicly filed with electoral authorities and remains on record: any mayor who subsequently takes office in the same municipality can identify who campaigned on the original winning slate. A new mayor faces the same coalition-maintenance problem as her predecessor and inherits the same local contractor environment. The co-candidates are already-known, already-vetted local contractors whose public commitment to the winning slate constitutes a

Section 4. We also cannot observe whether co-candidates made financial contributions to the campaign. The framework requires only that the publicly documented co-candidacy tie is an operative channel of connection when the mayor takes office, distinct from and identifiable independently of any monetary exchange.

legible loyalty signal in the community. The new mayor can therefore activate the same network on the same grounds, reciprocity and information, that made it valuable to the original mayor (Finan and Schechter, 2012; Stokes et al., 2013). Durability across transitions does not require that the new mayor honor a specific bilateral obligation she had no part in creating; it requires only that the co-candidacy record remains a credible signal of local political loyalty, which it does precisely because it was publicly documented and cannot be revised (Stokes, 2005). This logic also generates the partisan-null prediction directly: a co-partisan mayor in a different municipality cannot read the co-candidacy signal of a candidate she never ran with, because the signal is locally embedded and person-specific, not party-wide. The framework therefore predicts that the access premium should survive mayoral turnover and party-label changes in the candidate's home municipality, while generating no premium in municipalities where the mayor shares only party ideology and not the co-candidacy tie. We test both predictions in Section 5.

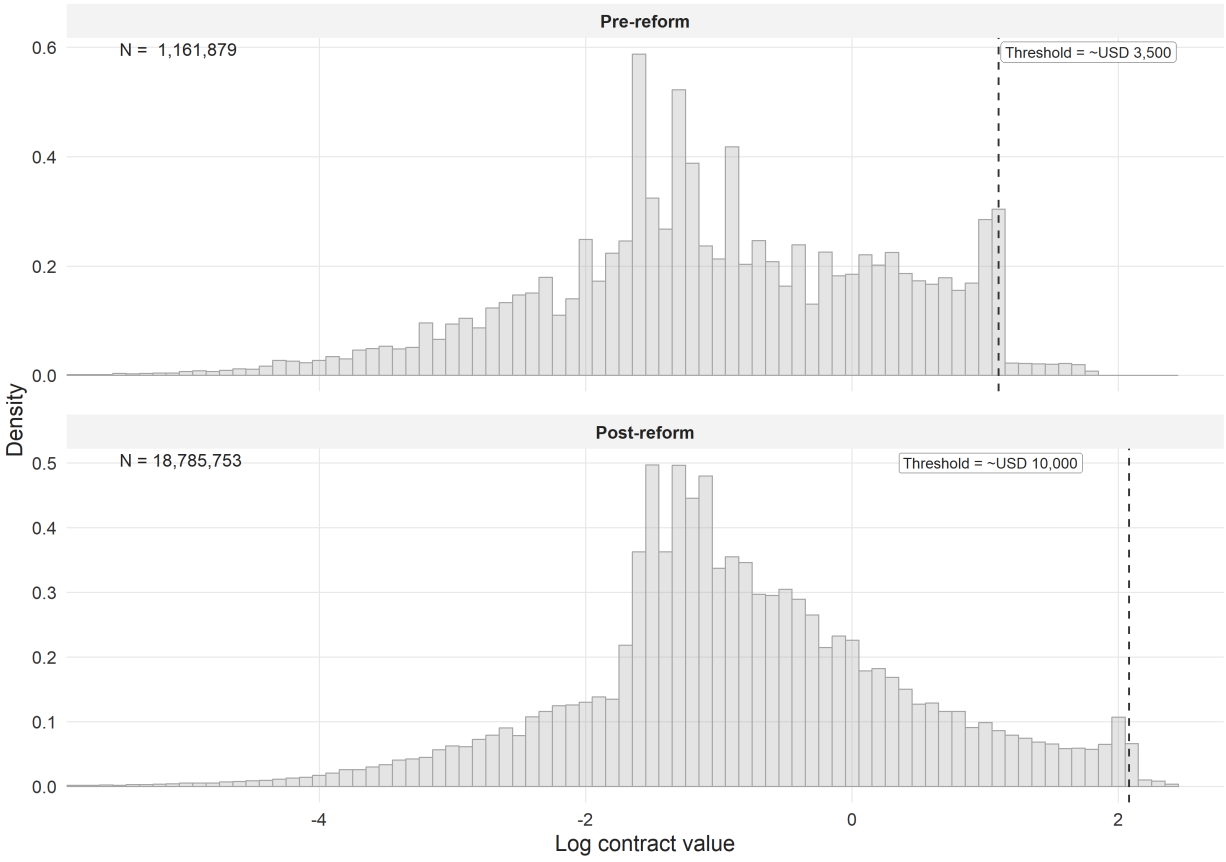
A.2 Figures

Figure A1: McCrary test for continuity of density



The x-axis is the running variable.

