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### Digitisation of public procurement as a factor of economic security and regional development in the Kyrgyz Republic

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**Abstract.** The purpose of this study was to assess the impact of digitalisation of public procurement on economic resilience, transparency, and regional development in the Kyrgyz Republic. Legislative and regulatory acts, as well as the practical features of the Kyrgyz Republic's digitalisation of public procurement between 2019 and 2024, served as the basis for the study. It was determined that the implementation of such systems contributed to a significant reduction in costs, improved access to data and reduced corruption. According to the results of the study, the total volume of public procurement in 2019 exceeded KGS 63 billion, which indicated the scale of public spending managed through the electronic platform. By the end of 2020, more than 27,590 suppliers and 4,072 purchasing organisations had registered on the platform, showing a high level of engagement in the system. In 2019, a total of 77,477 tenders were conducted through the e-procurement portal, emphasising the system's wide use and scale. As a result of the Manual's assistance in monitoring 1,632 requests during the first quarter of 2023, 510 tenders were cancelled, 547 tenders with breaches were eliminated, and 13 tenders with notable violations were identified. Over 12% of Kyrgyzstan's gross domestic product (GDP) was derived from governmental procurement in 2023. Around USD 1.4 billion was spent on public procurement annually, with Kyrgyzstan's GDP projected to reach USD 11.7 billion in 2023. The practical significance of this study lies in its potential to guide further improvements in the digitalisation of public procurement in the Kyrgyz Republic, with a focus on enhancing efficiency, transparency, and inclusivity, ultimately supporting regional economic development and reducing corruption risks

**Keywords:** public sector; transparency; government; supply chain; law

## Introduction

Digitalisation of public procurement is a crucial step in improving governance, reducing corruption, and ensuring fair competition, especially at the regional level. The implementation of electronic platforms significantly reduces administrative costs, enhances transparency, and improves data accessibility, leading to more efficient use of public resources. In the Kyrgyz Republic, where corruption impacts development, digitalisation is vital for strengthening economic security and supporting sustainable regional growth.

The study by N. Temirov *et al.* (2023) on the digitalisation of public procurement in the Kyrgyz Republic highlighted improvements in budget efficiency, reduced costs, and faster processing. The authors emphasise the benefits of digitalisation, such as increased trust in state bodies and better financial control. However, the impact on regional development remains insufficiently studied, despite digital procurement's influence on local businesses and economic growth. A key issue in the Kyrgyz procurement system is the inadequate integration of international standards. A.A. Abdukarimova (2020) examined the initial Law on Public Procurement, which lacked international alignment, and stressed the need for a competitive bidding system. Challenges such as poor integration with banking systems and the need for improved web portal functions remain, along with gaps in system integration and user access that require further investigation.

The public procurement system in the Kyrgyz Republic requires significant improvement. A.B. Mamaeva *et al.* (2021) highlighted the importance of updating legislation and using information technology to increase transparency, with e-procurement being a key step in reducing corruption and improving budget efficiency. However, challenges remain in ensuring equal access for small and medium-sized enterprises and improving infrastructure for better information access. In contrast, the study by A. Di Vaio *et al.* (2023) took a more global approach to innovation, examining the transformation of business models

and consumer behaviour across sectors and markets. In terms of methodology, both studies used a similar qualitative approach to analyse case studies and industry reports. However, the study by A. Di Vaio *et al.* used more quantitative data, providing statistical analyses of the effectiveness of digital transformation in organisations, while your study was more orientated towards qualitative analysis, focusing on the practical application of innovations in specific sectors. Both studies agreed on the importance of adopting digital strategies for business sustainability, but your study emphasised a more localised approach, while the study by A. Di Vaio *et al.* presented a more global perspective.

Digitalisation of law enforcement agencies and local governments in the Kyrgyz Republic is an important area for improving governance and improving the efficiency of public services. B. Batyrbaev *et al.* (2020) analysed the state policy in the field of digital transformation, in particular, the introduction of automated information systems and digital technologies in the activities of law enforcement agencies and local governments. They note that these measures contribute to reducing corruption and increasing transparency in the activities of state bodies. However, there are gaps, such as technical support for the staff of the agencies and the need to adapt traditional legal mechanisms to the new digital realities.

