Public procurement handles vast quantities of public money globally—estimated between $11 trillion and 13 trillion a year. With explosive growth in digital transformation, including in the public sector over the last decade, e-procurement solutions have sprung up worldwide. Over the last five years, DAI has been gathering lessons learned and systematizing experience on co-designing and implementing e-procurement reforms worldwide.

In Guatemala, the Philippines, El Salvador, and Kosovo, successive projects have transformed paper-based procurement processes into digitalized, transactional systems that exchange data with other public systems and databases and offer more transparency for the public. Transactional procurement systems have a range of functionalities that facilitate exchanges between contracting authorities and suppliers, covering every stage of purchasing, including the submission and awarding of bids. Housing these processes in a single platform not only optimizes contracting efficiency but also facilitates the centralized and transparent management of data. DAI’s strategy has been to cover the entire transition process by standardizing and automating processes, fostering fair and inclusive competition, enhancing system interoperability, increasing access to information, and enhancing oversight and audit capabilities. DAI’s technical experience has allowed us to facilitate end-to-end e-procurement development, from the concept model to software development and full deployment.
STANDARDIZING AND AUTOMATING PROCESSES
The lack of standardized bidding documents can increase opportunities for corruption and reduce full compliance with public procurement laws. Electronic procurement systems can mitigate these risks by standardizing and automating rules, procedures, and document templates. DAI’s Kosovo Transparent, Effective and Accountable Municipalities (TEAM) Project worked with government counterparts to standardize business processes to ensure that all public procurements now follow these structured and simplified operations.

Moreover, the U.S. Agency for International Development (USAID)-funded TEAM automated additional business processes through the deployment and integration of modules into the e-procurement system, such as a new module that helps to automatically generate a contract management plan for each contract. The automation of procedures has helped to limit the workload and reduce non-compliance risks. Additionally, the project developed a way to automatically pull and present a summary of municipal-level procurement data from the e-procurement platform on each municipality’s website. This allows Kosovo municipalities to automate compliance and ensure procurement transparency with no human intervention.

Under the Kosovo Strengthening Public Procurement (KSPP) project, DAI, with the support of the U.K. Foreign, Commonwealth & Development Office (FCDO), focused on digitally transforming the case management system for the Procurement Review Body. The new e-case management solution paves the way to more impartial, transparent, and accountable review process, improving the quality of decisions and reducing the risk of corruption.

FOSTERING FAIR AND INCLUSIVE COMPETITION
The development of digitally transformed procurement systems allows countries to increase competition for public contracts by providing all bidders with equal access to information, reducing opportunities for favoritism. E-procurement systems can also help promote the economic inclusion of underutilized enterprises by standardizing procedures and lowering costs. Through the USAID Guatemala Fiscal and Procurement Reform Project (FPRP), DAI supported the development of a mobile application that revolutionized direct, under-threshold purchases ($12,000 or lower) at a minimal administrative cost. The application enhances the participation of micro, small, and medium-sized enterprises (MSMEs) and spans most procurement cases—in Guatemala direct purchases account for 98 percent of public procurement transactions. The app is cost-free and fully transactional, allowing bidders to submit offers in four short steps. This app has helped provide hundreds of business opportunities daily for thousands of MSMEs across Guatemala, contributing to inclusive economic growth.

EXPANDING SYSTEMS INTEROPERABILITY
Connecting e-procurement platforms with other related systems and databases helps reduce administrative costs and increase the efficiency of contracting processes. DAI’s projects in El Salvador, Guatemala, Kosovo, and the Philippines helped integrate financial management information systems (FMIS) with e-procurement platforms to create a more comprehensive ecosystem that integrates governments’ budget planning with expenditures. In El Salvador, DAI’s Domestic Resource Mobilization Program worked to integrate FMIS, including accounting and treasury systems, with the COMPRASAL e-procurement platform. This has enabled the automation of several actions, including payment for procurement contracts from the Treasury. Additionally, this integration makes it easier to gather information on public expenditures by budget program, which provides a significant level of detail. Integrating FMIS and e-procurement systems helps flag potential cost overruns, monitor spending and demand trends, and identify possible irregularities.

Interoperability also helps secure the integrity of procurement systems and hold economic operators accountable by identifying unqualified bidders, thereby enhancing anticorruption efforts. Guatemalan law requires the creation of a separate system to register, prequalify and manage economic operators, through a General Registry of
By assisting government partners to further enhance their systems for collecting and spending revenue, the USAID DRM team helps increase public funding to support social programs, generate employment, and reduce inequality. This support helped El Salvador to reap an additional $1.03 billion (or 2.5 percent of GDP).

Government Providers (GRGP). DAI helped to build the platform, from the concept model to in-house development and full deployment. The registry is interconnected with 12 government databases and systems, including the business registry, judicial records, and public audit institution, as well as the GUATECOMPRAS e-procurement platform. The integration of these different systems has helped improve internal data exchange regarding bidders, reduce compliance costs, and enable stronger inter-agency controls and safeguards.

