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FOREIGN EXPERIENCE IN PUBLIC PROCUREMENT MANAGEMENT: LESSONS FROM THE OECD, THE EUROPEAN UNION, THE REPUBLIC OF KOREA AND UKRAINE FOR UZBEKISTAN

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Abstract. Public procurement absorbs 12.7% of GDP across OECD countries and about 12% of world GDP, yet its management in transition economies remains weakly studied. This article compares the procurement systems of the European Union, the United States, the Republic of Korea and Ukraine to identify practices that can be adapted in Uzbekistan. The study relies on comparative institutional analysis and on official data from the OECD, the European Commission, the US Government Accountability Office, the Korean Public Procurement Service and the Government of Ukraine; all shares and growth rates were recalculated by the author. The results show that mandatory electronic platforms covering the whole procurement cycle deliver measurable gains: about two-thirds of Korean procurement runs through KONEPS, and Ukraine reported UAH 100 billion of cumulative savings from ProZorro by 2020. At the same time, the typical EU member state still awarded 28% of contracts to a single bidder in 2024, which shows that savings figures can conceal weak competition. For Uzbekistan, where procurement reached about USD 20 billion in 2023, a three-stage reform sequence is proposed.

Keywords: *public procurement, e-procurement, KONEPS, ProZorro, competition, transparency, single bidder, Uzbekistan.*

Introduction

When a ministry buys medicines, a city builds a road or a school orders textbooks, the decision passes through the procurement system. The sums are considerable. Bosio and co-authors estimate that governments spent about USD 11 trillion on procurement in 2018, close to 12% of world GDP [1]. At that scale, a one-percent efficiency gain would release about USD 110 billion a year [2].

Losses are equally large. Citing the United Nations Office on Drugs and Crime, the World Bank notes that 10–25% of the value of a public contract may be lost to corruption [3]. Waste, however, is not only a matter of bribery. Poor planning, weak market analysis and thin competition raise prices even where nobody acts dishonestly.

The topic is especially relevant for Uzbekistan, which has revised its procurement legislation three times since 2018. The Law "On Public Procurement" No. ZRU-684 of 22 April 2021 made the Ministry of Finance the authorised body and required electronic procedures from 1 January 2022 [4]. Presidential Resolution No. PQ-5171 of 2 July 2021 set additional measures to ensure transparency and efficiency [5], and Law No. LRU-1005 of 27 November 2024 amended the framework again [6]. Practice, however, lags behind the law: several electronic platforms operate side by side, and the country is not a party to the WTO Agreement on Government Procurement [7].

The aim of the article is to identify foreign procurement practices that have produced verifiable results and to assess how they could be adapted to Uzbek conditions. To reach this aim, the study compares the institutional arrangements of leading procurement systems, measures the

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effects of digital platforms and competition rules using official statistics, and determines which elements are transferable to Uzbekistan and in what sequence.

The scientific novelty of the study lies in a joint comparison of three instruments — a single digital window, open contracting data and public competition indicators — rather than one instrument at a time, and in a staged reform sequence for Uzbekistan derived from this comparison.

Literature review

Research on public procurement has moved from a narrow legal view towards an economic and managerial one. Thai was among the first to describe procurement as a system with its own goals, constraints and actors rather than a clerical function inside budgeting [8]. He showed that a procurement system pursues several objectives at once — value for money, fairness and wider socio-economic aims — and that these objectives often conflict. The framework explains why a single indicator, such as price savings, cannot capture performance. Its limitation is that it rests on US experience and offers little guidance for transition economies.

Bandiera, Prat and Valletti changed the empirical debate [9]. Using Italian data on purchases of standard goods, they separated "active" waste, which benefits the official, from "passive" waste, which stems from inefficiency, and found that passive waste explained most of the price differences between public bodies. For Uzbekistan this means that better skills, planning and framework contracts may save more than anti-corruption measures alone. The study, however, covers only standardised goods whose prices are easy to compare.

Bosio, Djankov, Glaeser and Shleifer collected data on procurement law and practice in 187 countries [1]. Their central finding is that strict regulation improves outcomes where public-sector capacity is low, while in high-capacity countries it adds less value. This supports a staged approach: firm rules first, discretion later. Fazekas and Kocsis proposed measuring corruption risk directly from contract data through red flags such as single bidding and unusually short tender periods [10]; similar indicators are now used by international organisations.

