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Insights about Public Procurement: Key Findings from the B-READY Project

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This Brief examines regulatory indicators that promote firm entry, ease of contracting with the government, fairness, transparency, and best value for money in public procurement systems across 50 economies. Drawing on indicators from the novel Public Procurement category under the Market Competition topic of the World Bank's Business Ready (B-READY) project, the analysis develops Composite Procurement Category scores categorized by economy income level. This approach offers a new perspective on considering procurement regulations and services from a competition standpoint. The study presents the current conditions and reveals that good practices in fostering competition in public procurement can be adopted and implemented regardless of an economy's income level. Findings show a significant variation in the adoption of digital procurement, which affects transparency and entry barriers, as well as disparities in gender representation, which weakens competition and dynamism in these markets.

Public procurement refers to the process by which central governments, regional or local authorities, purchase work, goods, or services from companies. The government, through its significant and discretionary demand, wields considerable power to shape markets, drive competition, and foster dynamism, potentially leading to innovation, efficiency, and growth. By utilizing public procurement as a powerful tool, governments can achieve cost-effective social and economic policy objectives. For example, a modern public procurement system, designed to provide access to all firms by removing entry and informational barriers in government markets, is associated with higher firm participation in tenders (Hjort et al. 2020; Knack, Biletska, and Kacker 2019); lower prices (Adam, Sanchez, and Fazekas 2021);, greater innovation; and more sustainable solutions.

Because public procurement is an essential function in public administration, nearly all modern economies have enacted procurement rules or regulations, with 73 percent adopting digital platforms to carry out these processes (World Bank Public Procurement Database 2020). However, the effectiveness of the public procurement process in encouraging tender participation, competition, and innovation depends largely on the quality of its regulatory design and the complementarity of public services. Research shows that better procurement regulations significantly boost bidder participation and increases fiscal savings (Hoekman and Taş 2022, Iimi 2006), with e-procurement among the policy interventions with the greatest positive impact in promoting competition (Adam, Sanchez, and Fazekas 2021; Lewis-Faupel et al. 2016).

Even in markets with many capable suppliers, deficiencies in the regulatory framework or in the provision of public services to support firms that participate in public procurement can create barriers that lead to fewer bids in public tenders. Single-bidder public procurement tenders (excluding framework agreements and direct negotiation) reached a ten-year high in the European Union (EU) in 2022, according to the 2023 EU Commission's Single Market Scoreboard. While different mechanisms might influence this outcome, research using Tenders Electronically Daily (TED) data shows that fewer bids are observed in settings where the quality of procurement systems is low (Tas 2020), suggesting the sizeable opportunity for improvements even in high-income economies. For this, actionable measures must be derived using a comprehensive analytical framework. The Methodology for Assessing Procurement Systems (MAPS), while being the gold standard for assessing procurement systems, produces few assessments annually due to its comprehensive scope and depth, highlighting the need for complementary indicators that are regularly updated.

Measuring and benchmarking conditions conducive to higher firm participation in tenders requires a practical overarching approach that quantifies indicators annually into comparable scores. Several efforts to diagnose and measure deficiencies in competition in public procurement have considered large-scale administrative data focused on competitive outcomes. But lack of standardization, and of concrete actionable items that can be tracked by policy makers, as well as poor availability of quality data for lower-income economies, makes existing databases impractical to inform governments. Relying solely on administrative data also ignores the perceptions of firms, which play an important role in their decision to participate in tenders (Colonnelli, Loiacono, Muhumuza, and Teso 2024; Cocciolo, Viganola, and Doino 2024).

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Bridging this gap, the World Bank has used expert questionnaires to benchmark key regulations and build economy-level data sets that expand coverage to include developing economies. The Benchmarking Public Procurement report (World Bank 2017a) and the Contracting with the Government indicator in the former Doing Business report both involved designing and refining questionnaires with input from experts and administering them to a wider range of respondents (Nogues Comas and Mendes Dos Santos 2021). Careful research and refinement of previous efforts led to the establishment of the Public Procurement category of indicators under the Market Competition topic of the Business Ready (B-READY) project. The initial rollout includes data for 50 economies representing all regions and income levels, available on the B-READY website. The B-READY project will expand its coverage to 180 economies by 2026.

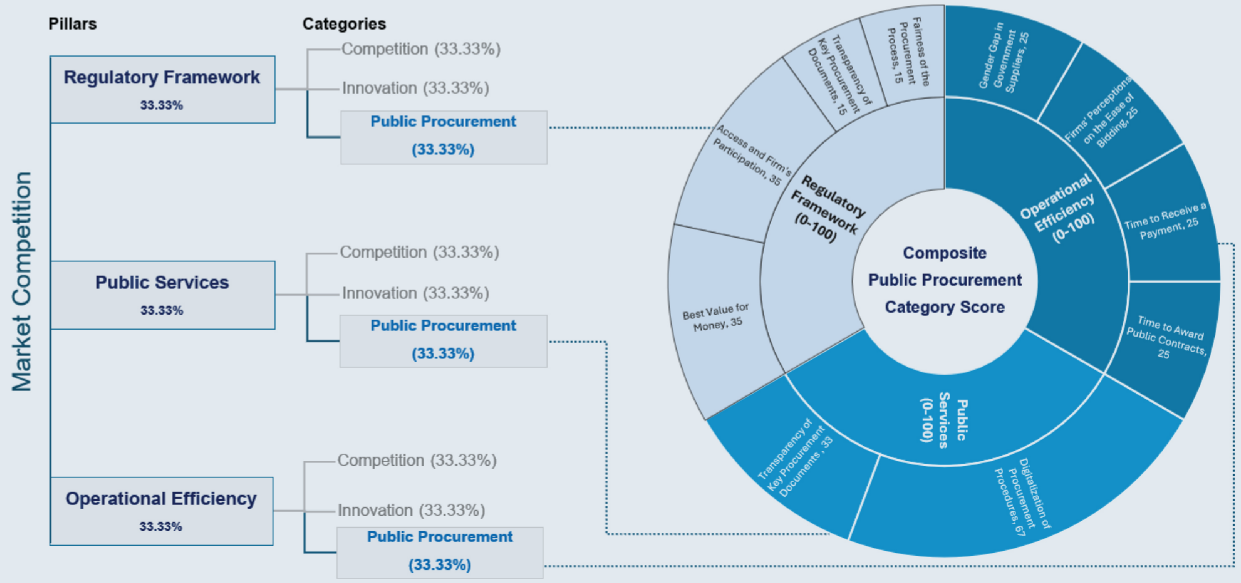
Benchmarking public procurement from a competition perspective: Introducing the Public Procurement category of indicators in B-READY