Public procurement faces challenges like corruption, inefficiency, and high costs, which hinder economic development. A.P. Rajapaksha (2023) studied the digital transformation of procurement, focusing on increasing transparency, reducing costs, and streamlining processes through electronic platforms. He notes challenges in partial implementation and resistance to change. Research gaps include studying the real impact of digital platforms on competition and corruption, as well as issues like limited internet access and low digital literacy in remote areas.

The digitalisation of public procurement is a challenge for the sector, as processes do not work properly, there are

risks of corruption and people do not have access to digital technologies, especially in rural areas (Kazbekova *et al.*, 2025). L. Bednářová *et al.* (2021) examined how digitalisation can help increase transparency and reduce corruption, noting that this requires sufficient technical support and digital skills. Disagreements include the need for further research into the impact of digital platforms on economic disparities and the creation of tools that are inclusive of marginalised groups and small businesses.

The problem addressed in the study is the impact of various factors on the public procurement process, including budget constraints, corruption and insufficient infrastructure. G.B. Labulunye (2024) studied these issues using the example of the Katawis Regional Council, where they also identified low staff qualifications as an obstacle to effective procurement. The authors note that to improve the process, it is necessary to increase communication with suppliers and ensure greater transparency in tenders. Gaps that require further study include the impact of digitalisation and training programmes to improve procurement processes in public institutions.

The purpose of this study was to investigate how introducing digital technologies into the public procurement system affects the Kyrgyz Republic's economic resilience and development. To achieve this goal, the following objectives were set: to analyse the current state of digitalisation of public procurement in the Kyrgyz Republic and identify the main challenges and opportunities for development; to assess the impact of e-procurement on the efficiency of public resources and the level of transparency in governance.

## Materials and Methods

The study was conducted based on an analysis of legislative and regulatory acts, as well as practical aspects of the digitalisation of public procurement in the Kyrgyz Republic in the period from 2019 to 2024. The legislative and regulatory framework governing public procurement was studied, in particular the Law of the Kyrgyz Republic No. 27 "On Public Procurements" (2022) and subordinate regulatory legal acts, in particular the Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 489 "On the Approval of the Procedure for Holding Public Procurement Procedures" (2023). International agreements, such as the World Trade Organisation (WTO) Agreement on Government Procurement and the United Nations Commission on International Trade Law (UNCITRAL) Model Laws (Transparency International, n.d.), were noted to assess the compliance of national norms with international standards. The study utilised statistical analysis, quantitative data analysis: the number of procurements transferred to electronic form, the number of participants, the number of violations, and the dynamics of spending and content analysis: analysis of texts from the electronic procurement portal (Brown, 2022).

The study also covered the practical aspects of implementing an electronic platform for public procurement, including the use of a public procurement portal, which

has become the main tool for managing all stages of the procurement cycle, from planning to contracting. An electronic catalogue Tandoo (n.d.) system was also studied, which automates the procurement of standard goods and services, simplifying processes and reducing administrative costs (Baizakova, 2020).

The analysis of technical assistance provided by the Asian Development Bank (ADB) (2021; 2023) included an assessment of the implementation of new software products that replace paper transactions, as well as a consideration of the use of blockchain technologies to ensure the security of bid submission and contract award. One important area of focus was the monitoring and control mechanisms deployed through the electronic portal, as well as the role of civil society organisations in promoting transparency and ensuring effective oversight of procurement processes. The SWOT analysis was developed to assess the effectiveness of the electronic public procurement system and its potential impacts on processes related to the management of public resources. It allowed identifying the strengths and weaknesses of the system, as well as the opportunities and threats that may arise during its implementation and operation. The limitation of the study was the unavailability of complete statistical data for 2024 in open sources, which is why the analysis covers the period up to the end of 2023.