Normative standards come from international bodies. The OECD Recommendation on Public Procurement sets twelve principles, among them transparency, integrity, access, digitalisation and evaluation [11]. The OECD review of the Korean Public Procurement Service documents how a single e-procurement window raised efficiency [12].

The literature thus leaves a gap. Most studies examine one country or one instrument; few compare digital, institutional and competition tools together, and almost none apply such a comparison to Central Asia. This article addresses that gap for Uzbekistan.

Methodology

The study combines comparative institutional analysis with descriptive statistics, and applies the methods of grouping, comparison and calculation of relative indicators. Four foreign cases were chosen purposively. The European Union represents a harmonised supranational model, the United States a large decentralised federal model, Korea a centralised digital model, and Ukraine a post-Soviet country that rebuilt its system quickly, which makes it the closest analogue to Uzbekistan.

Only published official data were used: OECD *Government at a Glance 2025* [13]; the European Commission Single Market and Competitiveness Scoreboard for 2024 [14]; reports of the US Government Accountability Office [15, 16]; statistics of the Korean Public Procurement Service [17]; Ukrainian government figures on ProZorro as reported by national media [18–21]; and a 2024 presentation on Uzbekistan's e-procurement system delivered at an Asian Development Bank event [22]. Shares were calculated as part ÷ total × 100, and the compound annual growth rate as (final value ÷ initial value)^(1/n) − 1, where n is the number of years.

Two limits should be stated. First, national definitions differ: the OECD excludes public corporations, while some national figures include state-owned enterprises. Second, "savings" reported by e-procurement platforms are usually the difference between the estimated value of a tender and the contract price, so they depend on how carefully estimates are prepared.

Results

Procurement takes almost a third of government spending in developed economies. As Table 1 shows, the OECD average rose from 12.2% of GDP in 2019 to 13.0% in 2021 and eased to 12.7% in 2023; the OECD attributes the recent dip to faster GDP growth rather than lower purchasing [13]. In the EU members of the OECD the ratio is about two points higher.

Table 1. Public procurement expenditure in OECD countries, % of GDP

Group	2019	2021	2023	Change 2019–2023, p.p.
OECD average	12.2	13.0	12.7	+0.5
OECD-EU average	13.9	15.0	14.8	+0.9

Source: compiled from [13]; the change column was calculated by the author.

Relative to total government expenditure, OECD procurement stood at 29.9% in 2023 [13]. Whatever the business cycle, roughly one budget unit in three passes through tenders and contracts, so even a modest improvement in procurement quality has a fiscal effect comparable to a tax reform. The four foreign systems examined differ mainly in how far they centralise purchasing and how strictly they mandate digital tools (Table 2).

Table 2. Main features of the selected procurement systems

Feature	European Union	United States	Republic of Korea	Ukraine
Core legal basis	Directive 2014/24/EU, transposed nationally	Federal Acquisition Regulation (FAR)	Act on Contracts to Which the State is a Party; e-procurement legislation	Law "On Public Procurement" (2015)
Degree of centralisation	Decentralised buyers, common rules	Decentralised agencies, GSA as central buyer of common items	Highly centralised through the Public Procurement Service	Decentralised buyers, one central database
Digital platform	TED portal for above-threshold notices; national systems	SAM.gov; FPDS data system	KONEPS, launched October 2002	ProZorro, mandatory since 1 August 2016
Signature instrument	Competition scoreboard, cross-border access	Category management	Single window from notice to payment	Open data and civic monitoring
Scale (latest year)	About 15% of EU GDP	USD 755 billion of contract obligations, FY2024	KRW 116.9 trillion, 2016	UAH 500.3 billion via ProZorro, 2017

Source: compiled by the author from [14, 15, 17, 18, 23, 24].

The United States shows what central coordination can add even in a decentralised system. Federal contract obligations reached USD 759.2 billion in FY2023 [16] and about USD 755 billion in FY2024 [15]. The category management initiative grouped purchases into ten common spending categories; according to the Office of Management and Budget, as reported by GAO, it has saved more than USD 111 billion since its launch [25]. Pooling demand for routine items thus yields savings without centralising every purchase.

Korea followed a different path. KONEPS serves as one portal for every public buyer and supplier: a firm registers once and may then bid for any public contract in the country. In 2016 total public contracting amounted to KRW 116.9 trillion, of which KRW 78.1 trillion, or 66.8%, passed through KONEPS [17]. Table 3 shows that the platform's share has stayed near two-thirds for more than a decade.