The B-READY methodology is founded on an analytical framework consisting of three pillars: (1) Regulatory Framework; (2) Public Services; and (3) Operational Efficiency. B-READY measures business regulations comprehensively across 10 topics; Market Competition is one of them. Under this framework, primary data are collected and scored annually to create a rich data set of indicators. The novel methodology combines expert consultations and firm-level surveys, capturing broader dimensions (such as perceptions of firms regarding the ease of bidding for public tenders). The dual approach ensures a balance between data comparability and representativeness across and within each economy.

The B-READY Market Competition topic covers three categories: (1) competition; (2) innovation; and (3) public procurement. Each category constitutes one-third of the Market Competition topic. This Brief focuses on the third category only: public procurement. Consequently, all results presented in this Brief are rescaled to reflect the focus on public procurement alone, rather than the broader Market Competition B-READY topic. In addition, public procurement indicators are organized into three pillars, each of which reflects different aspects and perspectives on the business environment: (I) Regulatory Framework; (II) Public Services; and (III) Operational Efficiency. Scores in each pillar range from 0 to 100 (where 100 represents the best performance). To provide an aggregate public procurement score, this Brief computes the Composite Procurement Category score by averaging the corresponding public procurement pillar scores. Full details on how the Public Procurement category fits into the overall Market Competition topic are shown in figure 1. A summary of the data set will be provided (as of May 1, 2023) including insights and patterns observed across economies with different levels of income.

The Public Procurement category measures international good practices that promote competitive, fair, and transparent contracting processes in government markets across key dimensions of the procurement cycle. It evaluates the regulatory framework covering tender design, procedural aspects, and contract implementation, including environmental and gender dimensions,

Figure 1 Structure of the Market Competition methodology and derivation of the Composite Procurement Category score



Source: B-READY 2024 data.
Note: The B-READY methodology assigns specific weights to subcategories based on their relevance within each category. In other words, not all indicators within the Public Procurement category carry the same weight. The right-hand side of this figure details how the Composite Procurement Category score is computed and includes the maximum score a subcategory can achieve based on the weight assigned to it: (i) the Public Procurement category in the Regulatory Framework pillar is distributed as follows: 35 percent–Access and Firm's Participation; 35 percent–Best Value for Money; 15 percent–Fairness of the Procurement Process; and 15 percent–Transparency of Key Procurement Documents. (ii) the Public Procurement category in the Public Services pillar is distributed as follows: 67 percent–Digitalization of Procurement Procedures, and 33 percent–Transparency of Key Procurement Documents. (iii) the Public Procurement category in the Operational Efficiency pillar is distributed equally (25 percent each). The individual weight of an indicator is the result of applying the pillar weight, the category weight, and the subcategory weight.

as well as public services through the degree of digitalization of procurement processes. It then adds a third layer of analysis by measuring government efficiency in awarding contracts, making payments, and the ease of bidding, including the gender gap in the ownership and executive management of the suppliers.

As shown in figure 1, the Composite Procurement Category score consists of 53 indicators distributed among the three pillars. The Public Procurement category in the Regulatory Framework pillar has four subcategories (Access and Firm's Participation; Best Value for Money; Fairness of the Procurement Process; and Transparency of Key Procurement Documents) that account for 23 indicators. The Public Procurement category in the Public Services pillar has two subcategories (Digitalization of Procurement