A forecasting method was also used to assess the expected economic effect of implementing digital procurement based on the P. Nemeč (2024). The study also included an examination of existing challenges, such as difficulties in accessing digital platforms in remote areas, insufficient digital literacy of suppliers and limited infrastructure, which can limit the potential of digitalisation. It emphasised the importance of overcoming these barriers to ensure a level playing field for all participants in the process. To ensure the sustainable development of public procurement, detailed recommendations were developed to stimulate the active participation of local enterprises, in particular small and medium-sized enterprises, in the e-procurement system, fostering competition, transparency, and economic growth at the regional level.

## Results and Discussion

**Digitalisation of public procurement in the Kyrgyz Republic: Current status and challenges.** An overview of the legislative and regulatory framework for digital procurement in the Kyrgyz Republic includes key regulatory acts that regulate public procurement processes and the digitalisation of this sphere. The main legislative act that defines the principles and procedure for public procurement in the country is the Law of the Kyrgyz Republic No. 27 (2022). This law establishes general legal and economic principles of public procurement aimed at the efficient and economical use of public resources. It regulates the procurement of goods, works, services and consulting services by state institutions financed in whole or in part at state expense.

The law is supplemented by a number of subordinate legislation and regulatory documents, including the

Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 489 (2023), which describes in detail the implementation of digital procurement processes. The main principles on which the legislation is based are openness, impartiality, publicity, transparency and protection of the rights and interests of participants. The law also emphasises the optimisation of procurement processes, the acquisition of innovative and high-tech goods and services, as well as the formation of public trust in the procurement system.

Since 2015, all public procurement in the Kyrgyz Republic has been carried out electronically through the Public Procurement Portal, which is a single platform for publishing information on procurement, managing the entire procurement cycle – from planning and announcement to submission of applications and conclusion of contracts. This ensures transparency and accessibility for suppliers and contractors. The portal has become the main tool in the implementation of digital procurement and is the basis for further reforms. Technical assistance, provided, in particular, by the Asian Development Bank, is aimed at the full digitalisation of the public procurement system. This includes developing new software to replace paper-based transactions, improving online functionality such as contract and payment management, and integrating new technologies such as blockchain to ensure the security of bids and contracts. The main body regulating and supervising the public procurement system is the Department of Public Procurement under the Ministry of Finance. This body is responsible for monitoring, improving, and administering the procurement system and the electronic portal. The Cabinet of Ministers issues procedural regulations, including the Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 489 (2023), which updates and standardises procurement processes and determines whether the portal's functionality complies with current legal requirements. The system also provides mechanisms for appeals by participants of procurement decisions. However, civil society and other external parties cannot file legal appeals regarding violations in the procurement process, although they can provide feedback to the authorities (World Bank, 2022).

The legal framework for digital procurement is geared towards compliance with international agreements, such as the WTO Agreement on Government Procurement and the UNCITRAL Model Laws. Where international treaties ratified by the Kyrgyz Republic provide for different rules,

their provisions take precedence over national law (Transparency International, n.d.). The law covers procurement by all government entities using public funds, but recent legislative changes have exempted state-owned enterprises (SOEs) from these requirements. This raises concerns about transparency, as SOEs account for a significant portion of public procurement and their activities may no longer be fully disclosed on the public procurement portal (Brown, 2022)

Reforms (2022-2023) focus on simplifying procedures, implementing contract management, and integrating the digital platform with other government systems. Ongoing projects aim to achieve full digitalisation of procurement, improve security, and further harmonise practices with international standards (Asian Development Bank, 2021). Since 2015, the Kyrgyz Republic has implemented electronic platforms for public procurement, which has become an important step towards ensuring transparency, increasing efficiency and reducing corruption risks. The Official Public Procurement Portal (n.d.) is the central platform for all procurement-related procedures and provides continuous control at all stages of the process, from planning to contracting. The main goal of electronic platforms is to optimise procedures and create a level playing field for all participants.