Table 3. KONEPS share in Korea's total procurement volume, USD billion

Year	Total volume	Via KONEPS	Share, %
2009	103.4	72.9	70.5
2010	88.5	63.7	72.0
2011	84.6	54.1	63.9
2012	90.2	56.5	62.6
2013	95.8	61.6	64.3

Source: [12], Table 2.3 as corrected by the OECD; shares recalculated by the author (the OECD reports 71.9% for 2010 and 62.7% for 2012, the gap reflecting rounding of volumes).

The platform has kept growing. Over twenty years its annual transaction volume rose 3.6 times, from KRW 36.2 trillion to KRW 130.9 trillion; registered companies increased from 92,000 to 536,000 and public organisations from 25,000 to 66,000 [26]. The stable share in Table 3 is also instructive: even a mature platform does not absorb every purchase, because some large construction and defence contracts follow separate rules.

Ukraine relied on open data as a control tool. ProZorro was piloted in 2016 and became mandatory for all public buyers, including local authorities, on 1 August 2016 [18]. Its defining feature is that every tender, bid and contract is published as open data, so journalists, firms and citizens can monitor procurement directly. Figure 1 traces the cumulative savings reported by the Ukrainian government.

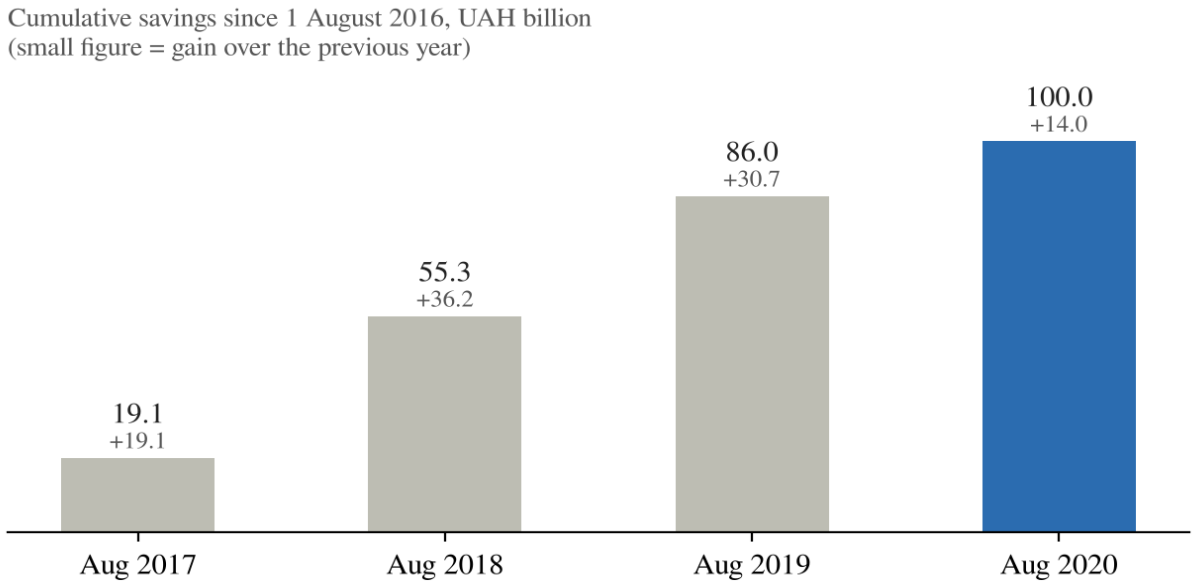


Figure 1. Cumulative savings reported for ProZorro, UAH billion. *Source:* compiled from [18–21]; annual increments calculated by the author.

Annual increments were UAH 19.1 billion in the first year, 36.2 billion in the second, 30.7 billion in the third and 14.0 billion in the fourth. The slowdown after 2018 does not necessarily signal a weaker system: more accurate tender estimates shrink the measured "saving" even when real prices fall. In the first year the number of tenders grew by 550% and the number of participants by 384% [18], which suggests that wider competition, not the software as such, drove the gains.

The European Union takes yet another approach. It does not run one platform for all purchases; instead it publishes comparable indicators for every member state. The most telling is the share of contracts awarded with only one bid, where the Commission treats 10% or less as good and anything above 20% as poor [14].

