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Public Procurement and Digital Governance Sector of Pakistan

Public procurement is more than an administrative function; it is a key instrument for converting public resources into essential services, infrastructure, and socioeconomic development. Globally, it accounts for around 15–20% of GDP, highlighting its significant role in public resource allocation. In Pakistan, with a nominal GDP of approximately US\$284 billion, public procurement at 20% could represent nearly US\$56.8 billion annually.

Procurement covers the entire cycle, from identifying needs and selecting suppliers to contract award, delivery, payment, and asset management. Given that it can account for 45–65% of public-sector budgets, efficient procurement is critical to fiscal management, service delivery, and value for money.

Well-governed procurement can reduce waste, improve quality and efficiency, and strengthen accountability. It can also advance broader priorities, including digital transformation, sustainable development, local economic activity, and green growth. Thus, sustainable procurement should focus



not only on compliance and cost, but also on maximizing the long-term economic, environmental, and social value of public spending.

YEAR	KEY DEVELOPMENTS
1990	Public procurement became a policy priority due to rising government infrastructure spending and growing concerns over transparency and corruption.
1999	The World Bank conducted Pakistan's first public procurement assessment and recommended legislative and institutional reforms.
2002	The Government established the Public Procurement Regulatory Authority (PPRA) through the PPRA Ordinance, 2002 as an autonomous federal regulator.
2004	Public Procurement Rules, 2004 were notified, creating Pakistan's modern procurement framework based on transparency, competition, and value for money.
2009	Balochistan enacted the Public Procurement Act, 2009, though implementing rules remained pending.
2017	The Public-Private Partnership Authority Act, 2017 introduced a dedicated legal framework for PPP procurements.
2023	The State-Owned Enterprises (Governance and Operations) Act, 2023 strengthened governance, disclosure, and accountability requirements for SOEs.
2024	Expansion of the e-Pakistan Acquisition and Disposal System (EPADS) digitized the end-to-end procurement lifecycle and improved transparency.
2025	Draft Public Procurement Rules, 2025 approved by the PPRA Board, proposing comprehensive modernization of procurement, e-procurement, blacklisting, and grievance redressal (awaiting federal cabinet approval).

Current Overview

Public procurement in Pakistan has transformed from a primarily paper-based, compliance-focused system to a more digital and data-driven aspect of public financial management. The Public Procurement Regulatory Authority (PPRA), established in 2002, along with the Public Procurement Rules of 2004, laid the groundwork for a formal procurement framework at the federal level, supplemented by provincial regulatory authorities. This regulatory structure aims to ensure transparency, competition, efficiency, accountability, and fairness throughout the procurement process, underlining the necessity of strong institutions, robust procedures, and effective oversight. The fiscal environment further underscores the critical need for efficient procurement practices. As of 2025, the international monetary fund reported that Pakistan's general government expenditure-to-GDP ratio was at 21.21%. This ratio encompasses government expenses and the acquisition of non-financial assets, relative to the GDP, which reflects the total value of final goods and services produced. Despite fluctuations over time, the importance of disciplined and effective resource management in public procurement is heightened by the scale of government spending.

• EPADS 2.0: Advancing Digital Procurement in Pakistan:

The digital transformation of procurement is now being driven by the e-Pak Acquisition and Disposal System (EPADS), particularly EPADS 2.0. As of February 2026, the platform had registered 1,824 federal procuring agencies and 18,909 users. The system supports the digitization of procurement activities and captures standardized information across the procurement lifecycle, including procuring agency details, tender and contract identifiers, estimated costs, procurement methods, bid information, successful bidders, and contract award values. This creates opportunities for improved transparency, monitoring, procurement analytics, compliance, and evidence-based decision-making.

#	TOOL / TECHNOLOGY	USED FOR	SOFTWARE EXAMPLES	PROCUREMENT PHASE
1	RACI Matrix (Responsibility, Accountability, Consulted, Informed)	Defining roles and responsibilities for stakeholders in the procurement process.	Custom-built tools (Excel templates, project management tools)	Pre, during
2	Procurement Software	A comprehensive suite of tools for streamlining and automating various stages of procurement.	SAP Ariba, Coupa, Oracle Procurement Cloud	Pre, during, post
3	Electronic Procurement (e-Procurement)	Conducting the entire procurement process electronically.	SAP Ariba, Coupa, Jager	Pre, during, post
4	Cloud-Based Procurement Solutions	Offering flexibility, scalability, and reduced IT costs.	SAP Ariba, Coupa, Oracle Procurement Cloud	Pre, during, post
5	Artificial Intelligence and Machine Learning	Automating tasks like supplier discovery, spend analysis, contract negotiation, and risk assessment.	Various AI Platforms	Pre, during, post
6	Supplier Relationship Management (SRM) Systems	Managing relationships with suppliers, including performance evaluation, risk assessment, and collaboration.	SAP Ariba, Coupa, Oracle Procurement Cloud	During, post
7	Contract Lifecycle Management (CLM) Software	Managing the entire lifecycle of contracts, from negotiation to renewal.	icertis Aflit DeedSign	During, post
8	Electronic Data Interchange (EDI)	Exchanging structured data electronically, primarily for automating routine business transactions.	SAP Ariba, Coupa, SCHENKER net EXCISE	During, post
9	Internet of Things (IoT)	Collecting and analyzing data from physical objects, enabling efficient asset tracking and inventory management.	IoT devices and platforms	During, post
10	Blockchain	Enhancing transparency and security in supply chain management.	Hyperledger, Ethereum	During, post
11	Procurement Analytics and Spend Analytics Tools	Analyzing procurement data to identify cost-saving opportunities, using data to make informed procurement decisions and optimize processes.	SAP Ariba, Coupa, Zycus	Post

Source: Procurement Cycle Explained, <https://fractory.com/procurement-cycle-explained/>

• The Strategic Role of Management Accountants:

For Management Accountants, digital procurement creates an expanded strategic role beyond financial recording and budgeting. Their expertise in costing, value-for-money analysis, performance measurement, risk management, internal control, data analytics, and sustainability can help public institutions convert procurement data into actionable financial and operational insights. The future of public procurement in Pakistan will consequently depend not only on digitizing transactions, but on using integrated systems, reliable data, analytics, and professional expertise to achieve greater transparency, accountability, efficiency, and value for public money.

• Emerging Technologies in Digital Procurement:

Globally, digital procurement is increasingly incorporating artificial intelligence, machine learning, robotic process automation, blockchain, and advanced data analytics to improve efficiency, risk management, fraud detection, supplier analysis, and value for money. However, Pakistan faces challenges including fragmented systems, limited interoperability, legacy infrastructure, data-quality issues, cybersecurity risks, limited digital skills, and institutional resistance to change. Effective digital transformation therefore requires strong data governance, standardized systems, robust internal controls, continuous capacity building, and responsible adoption of emerging technologies.

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