Figure A2: Bunching below the threshold in the universe of discretionary contracts



A.3 Tables

Table A1: Political connectedness and procurement outcomes in previous electoral term

Outcome	Coef.	SE	Mean Dep. Var.	Bandwidth	Eff. Obs.
Any contracts, own municipality	-0.001	(0.006)	0.010	0.094	15,579
Number of contracts, own municipality	0.191	(0.141)	0.091	0.144	26,429
Log value per contract, own municipality	-0.408	(0.375)	7.399	0.069	108
Log value of contracts, own municipality	-0.041	(0.051)	0.088	0.077	12,323
Any contracts, total	-0.011	(0.009)	0.025	0.091	15,074
Number of contracts, total	0.149	(0.209)	0.227	0.131	23,497
Log value per contract, total	0.581	(0.591)	7.999	0.074	321
Log value of contracts, total	-0.058	(0.085)	0.233	0.099	16,717

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table A2: Robustness checks: any contracts with own municipality

	Any contracts			Num contracts		
	(1)	(2)	(3)	(4)	(5)	(6)
Connectedness	0.020***	0.018***	0.018***	0.318***	0.302***	0.266***
	(0.005)	(0.005)	(0.006)	(0.080)	(0.080)	(0.085)
Bandwidth	0.090	0.090	0.099	0.123	0.125	0.128
Obs. left BW	43,603	43,329	13,414	64,209	65,763	18,482
Obs. right BW	6,879	6,844	7,278	8,254	8,326	8,430
Mean left BW	0.019	0.019	0.018	0.135	0.137	0.131
Ranking FE?	Yes	No	Yes	Yes	No	Yes
Balanced sample?	No	No	Yes	No	No	Yes

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table A3: Robustness checks: total value of contracts with own municipality

	Log value per contract			Log value		
	(1)	(2)	(3)	(4)	(5)	(6)
Connectedness	-0.068	-0.151	-0.174	0.198***	0.176***	0.171***
	(0.103)	(0.103)	(0.169)	(0.048)	(0.049)	(0.052)
Bandwidth	0.116	0.126	0.111	0.097	0.097	0.105
Obs. left BW	1,091	1,234	275	47,717	47,707	14,416
Obs. right BW	367	386	355	7,188	7,188	7,526
Mean left BW	7.429	7.442	7.309	0.167	0.167	0.155
Ranking FE?	Yes	No	Yes	Yes	No	Yes
Balanced sample?	No	No	Yes	No	No	Yes

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table A4: Connectedness to an elected council member: robustness

	Any contracts			Num contracts			Log value per contract			Log value		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Connectedness	0.002***	0.002**	0.002***	0.026***	0.016*	0.025***	0.019	0.014	0.017	0.023***	0.015**	0.022***
	(0.001)	(0.001)	(0.001)	(0.009)	(0.009)	(0.009)	(0.037)	(0.037)	(0.037)	(0.006)	(0.006)	(0.006)
Obs.	301,944	301,944	258,987	301,944	301,944	258,987	5,280	5,285	4,397	301,944	301,944	258,987
Mean dep. var.	0.017	0.017	0.017	0.119	0.119	0.112	7.409	7.409	7.404	0.149	0.149	0.143
Ranking FE?	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes
Balanced sample?	No	No	Yes	No	No	Yes	No	No	Yes	No	No	Yes

Standard errors clustered at the municipality level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

Table A5: Industry classification

Category	Frequency	%
Cleaning, Security, and General Services	34,470	22.9
Administrative Services and Staffing	28,094	18.7
Construction	18,482	12.3
Transport	14,101	9.4
Consulting, Studies, and Supervision	10,616	7.1
IT	10,144	6.7
Food and Catering	4,188	2.8
Printing, Signage, and Events	3,390	2.3
Office Furniture and Equipment	2,476	1.6
Education and Training	2,116	1.4
Agriculture, Livestock, and Green Areas	1,430	1.0
Health and Pharmaceuticals	1,387	0.9
Clothing, Uniforms, and PPE	316	0.2
Other	19,116	12.7

Frequencies count contracts in the specialization regression sample described in Section 5.6.

Table A6: Placebo checks

	Any contracts					Num contracts					Log value per contract					Log value				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Connectedness	-0.000	-0.003	0.020**	-0.000	0.011*	0.010	-0.052	0.318***	0.012	0.194	0.144	0.027	-0.068	-0.039	-0.010	-0.001	-0.031	0.198***	-0.001	0.106
	(0.002)	(0.003)	(0.006)	(0.011)	(0.016)	(0.039)	(0.037)	(0.092)	(0.143)	(0.234)	(0.127)	(0.166)	(0.130)	(0.135)	(0.195)	(0.020)	(0.025)	(0.057)	(0.099)	(0.139)
Obs.	118,142	81,365	50,482	25,689	8,853	157,975	111,430	72,463	43,231	19,366	2,575	1,987	1,458	1,008	613	127,465	87,209	54,905	28,836	9,635
Mean dep. var.	0.016	0.017	0.019	0.024	0.046	0.116	0.126	0.135	0.187	0.291	7.399	7.424	7.429	7.389	7.258	0.139	0.151	0.167	0.210	0.409
Cutoff	-10pp	-5pp	0pp	+5pp	+10pp	-10pp	-5pp	0pp	+5pp	+10pp	-10pp	-5pp	0pp	+5pp	+10pp	-10pp	-5pp	0pp	+5pp	+10pp

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$. Mean dep. var. reports the left-of-cutoff mean within the estimation bandwidth. Each outcome uses its true-cutoff optimal bandwidth for all placebo columns.