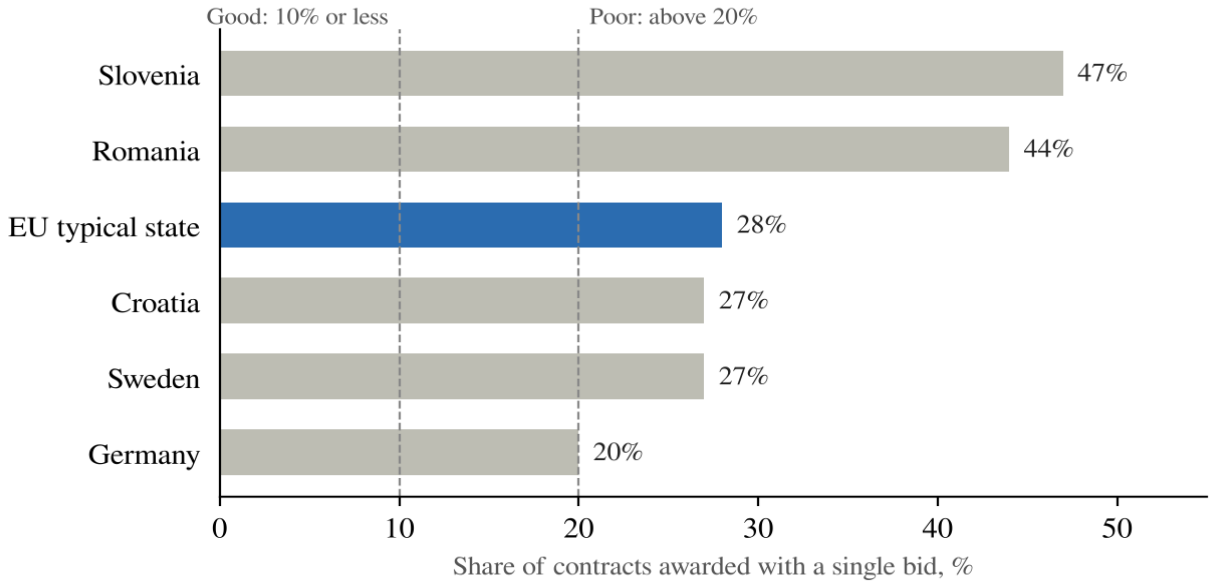


Figure 2. Single-bidder share in selected EU member states, 2024, %. "EU typical state" is the Commission's mid-ranking country. *Source:* [14].

In 2024 the typical member state recorded 28% single-bid contracts, well above the 20% warning line [14]. Even Germany, the best performer among the countries shown, sits exactly on that line, while Slovenia and Romania exceed 40%. This is why savings alone mislead: a country can report falling prices while a large part of its market sees no real contest.

Against this background, Uzbekistan's procurement market roughly doubled in five years. Figure 3 combines its volume in US dollars with the reported share of GDP.

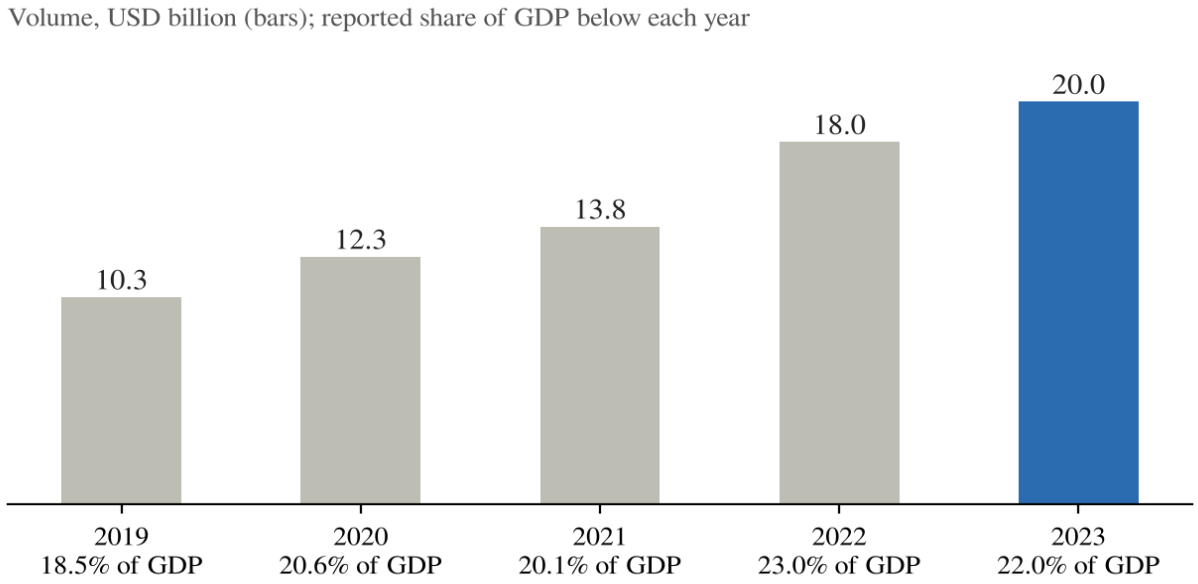


Figure 3. Public procurement in Uzbekistan, USD billion and % of GDP. *Source:* [22]; growth rate calculated by the author.

