



Smart Procurement, Seamless Trade: Building Pakistan's Industrial Competitiveness

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Introduction

Public procurement has evolved beyond its traditional role of purchasing goods, works and services to become an important instrument of economic policy. Governments increasingly use procurement to promote industrial competitiveness, strengthen supply chain resilience, facilitate international trade and accelerate digital transformation. The growing impact of geopolitical tensions, supply chain disruptions and rapid technological advancement has further reinforced the need for smarter procurement systems that extend beyond compliance and cost efficiency.

Public procurement represents a significant share of economic activity, accounting for approximately 13% of GDP across OECD countries. International experience shows that countries such as Singapore, South Korea, Estonia and Chile have increasingly integrated digital procurement with customs, trade facilitation and wider digital government systems, making procurement a broader tool for efficiency,

transparency and competitiveness. Pakistan has also advanced procurement digitalization through PPRA, EPADS and the Pakistan Single Window (PSW), but these reforms remain largely focused on operational efficiency rather than using procurement strategically for trade facilitation and industrial competitiveness. Against this backdrop, this article developed by ICMA Research and Publications Department examines international experiences to identify how smart procurement can strengthen Pakistan's procurement ecosystem and support its broader trade and digital economy objectives.

Public Procurement as a Strategic Trade and Industrial Policy Tool

Traditionally, public procurement was viewed as an administrative function focused on transparency, competition, cost efficiency and timely delivery. However, global supply-chain disruptions, geopolitical tensions, climate-related risks and the expansion of the digital economy have transformed its role.

Table 1: Comparative Overview of Smart Public Procurement Systems in Selected Countries

Country	Public Procurement (% GDP)	Digital Procurement Platform	Trade Facilitation Platform	Key Strength
<i>OECD Average</i>	13%	Varies by country	Varies by country	Global benchmark
<i>Singapore</i>	8%	GeBIZ	TradeNet	Procurement integrated with trade
<i>South Korea</i>	9%	KONEPS	uTradeHub	End-to-end digital procurement
<i>Estonia</i>	15.3%	e-Procurement	X-Road	Interoperable digital government
<i>Chile</i>	5%	ChileCompra	SICEX	Transparent procurement
<i>Rwanda</i>	13.5%	Umucyo	Electronic Single Window	Developing-country digital reform
<i>Pakistan</i>	19.8%	EPADS	Pakistan Single Window	Current reforms and future roadmap

**Table 2: Evolution of Public Procurement:
From Traditional to Strategic Policy Instrument**

Traditional Procurement	Smart Public Procurement
Focus on purchasing goods & services	Supports broader economic and industrial policy objectives
Emphasis on lowest cost	Emphasis on value for money and long-term economic value
Compliance & Procedural Control	Strategic decision-making and performance outcomes
Stand-alone procurement processes	Integrated digital procurement ecosystems
Manual & paper-based procedures	Data-driven and technology-enabled procurement
Operational efficiency	Trade facilitation, industrial competitiveness and supply chain resilience
Transaction-oriented approach	Innovation-oriented and sustainable procurement

Source: Authors' compilation based on OECD (2026)

Procurement decisions increasingly affect supply-chain resilience, domestic production, market competitiveness and economic security, encouraging governments to move from compliance-driven approaches towards smarter systems that integrate digital technologies, innovation, industrial policy and trade facilitation. The OECD (2026) similarly identifies modern public procurement as a strategic lever for sustainable economic growth, stronger domestic industries and greater resilience to economic and geopolitical challenges.

