



E-Procurement in Pakistan: Progress, Gaps and the Road Ahead

Introduction

Public procurement is undergoing a mega transformation due to the adoption of digital technologies and the significant transformation is the implementation of E-Procurement systems which plays a key role for enhancing efficiency, reducing corruption, and improvement in the compliance requirements. These systems are designed to automate various procurement processes and real-time audit trails provide transparency and accountability which lead to good governance-Procurement systems ensures improvement in procurement practices and compliance with existing regulatory frameworks. Globally, the origins of E-Procurement trace back to the 1980s with the introduction of electronic data interchange and it has evolved to a wide range of functions that support the digital transformation of procurement systems. E-Procurement align procurement activities with modern governance principles by providing timely and accurate data for monitoring and evaluation.

Studies collectively confirm that, E-Procurement has been widely associated with improved performance outcomes in both public and private organizations'-Procurement reduced fraud and enhanced institutional performance by streamlining operations'-Procurement contributed to administrative savings, improved job performance, and better overall productivity. E-Procurement significantly improved tender evaluations, transparency in supplier selection and created opportunities for better supplier relationships and reduced the potential for corruption.

The adoption of E-Procurement is accompanied by multiple challenges. i.e.an underdeveloped legal framework, poor technological infrastructure, and concerns about data security and E-Procurement cannot operate successfully without an environment that supports digital engagement.

Anyone bidding for a government contract in Pakistan knows the conventional procedure in which you collect

the tender documents in person and prepare a sealed envelope with the required information and documents and submit it before the deadline, and then wait, with no real idea who else bid or on what terms. Now this conventional mechanism is disappearing and new system that is way faster and more convenient than most people outside the system realize.



Public agencies are under constant pressure to improve transparency, reduce costs, and modernize outdated processes. As procurement departments move away from paper-based workflows, the significant question is what is e-procurement, and how does it improve accountability in government operations? Understanding what e-procurement is essential for public sector organizations that want to streamline procurement processing, strengthen supply chains, and reduce spending. By digitizing the purchasing process, agencies gain real time visibility into spending while improving contract management and compliance.

Why Public Procurement Matters?

Worldwide public procurement is one of the most significant and largest areas of government expenditure. Governments procure extensively for the roads, hospitals, medicines, educational equipment, defense supplies, IT infrastructure and countless other goods and services through procurement processes. According to international estimates and data available, public procurement accounts for approximately 12–20 percent of GDP in many countries.

In Pakistan, public procurement involves hundreds of federal and provincial organizations, autonomous bodies, universities, hospitals, local governments and state-owned enterprises. These entities allocate and spend trillions of rupees on annual basis on the public procurement.

Whenever procurement systems are not up to mark, the consequences extend will lead to administrative issues and delayed procurement and ultimately as a result will impact adversely infrastructure projects, healthcare services or escalation in the project costs.

“One Nation, One System.”
The slogan is easy.
The plumbing underneath
it is not.

Inadequate documentation makes post-award accountability more difficult and less competition may result in higher prices. Required or necessary improvements in procurement process will lead to efficiency and generate significant fiscal savings, reduced procurement cycle times, improved supplier participation and enhanced transparency which will ultimately translated into better value for taxpayers' money and financial management of public resources. Procurement reform has become an inevitable pillar of public financial management as required and encouraged by organizations such as the World Bank and other financial institutions.

What Actually Got Built

The Crown jewel is EPADS, the e-Pak Acquisition and Disposal System developed, managed and run by the Federal Public Procurement Regulatory Authority (PPRA) and it is Pakistan's official web-based electronic public procurement platform with aim to digitize and regulate the government's procurement process by providing a centralized online platform for procurement planning, tender advertisement, vendor registration, bid submission, bid evaluation, contract award, and procurement record management.

Public sector organizations use EPADS to conduct procurement activities electronically and the suppliers, contractors, and consultants register on this platform to participate in public tenders through a transparent mechanism for all.

By maintaining a comprehensive electronic record of procurement activities, the system strengthens compliance with Pakistan's public procurement laws and regulations, facilitates effective monitoring of procurement activities, and promotes fair competition among bidders.

Half Automated, and Honest About It

E-procurement system is either digital or it is not. As per PPRA's own assessment of the first-generation system: supplier e-registration fully automated; e-planning, e-advertising, e-notifications and grievance redressal only partially automated; e-bidding and e-evaluation still hybrid, part online and part dependent on offline judgement; and digital contract management with e-invoicing and payment still under development. That last gap is significant one. A procurement system that is half automated is not good to go system considering huge budget allocation.

EPADS 2.0 and the Integration Question

The drawback of the first version was verification flaw. A system that cannot check in real time whether a bidder is a registered company, tax compliant, and run by the people it claims, is a vulnerable system a well-prepared intruder can walk through. That is the gap version 2.0 was conceived to remove. EPADS 2.0 is integrated with organizations like FBR, NADRA, SECP and other

provincial regulatory authorities. Another important aspect incorporated is the oversight access has been given to the National Accountability Bureau, the Competition Commission and the Auditor-General of Pakistan. It had registered around 1,800 procuring agencies and 18,000 vendors, with roughly 7,000 procurements completed. A separate e-Disposal module extends the same discipline to selling off government assets.

The Hybrid Trap

The hybrid trap in the electronic government procurement is the condition Pakistan is actually passing through. When manual and electronic processes run parallel or only some modules are automated, worst results are expected in both manual and automated system are expected. Duplication of data is inevitable in such case. Instead of improvement in the transparency there is a decline in it as can as official record is now split across two places and neither is complete.

Does It Save Money?

The million-dollar question is after spending huge amount of money that does it save public money and it contributes to the public financial management. And the answer is yes. Independent research on Pakistani public sector universities using EPADS identified that significant procurement cost reductions of around 12 to 28 percent and on time delivery improvement by 15 to 35 percent and this is achievable as more bidders see the tender and competition rises and cycle times reduced from months to weeks.

Security is Now a Procurement Risk

Annual allocation and spending of trillion rupees on one platform subject to attack and more specifically to valuable data like Supplier records, bidding data, and other confidential information related to procurement. Security of data is essential for procurement integrity it requires role-based access control, strong authentication, audit logging as integral part of regular maintenance and as proactive strategy rather reactive when some negative incident happened.

The Crux of the Matter

The milestone of digitizing procurement mechanism was aimed at removing the issues that came from paperwork and personal access and replacing them with a system in which records anyone can check to achieve the objective of transparency. Pakistan has built most of that machine, and with version 2.0 wired into the databases that verify identity, tax status and professional standing, the verification gap is finally closing.

About the Author: Adnan Mehmood Khan is a Chartered Accountant and Fellow Member of PIPFA, currently serving as Senior Manager in the Quality Assurance Department of ICAP. He previously worked as an Audit Consultant on PIFRA, a World Bank-supported project of the Auditor General of Pakistan aimed at improving financial reporting, auditing, transparency, and accountability in the public sector. He has also served as a faculty member at LUMS, PIPFA, and CSA, teaching Audit, Accounting, and Public Finance.