Table 1 Public Procurement category performance, composite and by pillar

Pillar I Regulatory Framework		Pillar II Public Services		Pillar III Operational Efficiency		Composite Score	
Greece	75.81	Estonia	90.79	Georgia	96.20	Estonia	77.31
North Macedonia	74.06	Rwanda	88.41	Samoa	87.30	Rwanda	77.19
Côte d'ivoire	71.56	Indonesia	81.75	Estonia	84.25	Georgia	75.41
Togo	70.94	Costa Rica	81.59	Botswana	83.30	North Macedonia	74.57
Portugal	67.94	Georgia	81.43	Rwanda	80.65	Costa Rica	69.07
Hungary	66.56	North Macedonia	77.46	Kyrgyz Republic	80.00	Kyrgyz Republic	68.84
Romania	65.63	Kyrgyz Republic	77.14	New Zealand	77.20	Indonesia	67.18
Botswana	64.69	Croatia	68.25	Indonesia	76.35	Portugal	66.06
Bulgaria	64.69	Greece	68.10	Bosnia and Herzegovin	75.90	Croatia	63.56
Madagascar	64.69	Viet Nam	67.94	Hong Kong SAR China	74.50	Colombia	62.81
Costa Rica	64.38	Mauritius	65.87	Philippines	72.65	Hungary	62.62
El Salvador	64.19	Hong Kong SAR China	63.17	Vanuatu	72.60	Peru	61.46
Colombia	64.00	Hungary	62.70	North Macedonia	72.20	Viet Nam	61.10
Peru	62.50	Colombia	62.54	Mauritius	71.75	Bulgaria	59.43
Rwanda	62.50	Portugal	61.43	Peru	71.55	Greece	59.20
Croatia	61.56	Singapore	59.37	Singapore	70.45	Botswana	59.17
Tanzania	61.25	Bulgaria	59.21	El Salvador	69.15	Romania	57.23
Morocco	59.38	Montenegro	54.76	Portugal	68.80	Mauritius	56.92
Sierra Leone	58.59	Slovak Republic	54.76	Bangladesh	66.55	Samoa	56.73
Bosnia and Herzegovi	58.13	Mexico	52.70	Viet Nam	66.05	Hong Kong SAR China	56.52
Samoa	57.50	Morocco	52.22	Romania	65.10	El Salvador	54.50
Estonia	56.88	Peru	50.32	Cambodia	62.75	Bosnia and Herzegovi	53.83
West Bank and Gaza	56.56	Bangladesh	48.25	Colombia	61.90	Slovak Republic	52.47
Montenegro	54.31	Nepal	47.78	Costa Rica	61.25	Morocco	51.92
Paraguay	51.25	Pakistan	44.37	Croatia	60.85	Montenegro	50.51
Slovak Republic	50.31	Paraguay	41.43	Togo	59.05	Singapore	49.73
Chad	49.63	Romania	40.95	Hungary	58.60	Bangladesh	48.27
Kyrgyz Republic	49.38	Ghana	36.35	Lesotho	57.75	Madagascar	48.15
Viet Nam	49.31	Philippines	33.17	Central African Republi	56.25	Paraguay	47.51
Georgia	48.59	Tanzania	31.90	Seychelles	54.85	Mexico	46.97
Central African Repub	47.22	New Zealand	30.87	West Bank and Gaza	54.70	Philippines	46.73
Mexico	47.13	El Salvador	30.16	Bulgaria	54.40	New Zealand	45.30
Lesotho	46.56	Botswana	29.52	Barbados	53.10	Tanzania	45.22
Timor-Leste	46.56	Sierra Leone	29.13	Timor-Leste	52.70	Togo	44.12
Ghana	45.63	Madagascar	27.46	Slovak Republic	52.35	Sierra Leone	43.56
Indonesia	43.44	Bosnia and Herzegovina	27.46	Madagascar	52.30	Ghana	43.49
Vanuatu	41.88	Samoa	25.40	Gambia	50.15	West Bank and Gaza	42.43
Pakistan	39.69	Barbados	20.63	Paraguay	49.85	Pakistan	40.52
Barbados	38.28	West Bank and Gaza	16.03	Ghana	48.50	Vanuatu	39.64
Gambia	34.38	Gambia	11.43	Iraq	47.90	Lesotho	37.79
Philippines	34.38	Lesotho	9.05	Chad	45.40	Barbados	37.34
Mauritius	33.13	Côte d'ivoire	6.98	Morocco	44.15	Nepal	37.04
Hong Kong SAR China	31.88	Timor-Leste	6.83	Sierra Leone	42.95	Timor-Leste	35.36
Seychelles	31.56	Vanuatu	4.44	Tanzania	42.50	Côte d'ivoire	34.65
Cambodia	30.31	Togo	2.38	Montenegro	42.45	Central African Repub	34.49
Bangladesh	30.00	Chad	0.00	Mexico	41.10	Gambia	31.98
Nepal	30.00	Central African Republi	0.00	Pakistan	37.50	Chad	31.68
Iraq	28.44	Seychelles	0.00	Greece	33.70	Cambodia	31.02
New Zealand	27.81	Cambodia	0.00	Nepal	33.35	Seychelles	28.80
Singapore	19.38	Iraq	0.00	Côte d'ivoire	25.40	Iraq	25.45

Source: B-READY 2024 data.
Note: The economies are ordered according to their scores in each of the three pillars and in the composite score: Pillar I, Regulatory Framework; Pillar II, Public Services; and Pillar III, Operational Efficiency. They are further grouped in quintiles, which are marked with varying shades of blue (with darker shades representing better performance). Whenever there is a tie between two or more economies, the economies are sorted alphabetically.

Table 2 Summary statistics of the Composite Procurement Category score

Average	Median	Minimum	Maximum	Range
51.1	50.1	25.4	77.3	51.9

Source: B-READY 2024 data.

Procedures; and Transparency of Key Procurement Documents) that account for 22 indicators. And the Public Procurement category in the Operational Efficiency pillar has four subcategories (Time to Award Public Contracts; Time to Receive a Payment from a Government Contract; Firms' Perceptions on the Ease of Bidding; Gender Gap in Government Suppliers) that account for 8 indicators. A detailed description of the methodology can be found in the B-READY 2024 Methodology Handbook.

Composite Procurement Category scores: Identifying income group trends in the adoption of good practices across regulations, public services, and operational efficiency

Table 1 presents scores by pillar and as a composite across the three pillars for the 50 economies included in the 2024 B-READY data set. Among the 50 economies included in the B-READY 2024 report, the average Composite Procurement Category score computed for this Brief is 51.1 points, and it is closely aligned with the median (table 2). No economy scores 0, confirming the broad presence of procurement rules and regulations, and this aspect shows that governments create markets at all income levels. Notably, the highest score of 77.3 points remains relatively modest, suggesting shared challenges and opportunities across income groups in advancing the quality of public procurement systems. In particular, only 10 economies score any points in the indicator measuring the introduction of gender-responsive procurement mechanisms, such as award criteria with gender dimension, and less than half of the economies score in the indicator measuring incentives for preparing bids with environmentally-friendly components. Another result that stands out is the presence of all income levels in the top five performing economies across all three pillars (table 1). Estonia (77.3 points), Rwanda (77.2 points), Georgia (75.4 points), North Macedonia (74.6 points), and Costa Rica (69.1 points) have been able to implement key regulations and digital solutions that improve the conditions for firms to participate in tenders.