One of the main tools is the electronic catalogue, which functions as an online store for purchasing goods and services. This tool simplifies the processes of purchasing standard goods and services, meeting the requirements of legislation and regulations (Baizakova, 2020). The platform not only automates procurement processes but also integrates with other government information systems, which facilitates data exchange between different government agencies and optimises processes. This allows reducing administrative costs, accelerating decision-making, and ensuring increased efficiency of procurement procedures at the national level.

With the support of the Asian Development Bank (2021; 2023), the Government of the Kyrgyz Republic continues to improve its e-procurement system, in particular, by developing new software modules that replace paper documents and introducing blockchain technologies to ensure security during application submission and contract conclusion. Such steps contribute to the Kyrgyz Republic becoming a regional leader in the digitalisation of public procurement. The Table 1 demonstrates efficiency before/after the implementation of digitalisation.

**Table 1.** Comparative of efficiency before/after the implementation of digitalisation

Efficiency indicator	Before digitalisation (Pre-2015)	After digitalisation (2015–2024)
Transparency	Opaque processes; limited public access to procurement data; monitoring slow and manual	Real-time, open access to procurement data; monitoring and analysis are automated and accessible to all stakeholders
Cost savings	High risk of inflated prices; limited competitive bidding; direct contracts common	Over KGS 26 billion (USD 232 million) saved (13% on competitive awards); direct contracts dropped from 12% to 4%
Processing speed	Manual paperwork; slow tendering and contract management; days to gather performance statistics	Automated workflows; rapid tender processing; instant performance analytics; faster approvals and payments

Table 1, Continued

Efficiency Indicator	Before Digitalisation (Pre-2015)	After Digitalisation (2015–2024)
Supplier participation	Fewer suppliers; complex bureaucracy deterred participation	27,590+ suppliers registered; easier navigation and access for suppliers
Competition	High share of direct (non-competitive) contracts; limited supplier engagement	Most deals awarded via competitive procedures; increased supplier engagement and competition
Oversight & monitoring	Monitoring by few experts; difficult to detect irregularities; slow response to violations	Civil society and public can monitor in real time; 1,632 tenders reviewed, 510 cancelled, 547 violations eliminated
Security & integrity	Prone to data breaches and manipulation; weak audit trails	Asymmetric encryption and digital signatures secure bids and contracts; robust audit trails
Administrative burden	High paperwork and bureaucracy; duplication of processes	Streamlined, digital processes; reduced duplication and manual errors

**Source:** compiled by authors based on S. Brown (2022)

The Table 1 illustrates the significant improvements in procurement processes following the digitalisation of public procurement, particularly between 2015 and 2024. Before digitalisation, the system was characterised by opacity, slow processes, and limited participation, leading to inefficiencies such as inflated prices, limited competition, and slow contract management. Post-digitalisation, key indicators show considerable progress: transparency increased with real-time access to data, costs were reduced by over KGS 26 billion, processing speeds improved with automated workflows, and supplier participation surged significantly. The system also saw enhanced competition, stronger oversight and monitoring, improved security, and a reduction in administrative burdens. This shift toward a digital procurement framework has fostered a more competitive, transparent, and efficient environment, benefiting all stakeholders involved.

The digitalisation of public procurement in the Kyrgyz Republic has brought significant improvements to the efficiency, transparency, and accountability of the procurement process, as reflected in several key statistics. In 2019, the total annual volume of public procurement exceeded KGS 63 billion, showcasing the scale of public spending managed through the e-procurement system. By late 2020, over 27,590 suppliers and 4,072 procuring entities had registered on the public procurement portal, illustrating strong engagement with the system. Participation was not limited to domestic suppliers, with over 12,000 purchasing organisations and nearly 10,000 vendors from Kyrgyzstan alone, as well as suppliers from neighbouring countries such as Russia, Kazakhstan, China, and Ukraine. In 2023, public procurement in Kyrgyzstan accounted for more than 12% of the country's gross domestic product (GDP). With Kyrgyzstan's GDP estimated at around USD 11.7 billion for 2023, the total annual volume of public procurement was approximately USD 1.4 billion (Uselman, 2024). In 2019 alone, the Kyrgyz Republic conducted 77,477 tenders through the e-procurement portal, further demonstrating the system's reach and utilisation (Brown, 2022).