Between 2019 and 2023 the volume rose from USD 10.3 billion to USD 20.0 billion, an increase of 94.2%; the compound annual growth rate is (20.0 ÷ 10.3)^(1/4) − 1 ≈ 18.0% [22]. The reported share of GDP, 22.0% in 2023, is far above the OECD average of 12.7% [13], but the two figures are not strictly comparable: the Uzbek indicator appears to include purchases by large state-owned enterprises, which the OECD method excludes. The same source shows that the Uzbek

Commodity Exchange platform handled 81.6% of the 2023 volume, while other portals serve construction, domestic producers and special cases [22].

Discussion

The foreign cases do not offer a single model to copy, but they share a common logic. Digital platforms cut transaction costs, open data makes abuse visible, and competition indicators show whether markets actually respond. Where one element is missing, the others lose much of their effect. Ukraine's savings grew fastest when mandatory e-tendering coincided with a sharp rise in the number of bidders [18], and Korea's efficiency rests on suppliers registering once for the entire public market [17]. The World Bank reaches a similar conclusion: the value of digital procurement depends on whether its data are actually analysed and used [27].

Uzbekistan has adopted the first element in law, since electronic procedures have been compulsory since 2022 [4]. The weak points lie elsewhere: purchasing is spread across several portals with different rules, competition is not measured publicly, and oversight sits within the ministry that also sets policy. On this basis the following sequence of measures is proposed (Table 4).

Table 4. Proposed reform sequence for Uzbekistan

Stage	Measure	Foreign reference	Expected effect
Short term (1–2 years)	Single supplier registry and common interface across all portals	KONEPS single registration	Lower entry costs, more bidders
Short term (1–2 years)	Publication of all notices and contracts in the Open Contracting Data Standard	ProZorro open data	Civic and media monitoring
Medium term (2–4 years)	Annual national scoreboard: single-bid share, direct awards, decision time, SME participation	EU Single Market Scoreboard	Weak buyers identified by data
Medium term (2–4 years)	Category management and framework agreements for routine goods	US category management	Savings from pooled demand
Long term (4+ years)	Independent complaints and review body separate from the Ministry of Finance	EU remedies system	Faster, impartial dispute resolution
Long term (4+ years)	Preparation for accession to the WTO Agreement on Government Procurement	EU, US, Korea as GPA parties	Access to foreign markets, stronger rules

Source: developed by the author.

The order matters. Strict, transparent rules pay off most where administrative capacity is still developing [1], so it would be premature to grant contracting authorities wide discretion before competition and data quality are measured reliably. Since much waste in public buying is passive [9], training procurement officers and improving cost estimates may save as much as anti-corruption controls, and such measures meet less resistance.

Two risks deserve attention. The first is the illusion of savings: if tender estimates are inflated, platforms report large "savings" that do not reflect real prices, so Uzbekistan should also track unit prices of standard goods. The second is reform erosion. Ukrainian media have reported attempts to exempt certain purchases from ProZorro [28], which shows that open systems need legal protection against gradual rollback.

Conclusion

Foreign experience shows that procurement reform succeeds when digital tools, open data and competition measurement are introduced together and protected by law. Korea demonstrates the value of a single window, with about two-thirds of national procurement running through KONEPS for more than a decade. Ukraine shows that open data and mandatory e-tendering can change market behaviour within a year, with reported cumulative savings of UAH 100 billion by

2020. The EU scoreboard warns that savings figures alone hide weak competition: the typical member state still awards 28% of contracts to a single bidder.

Uzbekistan has built the legal base for electronic procurement, and its market has grown by about 18% a year since 2019. The next step is not more regulation but better integration and measurement. A unified supplier registry, full publication of contract data, a national competition scoreboard and an independent review body would allow the country to verify whether its reforms deliver value for money. Future research should test these proposals on Uzbek contract-level data once such data become openly available.

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