From this sample of 50 economies, some preliminary trends can be observed. When deconstructing the Composite Procurement Category score by income level, there is a general gap between higher- and lower-income economies that follows the link between economic development and institutional quality (figure 2) (see also World Bank 2017b). High-income and upper-middle-income economies have higher mean scores, but as mentioned, noticeable outliers exist across all income groups. This pattern indicates that regardless of the level of economic development, it is possible to implement good practices that promote competition in public procurement. Rwanda, a low-income economy, achieves a high score of 77.2 points through active policymaking and the extent of digitalization of activities in the procurement cycle. In contrast, some high-income and upper-middle-income economies are found in the lowest quintile. Most differences within and across income groups stem from the presence and sophistication of e-procurement systems, which can contribute to lower transaction costs and barriers to market entry in public tenders.

Analyzing performance by pillar: Trends in Regulatory Framework, Public Services and Operational Efficiency

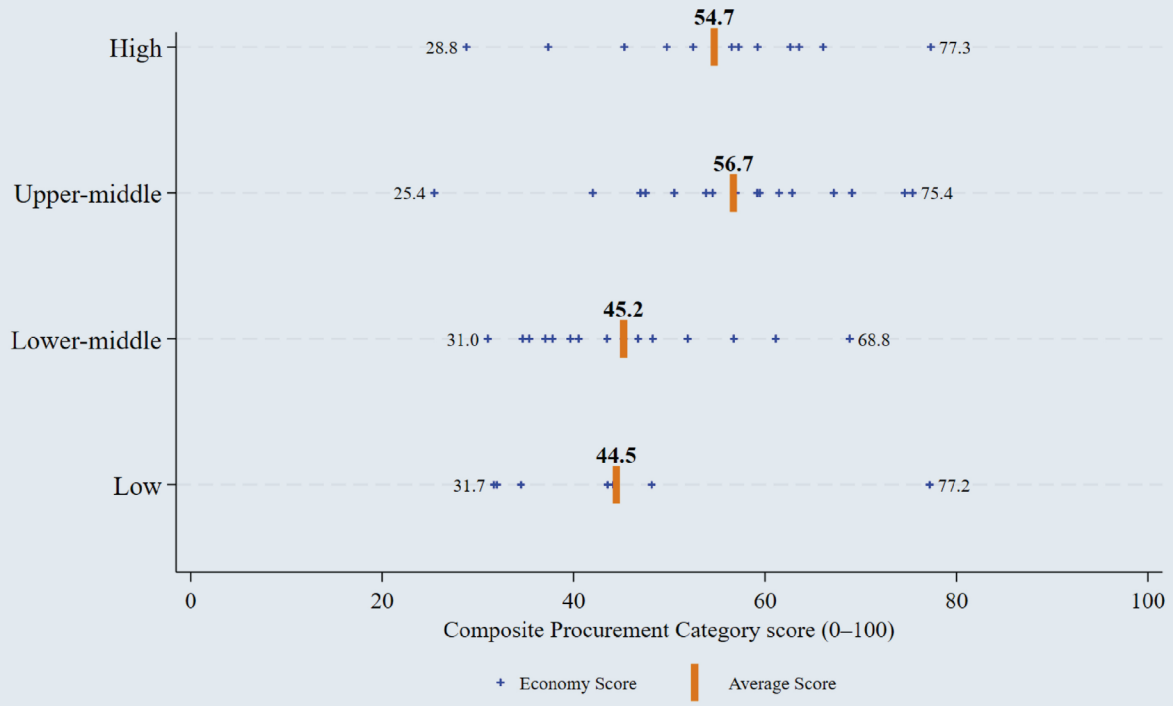
Figure 3 shows the distribution of the procurement category score within each of the three pillars. The Operational Efficiency pillar has the highest average score at 60.4 points, followed by the Regulatory Framework pillar with 51.1 points, and Public Services with 41.7 points. The variation across pillars is consistent with the findings of the B-READY report, although scores in the procurement category tend to be lower overall. Notably, many economies score below 50, particularly in the Public Services and Regulatory Framework pillars. While economies have, on average, adopted good regulatory practices to attract firms, generate trust, and improve quality and service delivery, these efforts have not been evenly complemented by reforms supporting procurement systems in practice. Specifically, there has been a significant lag in digitizing procurement procedures and information, which is crucial for enhancing the efficiency and transparency of public procurement systems.

Pillar I–Quality of regulations that promote market competition: Economies in all income groups struggle to design targeted policies aimed at attracting new suppliers

This pillar measures four aspects: (1) Access and Firm's Participation (includes gender); (2) Best Value for Money (includes gender and environment); (3) Fairness of the Procurement Process; and (4) Transparency of Key Procurement Documents. The mean score is 51 points and the distribution of scores has a min-max range of 56 points, which is the smallest among the three pillars and the lowest contribution to the variance in the Composite Procurement Category score. Greece and North Macedonia lead the top quintile scores, which, while slightly dominated by developed economies, also include two upper-middle-income and two low-income economies from Sub-Saharan Africa. These economies (Botswana, Cote d'Ivoire, Togo, and Madagascar) have strengthened their regulatory frameworks as part of their development goals. Some uniformity in scores is observed across most income groups, suggesting a path toward convergence through the adoption of best practices that result from economic integration and globalization.