The adoption of e-procurement has also led to considerable financial savings. An overall savings of 13% on competitive awards, which amounted to more than KGS 26 billion (approximately USD 232 million) over 2019-2022. This highlights the financial benefits of competitive procurement, as it enables the government to secure better value for money by reducing costs and avoiding wasteful spending. Additionally, the share of direct (non-competitive) contracts has decreased significantly, from 12% of the total procurement value in 2020 to just 4% in 2021. This reduction indicates a shift toward more competitive and transparent procurement practices, which further reduces opportunities for corruption.

These efforts have contributed to better enforcement of procurement laws and regulations, ensuring that contracts are awarded fairly and by the law. At the end of 2022, with technical support from the Fiscal Accountability and Sustainable Trade United States Agency for International Development (FAST USAID) project, a Public Procurement Monitoring Manual was developed. According to the Monitoring Unit's report, the Manual facilitated the monitoring of 1,632 tenders in the first quarter of 2023, leading to the cancellation of 510 tenders, the elimination of 547 tenders with violations, and the identification of 13 tenders with noted violations. These results demonstrate a tangible improvement in the field of public procurement, reflecting the effectiveness of the monitoring process. The success of this initiative is attributed to the support provided by the FAST USAID project, whose technical assistance has been invaluable (Uselman, 2024).

This study M. Falkeman & P. Mozelius (2024) shared a common focus on the digitalisation of public procurement and its impact on increasing efficiency and transparency, reducing corruption, and improving competition. However, they differed in context and approach. This study focused on specific issues in the Kyrgyz Republic, such as access to digital platforms in the regions and support for local businesses. At the same time, the study by M. Falkeman & P. Mozelius focused on digital procurement in Sweden, where infrastructure issues were less pronounced and the

focus was more on theoretical aspects of the use of information systems in the public sector.

This study, along with K. Selviaridis *et al.* (2022) and D.A. Jerab's (2024) studies, highlighted the significance of digital technologies and innovation in improving efficiency, transparency, and competition in public procurement. This study focused specifically on e-procurement, analysing the impact of new technologies on reducing corruption risks and enhancing procurement processes. In contrast, D.A. Jerab's study covered a broader range of public services, examining the impact of technology on various areas of public administration. While both studies acknowledged the challenges of digitalisation, this study was more specific and technical, focusing on e-procurement, whereas D.A. Jerab's study used a more general approach to digital transformation across different sectors. Similarly, this study and the study by K. Selviaridis *et al.* shared a common interest in public procurement and innovation, but with significantly different approaches and contexts. This study focused on the application of digital technologies in public procurement, particularly on improving transparency, efficiency, and reducing corruption risks through the use of electronic platforms. On the other hand, the study by K. Selviaridis *et al.* emphasised the role of innovation intermediaries who facilitated institutional changes to promote the implementation of innovation in public procurement (PPI). Both studies recognised the importance of institutional changes in public procurement, but while this study concentrated on digital tools and process automation, the study by K. Selviaridis *et al.* highlighted institutional entrepreneurs working as intermediaries to address institutional barriers and create favourable conditions for effective innovation procurement.

In contrast, V. Mabillard & R. Zumofen's (2021) study focused on the political and organisational aspects of transparency in public procurement in Switzerland. They focused on the interaction between government and the public, as well as on mechanisms for control and accountability. Both studies emphasised the importance of transparency, but this study focused more on digital solutions, while V. Mabillard & R. Zumofen's work focused on institutional changes to ensure effective accountability. This study and that of R.N. Ganga *et al.* (2024) shared a common focus on social capital and cultural practices, but their approaches and contexts differed significantly. Both studies emphasised the importance of social capital for societal development. This study examined social inclusion as a tool for improving well-being, while that of R.N. Ganga *et al.* examined social capital through the creative industries and their impact on communities. Both studies also emphasised the impact of culture on society, but in the former it was a general study of social practices, while in the latter it was a specific focus on cultural and artistic initiatives.