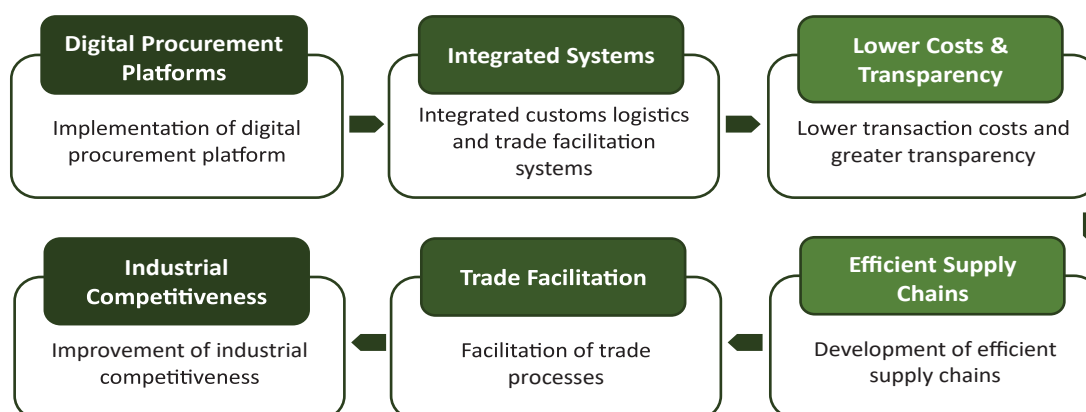
Modern procurement systems increasingly extend beyond electronic tendering by linking procurement with customs, digital trade platforms, logistics and supplier development. This can reduce transaction costs, improve market access and transparency, and strengthen domestic industries, making procurement

an important instrument of national competitiveness and digital economic transformation. International experiences demonstrate how such integration can support trade and industrial development, offering relevant lessons for Pakistan's evolving procurement system.

Smart Procurement and Trade Facilitation

Trade facilitation and public procurement were traditionally treated as separate policy areas, but digitalization and increasingly integrated supply chains have brought them closer together. Smart procurement can connect government purchasing with customs, logistics and digital trade systems, reducing administrative barriers while improving transparency, competition and supply-chain efficiency.

Figure 1: Smart Public Procurement as a Driver of Trade Facilitation and Industrial Competitiveness



Digital procurement, when integrated with electronic single-window systems, customs modernization and digital trade documentation, can therefore contribute to faster and more efficient cross-border trade.

However, Pakistan's current performance highlights the remaining gap: imports take an average of 33 days to clear and exports 19 days, while compliance costs are around 17% of trade value for both imports and exports; moreover, only 15% of firms report exporting digitally ordered goods. These indicators suggest that digitalization alone is not sufficient and that stronger integration between procurement, trade facilitation and logistics systems is needed to translate digital infrastructure into more efficient trade outcomes.

The integration of procurement with trade facilitation can generate benefits beyond operational efficiency by improving supplier participation, competition, transparency and supply-chain resilience. Digital procurement systems can also support industrial competitiveness by improving access to procurement markets and creating more predictable business environments. As a result, countries increasingly integrate procurement reforms with digital government, customs modernization and trade facilitation rather than treating them as isolated

administrative reforms. International experiences provide practical lessons for Pakistan in moving beyond electronic tendering towards a more integrated and strategic procurement ecosystem.

International Experiences and Pakistan's Current Position

International experience demonstrates that successful procurement reforms extend beyond the digitization of tendering processes. Leading economies have integrated procurement with customs modernization, digital government, trade facilitation and institutional interoperability to improve transparency, efficiency and industrial competitiveness. Table 3 summarizes selected international experiences and highlights the key lessons relevant for Pakistan.

The World Bank's B-READY assessment further highlights this implementation gap. Pakistan scores 54.95 on public services but only 25.50 on operational efficiency, resulting in an overall international trade score of 43.04. This suggests that while digital and institutional infrastructure has improved, translating these systems into efficient trade outcomes remains a major challenge.

Table 3: International Experiences in Smart Public Procurement and Lessons for Pakistan

Country	Smart Procurement Initiative	Key Achievement	Lesson for Pakistan
Singapore	GeBIZ integrated within a mature digital trade ecosystem supported by TradeNet	Streamlined procurement and trade documentation, improving efficiency and reducing administrative burden	Integrate EPADS with trade facilitation and customs systems to create a seamless digital business environment
South Korea	KONEPS and uTradeHub	Fully digital procurement lifecycle with interoperable public databases	Develop end-to-end procurement supported by shared government databases and supplier information
Estonia	X-Road interoperability platform	Secure exchange of information across government institutions under the once-only principle	Improve interoperability between procurement, taxation, business registration and customs authorities
Chile	ChileCompra (Mercado Público)	Greater transparency, competition and public access to procurement information	Strengthen transparency, supplier participation and open procurement practices
Rwanda	Umucyo e-Procurement and Electronic Single Window	Integration of procurement with financial, tax and business registration systems	Demonstrate that developing economies can successfully implement integrated digital procurement reforms
Pakistan	EPADS and Pakistan Single Window	Significant progress in procurement and trade digitalization	Transition from parallel digital platforms towards an integrated smart procurement ecosystem