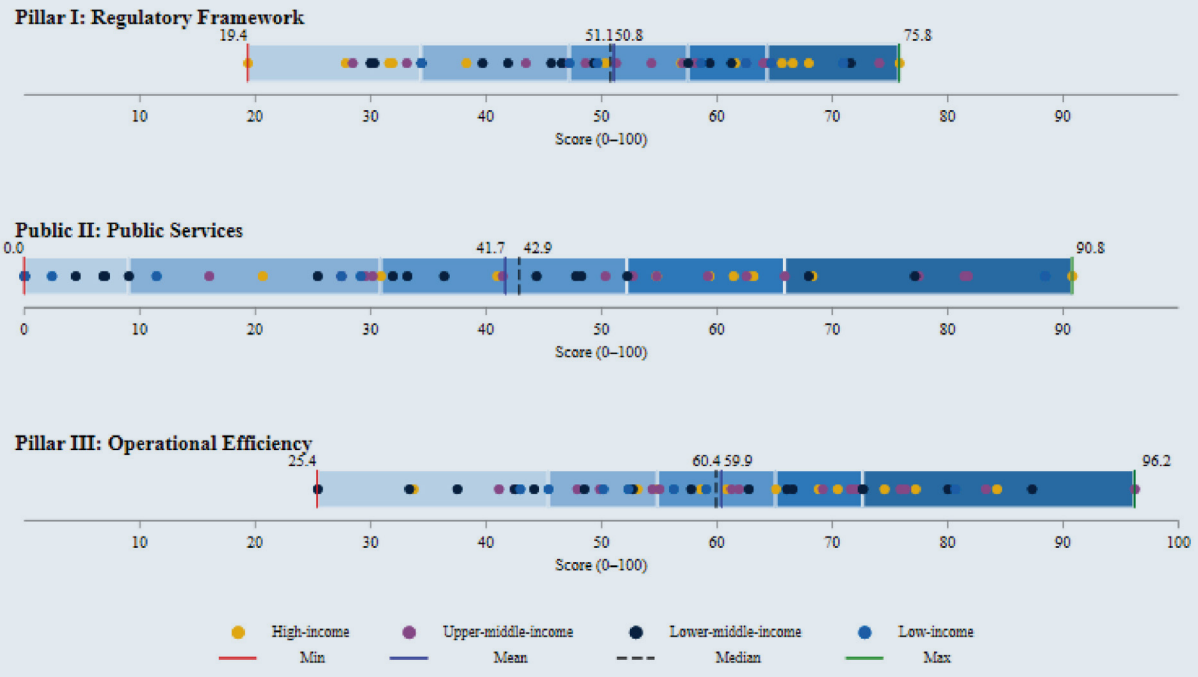
Economies have adopted a higher number of good practices in the areas of fairness and transparency in procurement procedures compared to the areas focusing on Access to firms and Best Value for Money. However, the relative contribution of Fairness and Transparency to the Regulatory Framework score is smaller than

Figure 2 Composite Procurement Category scores across income levels: Good performance is achievable even when levels of income are low



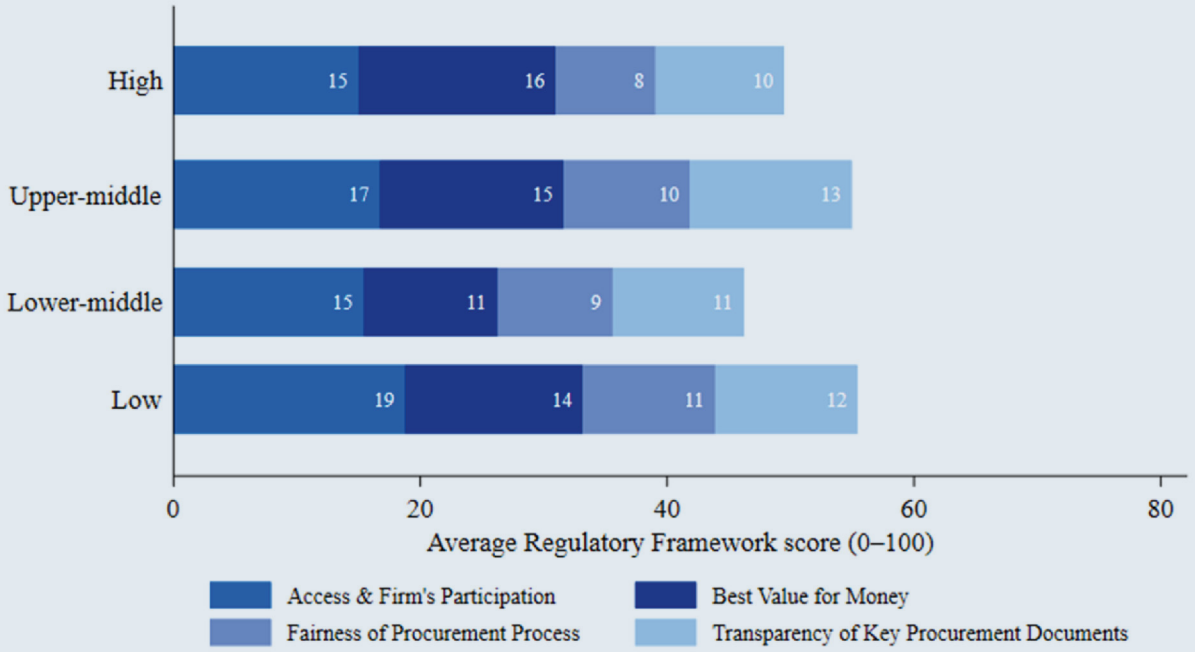
Source: B-READY 2024 data.
Note: Each cross represents the score of an economy in its income level. Each vertical colored marker indicates the average score of a an income group. The minimum and maximum scores within each region or income group are also specified. The high-income level includes 12 economies; the upper-middle-income level, 16; the lower-middle-income level, 15; and the low-income level, 7.