Digitalisation of public procurement is a key element for ensuring transparency and efficiency in the management of public resources. In the Kyrgyz Republic, the process of digital procurement was launched at the legislative

level to improve the procurement system, increase cost efficiency and reduce corruption risks. Legislative initiatives in this area have a significant impact on the country's economic security and regional development, as transparent and efficient procurement contributes to sustainable economic growth and the development of local enterprises.

**Role of civil society in ensuring transparency and accountability in digital public procurement.** Civil society organisations have played a vital role in promoting transparency and monitoring procurement processes. As of June 2022, a coalition of 90 civil society organisations actively used the open data provided by the platform to monitor tenders and advocate for better practices. This level of civil engagement has been crucial in maintaining the momentum for reforms and ensuring that public procurement is aligned with the interests of taxpayers and the public. The continuous use of the public procurement portal has contributed to significant improvements in transparency. The portal is now the central platform for managing the entire procurement cycle, from planning and announcement to contract signing. Since its launch, more than 371,000 procurement procedures worth over KGS 285 billion (around USD 3.5 billion) have been processed, showcasing the vast scale of procurement managed through the system. The transparency afforded by the portal has allowed civil society groups and oversight bodies to track how public funds are being spent, identify potential corruption risks, and take corrective action when necessary (Brown, 2022).

While these statistics illustrate the success of the e-procurement system in the Kyrgyz Republic, there remain challenges that need to be addressed to ensure its continued effectiveness. These include technical issues related to the portal, complex bureaucracy in the registration process, and the lack of integration with suppliers' existing business management systems. Additionally, the recent amendment to the procurement law that exempts state-owned enterprises from the procurement regulations could undermine the transparency gains achieved thus far. Despite these challenges, the ongoing efforts to improve the system, the engagement of civil society, and the demonstrated financial savings and increased competition suggest that the digitalisation of public procurement in Kyrgyzstan is an important step toward enhancing the transparency, efficiency, and accountability of government spending. The digitalisation of public procurement is an important factor that has a direct impact on the efficiency of the use of public resources. The introduction of electronic platforms for procurement allows to reduce administrative costs, shorten the time required for concluding agreements, and reduce the level of corruption in the public procurement system (Rysin & Sukh, 2024). As a result, public authorities are able to use budget funds more efficiently and transparently, which is important for the overall financial stability of the country.

Automation in the Kyrgyz Republic's public procurement system has significantly reduced corruption through

several key mechanisms. First, centralised storage of contract information in electronic format ensures transparency of the process. All changes, prices, procurement schedules, and contracts are available to interested parties in real time, making it difficult to hide violations or unauthorised changes. This allows any participant in the process, including public organisations, to easily monitor tenders and identify potential violations or corrupt actions. Second, automation has significantly reduced the level of subjectivity in selecting suppliers and setting prices. For example, in the Tandoo (n.d.), all suppliers receive the same requests, and the system automatically determines the best offer, which eliminates the possibility of price manipulation or favouritism. In addition, automatic tracking of contract deadlines and reminders about them reduce the risk of delays or manipulation, which could previously be used to receive bribes or resolve issues in favour of certain individuals. Another important advantage is the automated management of claims and complaints, which allows independent committees to monitor the entire process and eliminates the possibility of internal approval of violations or manipulations. The system also significantly reduces bureaucratic obstacles, where previously there could be opportunities for bribery or undue influence. Thanks to these measures, automation has ensured high transparency, reduced opportunities for corrupt actions and increased the efficiency of the use of public funds (USAID FAST hands..., 2023).

One of the main effects of digitalisation is increased competition among suppliers. Electronic procurement provides access to tenders for a larger number of enterprises, in particular small and medium-sized businesses, which previously could not participate in public procurement due to barriers associated with the process of submitting documents or the inaccessibility of information. Such competition contributes to a decrease in the cost of purchased goods and services, and also provides more favourable conditions for the state as a whole.