While GRGP does not act as an “all-way data exchange hub” between the listed databases, it does present an initial step towards fostering a culture of government data interoperability in a challenging operating environment.

INCREASING ACCESS TO INFORMATION

E-procurement systems also help to promote transparency by providing free access to procurement information, which can be monitored for irregularities by civil society, journalists, or businesses directly or through purchasing data analytics services. All DAI projects have promoted increased data transparency in public contracting, within existing political and resource constraints. In El Salvador and Guatemala, the e-procurement systems do publish extensive information, but only in Excel and CSV formats. While these formats do place a greater burden on civil society to scrape and mine the data for irregularities, it is still a significant step in environments that have been resistant to transparency reforms.

In Kosovo, however, DAI worked with its government counterparts to develop an open application programming interface (API) that follows the Open Contracting Data Standard (OCDS), which provides guidelines for publishing structured data about contracting processes. The API, developed by Kosovo TEAM, is now feeding data into the user-friendly Open Procurement Transparency Portal (OPTP) in real-time, without requiring a periodic data dump. The OPTP, which is publicly accessible and managed by a local media organization, is used by investigative journalists and civil society to monitor public procurement and report suspected irregularities. The API has also ensured that the transparency portal is sustainable, minimizing the need for human interaction and external intervention to continuously secure cooperation from public authorities to share data.

ENHANCING OVERSIGHT AND AUDIT CAPABILITIES

While e-procurement systems can help standardize and publish information, this transparency does not always result in accountability. DAI’s projects take a systems approach, focusing not only on strengthening and digitally transforming public processes but also building the capacity of civil society to investigate and analyze data. In Kosovo, DAI built the skills of civil society and the media to track and expose corruption, which included trainings on public procurement laws to ensure that they understood the complex regulatory environment. The project particularly encouraged digital solutions to promote integrity in public procurement through its grants program, which resulted in the development of several social accountability tools and investigative reports on corruption. One local organization developed a red-flag module that was integrated into the OPTP to filter procurement activities through nine indicators. While tenders that have one or more red flags do not always indicate corruption, the module identifies suspicious behavior for further investigation, enabling targeted and efficient oversight of public mismanagement and corruption.
Lessons Learned

ENGAGING CIVIL SOCIETY AS PARTNERS AND NOT ONLY AS WATCHDOGS

While civil society oversight is critical on the public stage, these actors can also play a key role behind closed doors, providing guidance and technical assistance to public institutions. Our experience in Kosovo demonstrated that public institutions were receptive to constructive criticism and proposed changes when civil society worked directly with them, instead of only alleging corruption on public platforms. This finding is in line with the good practice used by Transparency International Ukraine in creating the first prototypes of the ProZorro award-winning e-procurement system. In the case of Ukraine, triangulation of government, business, and civil society efforts guaranteed an early success of the cenceived e-procurement prototype in 2015.

PROMOTING HEALTHY COMPETITION TO GENERATE AND SUSTAIN POLITICAL BUY-IN

Fostering a culture of transparency in challenging political environments can be difficult. Through Kosovo TEAM, DAI found that fostering friendly competition between municipalities was critical for securing political will for public procurement reform among all municipalities and incentivizing sustained cooperation. TEAM developed a Municipal Procurement Effectiveness and Corruption Vulnerability Index to measure the performance of all partner municipalities and linked project graduation criteria to this index. One grantee adopted this model and developed a tool that assessed and ranked municipalities according to the transparency, efficiency, and competitiveness of their procurement processes, based on a set of 11 index variables.

CONTINUITY FOR IMPROVED TRUST BUILDING AND SUSTAINABLE REFORM

DAI’s projects in Kosovo and Guatemala are now in their second iterations, building upon the successes accomplished and relationships built during their predecessor projects. The project teams’ familiarity with the relevant systems and actors are key for advancing reform. DAI already knows the importance of sustained in-country presence for achieving high-impact following its three successive public financial management projects in El Salvador over the last 17 years.

QUICK WINS BUILD TRUST AND ACCELERATE RESULTS

In Guatemala, FPRP recognized that to achieve short-term results and lay the groundwork for longer-term institutionalizing reform, the project had to identify ‘quick wins.’ The FPRP team developed in-depth concept models as a basis for the modernization of the e-procurement system and General Registry of Government Providers and focused on building the capacity of personnel within the Ministry of Finance. These quick wins helped to build trust between the project and government counterparts and lay the foundation for larger, transformative reform, including the development of the e-procurement ecosystem.

SUPPORT BOTH DEMAND AND SUPPLY SIDES

To achieve systemic change, projects work with both government counterparts and civil society. Doing so helps strengthen public transparency by building more open and efficient e-procurement systems and equipping civil society with the tools and data to hold their governments accountable.