Figure 3 Similarly to the B-READY aggregate findings, the pillar in the procurement category of indicators with the widest average range and weakest performance is Public Services



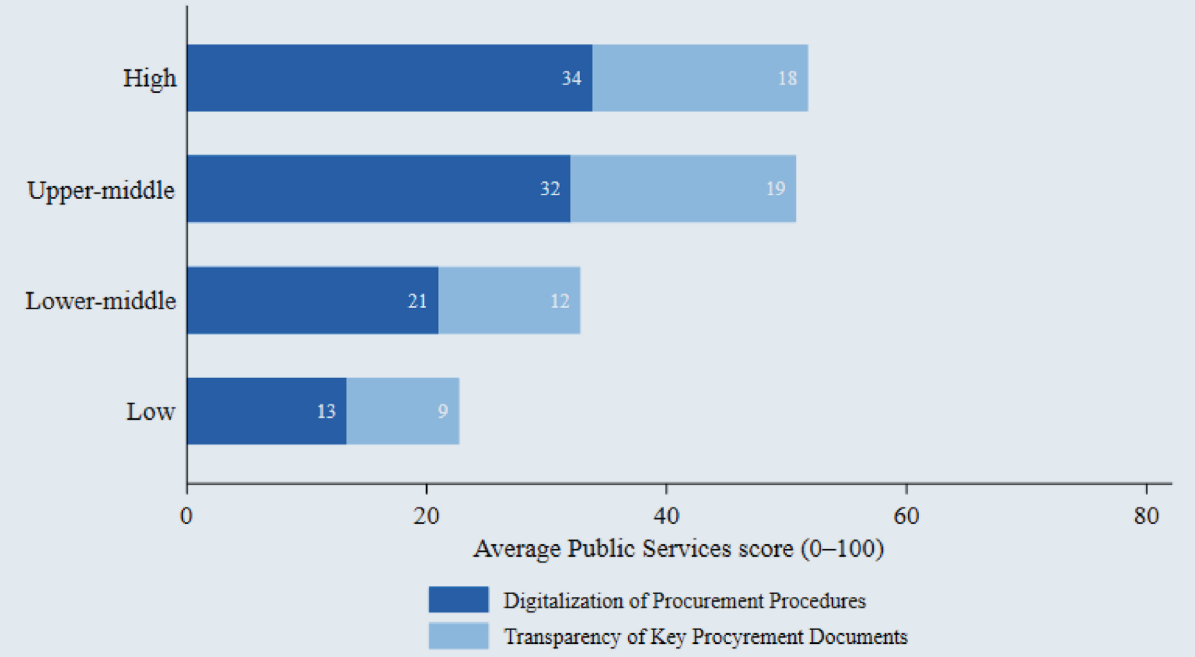
Source: B-READY 2024 data.
Note: For each pillar, the scores are plotted with minimum, mean, median, and maximum scores indicated by vertical lines, with corresponding scores provided. The dots, representing economies, indicate by color to which income grouping an economy belongs. The blue panels represent quintiles (with darker shades indicating better performance).

Figure 4 Regulatory Framework Score of Public Procurement category by income level: Scores are higher in Fairness and Transparency when compared to Best Value for Money, but its relative contribution to the pillar score is smaller



Source: B-READY 2024 data.
Note: Each bar segment represents the average score of a subcategory of indicators per income level. Subcategory scores are weighted by their relative contribution to the Regulatory Framework pillar score. The weights add up to a 100 percent and are distributed as follows: 35 percent–Access and Firm's Participation; 35 percent–Best Value for Money; 15 percent–Fairness of the Procurement Process; and 15 percent–Transparency of Key Procurement Documents.

Figure 5 Quality of Public Services in Public Procurement by income level: There is a wide dispersion in scores driven by Digital Adoption



Source: B-READY 2024 data.
Note: Each bar segment represents the average score of a subcategory of indicators per income level. Subcategory scores are weighted by their relative contribution to the Public Services pillar score. The weights add up to a 100 percent and are distributed as follows: 67 percent–Digitalization of Procurement Procedures; and 33 percent–Transparency of Key Procurement Documents.

the other two subcategories because they are assigned higher weights (figure 4). While many economies successfully implement basic transparency and fairness-oriented regulations, they struggle in designing more targeted policies to attract innovative suppliers or promote participation of small and medium enterprises (SMEs) and foreign firms in tenders. To put this into context, only 24 economies have implemented tender and contractual mechanisms to attract smaller firms, while only 21 economies have designated tender methods for attracting innovative suppliers such as competitive dialogues or design contests. Not only does Best Value for Money performs the lowest across all income groups, but it also has the largest variation. Lower-middle-income and low-income economies seem to have a narrower scope in their regulatory frameworks regarding the provision of guardrails for procuring entities to identify abnormally low bids, guide contract value estimation, and support bid decision-making.

Pillar II–Public Services that promote market competition: Scores in the digitalization of the procurement cycle vary significantly across income levels

B-READY data show that the quality of public services has the largest dispersion in scores among the three pillars, with a min-max range of 90 points (figure 3). This wide range is primarily due to the uneven adoption of digital procurement processes across economies or the absence of a sophisticated, centralized procurement platform. Sophistication here refers to the range and complexity of features offered by the electronic procurement system. More sophisticated systems enhance the interactivity between government and suppliers, such as the ability to sign electronic contracts or submit electronic invoices. The disparity in the adoption of these advanced features is the weakest link across and within income groups, contributing to the significant differences in performance.

This deficiency in the adoption of advanced e-procurement features correlates negatively with income level (figure 5), as developed economies tend to perform better in adopting e-procurement platforms and publishing key procurement documents, while low-income economies face challenges in implementation (La Cascia et al. 2023). Still, some economies across all income levels have been successful at implementing modern e-procurement platforms. Notably, the top five economies excelling in the delivery of digitalized procurement processes represent both high-income and low-income groups. Estonia, Rwanda, Indonesia, Costa Rica, and Georgia have implemented a centralized e-procurement portal with an expanded set of functionalities. Among the 50 economies in the current B-READY data set, 70 percent have implemented a centralized e-procurement portal, but the number and type of features adopted varies. Features like registering as a vendor and submitting tender documents are among the top functionalities implemented, adopted by 68 percent and 54 percent of economies, respectively. Some more sophisticated measures, such as modules for framework agreements and e-reverse auction modules, are less frequently adopted. Even more notable, only 21 percent of economies have digitized contract signing through the e-procurement portal. This low adoption rate is significant because digitized contract signing enhances efficiency, reduces the risk of fraud, and ensures greater transparency in procurement processes.