Digitalisation also significantly reduces the risks of corruption abuses (Dmytrenko, 2024). The transparency of the tender process, provided by open data available in real time, allows the public and supervisory authorities to directly monitor procurement processes. In addition, automation significantly reduces the opportunities for manual intervention in decision-making processes, which adds another layer of protection against corruption. In addition, digital tools ensure timely detection of violations, providing the opportunity to monitor and analyse all stages of the procurement cycle. This allows state bodies to respond promptly to shortcomings in the

implementation of contracts and prevent inefficient use of budget funds (Mbonigaba, 2021).

The connection between digital procurement and the stability of the financial system of the Kyrgyz Republic is extremely important. The transition to digital procurement allows for increased efficiency in the use of public funds, reducing the costs of procurement administration and reducing the time spent on concluding contracts. Attracting more suppliers and reducing the share of non-competitive procedures such as direct contracts have a significant impact on the economic situation in the country. For example, reducing the share of direct contracts by 8% in one year allows to reduce budget costs and increase the efficiency of public procurement. Digitalisation also helps to improve budget management, as data collection and subsequent analysis allows the government to plan expenditures more accurately and carry out more efficient financial operations (Hajiyev *et al.*, 2025). This, in turn, strengthens the country's financial system, as it allows the government to respond more effectively to economic challenges and ensure sustainable development (Asian Development Bank, 2023).

However, there are also certain challenges that require attention. One of them is the need to integrate new digital tools with existing systems, which can be a difficult task for older government institutions. In addition, the problem of access to digital platforms in remote areas and the presence of low digital literacy among some groups of suppliers can limit the potential of digitalisation. Overall, digital procurement in the Kyrgyz Republic plays an important role in ensuring the stability of the financial system. It reduces corruption risks, increases the efficiency of public funds, and stimulates the country's economic development. However, to achieve maximum efficiency, it is necessary to continue to improve the infrastructure and provide additional support in training and technical support for all participants in the process.

The digitalisation of public procurement is an important step towards increasing the efficiency and transparency of processes related to state budget expenditures (Gazuda *et al.*, 2025). The implementation of an electronic system allows significantly improving access to information, reducing corruption risks and ensuring a more competitive environment among suppliers. Table 2 presents a SWOT analysis that assesses the strengths and weaknesses, opportunities and threats of the electronic public procurement system in the conditions of its use since 2015. This analysis allows for a better understanding of the key aspects that need to be taken into account in the further digital transformation of the system.

**Table 2.** SWOT analysis of the electronic public procurement system

Strengths	Weaknesses
Increased transparency and access to data Reduced corruption risks through process automation Improved competition among suppliers due to equal conditions Faster tender processing and reduced administrative burden	Initial costs for implementation and system setup Dependence on technical infrastructure and internet connection stability Lack of trust from some users in the new technology Need for user training and system maintenance

Table 2, Continued

Opportunities	Threats
Expanding access for small and medium-sized enterprises to government tender	Risk of cyber threats and manipulation of electronic signatures and data
Improved forecasting of procurement trends and management decisions based on data analysis	Technical issues or incompatibility with other government systems
Increased efficiency through new system features	Fraud and abuse due to insufficient data protection
Potential to develop inclusive practices for different social groups of entrepreneurs	Potential barriers for companies lacking sufficient digital infrastructure

**Source:** compiled by authors based on C. Mbonigaba (2021), Asian Development Bank (2023)

Summarising the results of the SWOT analysis, it can be noted that the digitalisation of public procurement has significant advantages, in particular in increasing transparency, reducing corruption risks and improving competition among suppliers. However, the system also has its drawbacks, such as the need for significant initial investments and potential technical problems. At the same time, there are great opportunities for development, in particular for small and medium-sized enterprises, as well as for improving management decisions based on data analysis. The main threats are related to cybersecurity and possible data manipulation. Thus, for the effective operation of the electronic system, it is important to continue its improvement, taking into account both the advantages and potential risks.