Building Smarter Procurement Systems or Trade Facilitation and Industrial Competitiveness

Integrating Procurement with Trade Facilitation Systems

Pakistan should move towards stronger interoperability between EPADS, Pakistan Single Window, customs, taxation, business registration and other relevant government systems. International experiences from Singapore, South Korea, Estonia and Rwanda demonstrate that connecting procurement with wider digital government and trade facilitation infrastructure can reduce administrative duplication, improve information sharing and create a more seamless business environment. For Pakistan, such integration would allow procurement reforms to contribute not only to transparency and efficiency but also to lower transaction costs and smoother trade processes.

Developing an End-to-End Digital Procurement Ecosystem

Pakistan's digital procurement reform should extend beyond electronic tendering towards an end-to-end procurement ecosystem covering supplier registration, tendering, contract management, payments and performance monitoring. The experience of South Korea's KONEPS demonstrates the benefits of integrating procurement processes with shared government databases, while Estonia's X-Road highlights the importance of secure interoperability across public institutions. Such an approach could improve procurement efficiency, reduce information gaps and strengthen the predictability of government procurement for suppliers.

Strengthening Domestic Industrial Competitiveness

Public procurement can be used more strategically to support domestic industrial competitiveness by creating stronger linkages between government demand and domestic productive capacity. Digital procurement data can help identify sectors with strong local supplier potential as well as areas of significant import dependence, allowing procurement planning to complement broader industrial policy objectives. The objective should be to encourage competitive domestic production, innovation and supplier development while maintaining transparency, competition and value-for-money principles.



Expanding Supplier Participation and Market Access

A more accessible digital procurement system can reduce entry barriers for businesses by providing standardized procedures, transparent tender information and simplified supplier registration. International experience, particularly from Chile and Rwanda, shows that digital platforms can improve transparency, competition and supplier participation while connecting procurement with other government systems. For Pakistan, strengthening digital access to procurement opportunities could broaden the supplier base and create greater opportunities for SMEs and domestic firms to participate in public-sector supply chains.

Strengthening Procurement Intelligence and Supply Chain Resilience

Integrated procurement data can enable government institutions to move from transaction-based monitoring towards more informed procurement planning and risk management. Linking procurement information with trade and customs data could help identify critical import dependencies, supplier concentration and potential supply-chain vulnerabilities. This would strengthen the government's ability to anticipate disruptions and support more resilient procurement decisions, particularly in strategically important sectors.

Towards an Integrated Smart Procurement Model

The overall objective should be to transform Pakistan's existing digital procurement infrastructure into an integrated system linking digital procurement, trade facilitation, supplier participation, industrial competitiveness and supply-chain resilience.

EPADS and the Pakistan Single Window provide an important foundation for this transition, but their greater interoperability with customs, taxation, business registration and logistics systems would be necessary to realize the broader economic potential of smart procurement.

Roadmap for Pakistan

Pakistan's transition towards smarter public procurement requires a gradual shift from fragmented digital processes towards an integrated procurement ecosystem. The roadmap can be structured around three stages: integration, consolidation and transformation.

1. The first stage would focus on connecting existing digital platforms and establishing interoperability among procurement, trade and government databases.

2. The second stage would consolidate procurement information across institutions, standardize digital processes and strengthen coordination between procurement authorities and relevant economic agencies.

3. The final stage would move towards a fully integrated smart procurement ecosystem in which procurement data and digital systems are connected with trade facilitation, logistics and industrial policy, allowing public procurement to function as part of the wider digital economy rather than as a standalone administrative process.

Conclusion

Public procurement is increasingly evolving from a conventional administrative function into a strategic instrument for economic development, particularly as governments respond to digital transformation, geopolitical uncertainty and changing global supply chains. International experiences demonstrate that integrating digital procurement with trade facilitation, customs, logistics and broader government systems

can improve efficiency while strengthening transparency, supplier participation and industrial competitiveness. Pakistan has already established an important foundation through EPADS and the Pakistan Single Window; however, the next stage requires greater integration of these systems and stronger alignment with the country's trade and industrial objectives.

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