Six economies in the bottom quintile are from Sub-Saharan Africa, a region notably lagging in the digitalization of procurement systems. Most of them score below 10 points, with half scoring 0 points (Chad, Central African Republic, and Seychelles). Some of these economies maintain minimum functionalities such as access to tender notices (Lesotho) or publishing data on tenders (Cote d'Ivoire), but lack full adoption of digital solutions to facilitate the transactions between the government and its suppliers. This public services gap is more pressing for potential bidders facing geographical disadvantages, as they need to travel to procuring entities' offices to access or submit tender and bid documents.

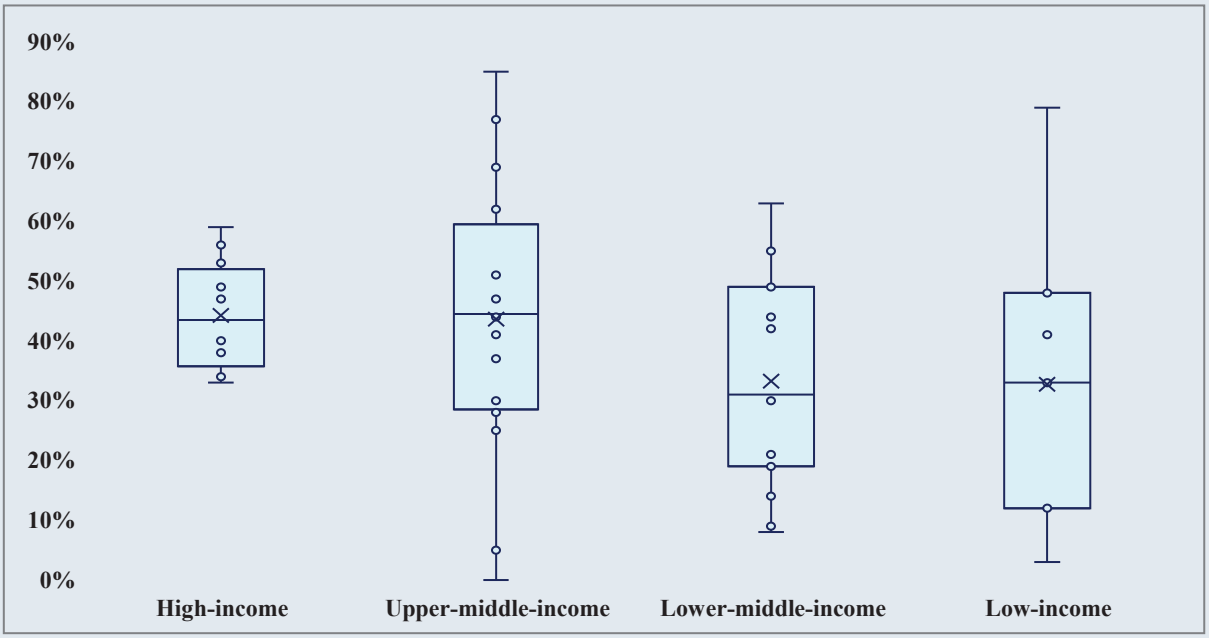
Pillar III–Operational Efficiency in public procurement: Firms in all income groups perceive difficulty with the administrative requirements for bidding, while the gender gap in government suppliers narrows as the income levels of economies rise

The four subcategories measured in Pillar III are: (1) Time to Award Public Contracts; (2) Time to Receive a Payment from a Government Contract; (3) Firms' Perceptions on the Ease of Bidding; and (4) Gender Gap in Government Suppliers. Operational Efficiency has the highest absolute and average score among the three pillars (figure 3). Scores for each indicator of Pillar III are calculated using the Normal Cumulative Distribution Function (CDF) transformation method on a scale from 0 to 100, with the best and worst performers defined by the 95th and 5th percentiles of the data collected during the first rollout phase. This result might reflect that governments have historically focused on streamlining internal processes such as reducing payment delays or accelerating contract awards, rather than investing in digital infrastructure or public-facing services that could make procurement more accessible, inclusive, and outcome-driven.

Georgia heads the top quintile with a score of 96 points, almost 10 points higher than the next economy, Samoa. Following the pattern in the other pillars, all income groups are represented in the top quintile, including economies ranging from high-income like Estonia and Hong Kong SAR, China, to lower-middle and low-income economies like the Kyrgyz Republic and Rwanda. But this occurrence across income groups is not shared across all subcategories measured. There is a notable connection to income level when it comes to the gender gap in government suppliers (figure 6). Wealthier economies have the highest proportion of government suppliers that are partially owned or managed by a woman, averaging 45 percent. These high-income economies also show the smallest min-max range, indicative of a balanced gender representation that is closer to 50 percent. However, the relationship between income level and higher operational efficiency is not uniform. In fact, variation among the upper-middle-income group is notable, meaning that several upper-middle-income economies score poorly in this category. Some economies driving this variability are in Latin America and the Caribbean. For example, 85 percent of the firms that held a government contract in Colombia are partially owned or managed by a female, whereas in Mexico this proportion is less than 1 percent. In contrast, variation is lower in economies in the South Asia and Middle East and North Africa regions, with smaller overall values in the lower end of the range. In Pakistan, 8 percent of government suppliers are female-owned or managed, a ratio that drops to 5 percent in Iraq.

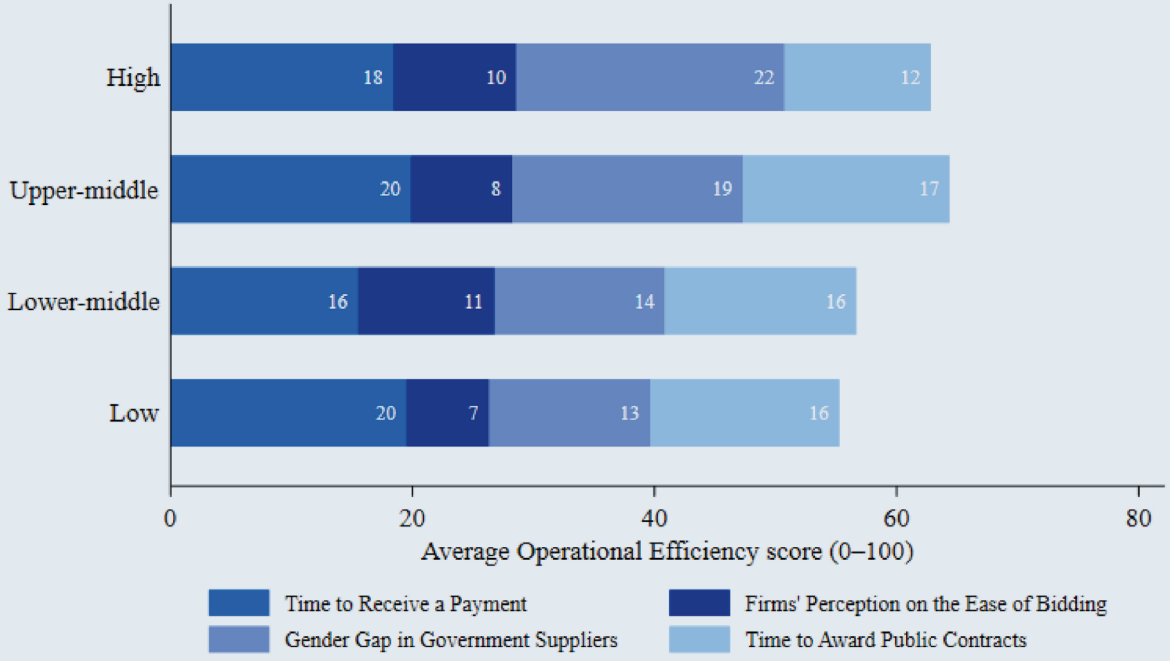
What stands out in figure 7 is that all income groups seem to have similar performances across the subcategories measured. For instance, all groups tend to have low scores in how firms perceive the degree of difficulty in complying with the administrative requirements to bid. On the other hand, all income groups seem to have a stronger performance in the time to award government contracts. When it comes to paying government suppliers, variation is greater. Efficiency is greatest in Georgia, with an

Figure 6 Higher-income economies have higher average shares of government suppliers that are partially owned or managed by women (percent), but variation is wider in Upper-middle-income economies



Source: B-READY 2024 data.
Note: The figure presents data on the distribution by income level of the percent of firms partially owned or managed by women among those that held a government contract in past three years. The box plots show female representation (percent) in government suppliers by income level, with circles representing the percentage of individual economies and "X" markers showing group averages. The high-income level includes 12 economies; the upper-middle-income level, 16; the lower-middle-income level, 15; and the low-income level, 7.

Figure 7 Operational Efficiency in public procurement: Scores are high, but gender gaps and payment timeliness variations are notable across income levels



Source: B-READY 2024 data.
Note: Each bar segment represents the average score of a subcategory of indicators per income level. A normal Cumulative Distribution Function (CDF) transformation method is applied to each indicator to sort best practices in the sample of 50 economies (see B-READY 2024 Methodology Handbook for more details). A lower time to award or time to receive a payment, a more positive perception on the ease of bidding, and a supplier gender ratio closer to 50 percent female have a higher relative position of performance and hence yield higher scores. Subcategories are then weighted equally (25 percent each) to compute the Operational Efficiency pillar score.

average of 16 days, followed by Morocco (21 days), and New Zealand (23 days). Performance is lowest in Lesotho, where government suppliers might wait an average of 152 days to receive payment from a contract. Some high-income economies are also in the bottom quintile: namely, Greece (81 days) and Barbados (89 days). Payment timeliness is a fundamental aspect in firm participation (Barrot and Nanda 2020; Conti, Elia, Ferrara, and Ferraresi 2021), particularly for small and medium enterprises that perceive a higher risk in bidding due to the impact on their financial liquidity.

Leveraging data to drive reforms in public procurement to promote entry and competition in government markets

Public procurement plays a crucial role in driving economic and social policy objectives globally. B-READY introduces a set of global and comparable indicators on public procurement within the Market Competition topic. The analysis of the Public Procurement category indicators reveals that effective public procurement practices are achievable regardless of an economy being wealthy, further emphasizing the key findings of the B-READY 2024 report (World Bank 2024). The largest variation is observed in the adoption of digital procurement procedures and processes, which significantly affects the efficiency and transparency of public procurement systems, and their ability to reduce market entry barriers. The convergence of good practices across economies in Pillar I is likely driven by the impact of economic integration and globalization. Results for the Operational Efficiency pillar show that efficiency is not exclusive to wealthier economies. However, disparities exist in the gender gap in government suppliers, with higher-income economies demonstrating better gender representation.

What is pressing for the majority of economies in the current context is to address the disparities that public procurement can create when it restricts economic opportunity, distorts market functioning, and is not used with the vision to create new and qualitative markets and jobs. A careful design of regulations and investing in public-facing services and digital infrastructure is necessary to reduce barriers to entry while aligning procurement objectives with broader development goals such as sustainability, innovation, firm participation, and job creation. Procurement systems may remain technically functional but could miss the opportunity to drive meaningful improvements if reforms remain narrow in scope and do not consider competition.

With this rich data set policy makers can identify areas of improvement by type of policy-reform actions, whether it is the enactment of new legislation or standardized procurement documents, the implementation of digitalized procurement systems, or streamlining procurement requirements and processes to attract more firms and entrepreneurs into government markets. By addressing the identified gaps and leveraging good practices, economies can foster competition, innovation, and efficiency in public procurement, ultimately contributing to sustainable economic development.

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