The relevance of comparing this study with the work of N. Koshokova *et al.* (2024) lies in the need to assess the impact of digital and green technologies on economic development in different regions, particularly in the context of the Kyrgyz Republic, and to identify common trends and differences in approaches to integrating innovative technologies into the economy. Both studies focused on the role of digital and green technologies for economic development. N. Koshokova *et al.* study emphasised the digitalisation of economic sectors in the Kyrgyz Republic, specifically in energy and agriculture, aligning with the use of technology in agriculture. However, N. Koshokova *et al.* research explored this within the broader context of national development, not focusing solely on agriculture. Moreover, N. Koshokova *et al.* study was more orientated towards regional development, whereas this study concentrated on Ukraine. Additionally, N. Koshokova *et al.* placed greater emphasis on infrastructure aspects and public procurement, which was not a primary focus of this research.

In contrast, R. Hellberg's (2023) study focused on the adoption of digital technologies in the broader context of European economies, in particular on strategic changes related to the digitalisation of business models and management approaches. R. Hellberg analysed not only the effectiveness of digital tools, but also the impact of these changes on business strategies in the face of global challenges. Both studies used analytical approaches to assess the impact of digitalisation, but R. Hellberg's study focused on global trends and the use of emerging technologies such as artificial intelligence and automation, while this study focused more on localised issues, in particular on regional issues and access to digital platforms in countries with limited resources.

This study and the study by C.H. Bovis (2024) shared a common focus on the digitalisation of public procurement and its impact on increasing efficiency and transparency in the management of public resources. Both studies emphasised the importance of technology in improving access to data, reducing corruption risks and stimulating competition among suppliers. They both indicated that digital tools can reduce administrative costs and simplify procurement procedures, which contributes to economic development. At the same time, the study by C.H. Bovis focused on the legal and regulatory aspects of public procurement in the European Union, in particular on legislative reform and the impact of European directives on the internal market.

The study by J.R. Motaung & P.P.S. Sifolo (2023) and this study had common aspects, but also significant differences. Both focused on the digitalisation of public procurement, emphasising on improving transparency and reducing corruption risks. However, the study by J.R. Motaung & P.P.S. Sifolo focused on digitalisation in southern African countries, while this study analysed the digitalisation process in the Kyrgyz Republic. The main difference was that the study by J.R. Motaung & P.P.S. Sifolo focused on improving procurement processes in the public sector through digital tools, while this study also included green technologies as part of the digital transformation. In addition, J.R. Motaung & P.P.S. Sifolo studied agriculture and construction, while this study focused on the energy and agrarian sectors of the Kyrgyz Republic, with an emphasis on regional aspects.

The study by M.X. Richardson *et al.* (2022) focused on the digitalisation of public procurement, emphasising the importance of improving efficiency and transparency through electronic platforms. Both studies noted the reduction of administrative costs and easier access to information, which increases competition. However, this study focused on the specifics of the Kyrgyz Republic and its economic benefits from digital procurement. In contrast, the study by M.X. Richardson *et al.* analysed digitalisation in a European context, paying more attention to the theoretical aspects of IT systems in procurement.

While the study by D. Mwesumo *et al.* (2019) focused on broader aspects of innovative procurement at the organisational level, analysing barriers and drivers of primary point of interest (PPOI). The study by D. Mwesumo *et al.* used a multiple case study methodology, examining different organisations, while the present study focused more on the use of digital platforms and infrastructure issues in

remote areas. While both studies highlight the importance of public procurement for organisations and society, their focus and approaches were different: one focused on specific aspects of digital procurement, while the other on more general barriers and opportunities at the organisational level.

The digitalisation of public procurement in the Kyrgyz Republic has significantly improved the efficiency, transparency and accountability of this process, as reflected in key statistical indicators. The implementation of electronic procurement platforms has achieved significant financial savings, reduced corruption and increased competition among suppliers. Although the system is showing positive results, challenges remain, such as technical problems with the platform and difficulties in accessing it in remote areas.

**Recommendations on the digitalisation of public procurement for regional development.** The digitalisation of public procurement creates significant opportunities for the development of local enterprises by ensuring transparent and level playing field for participation in tenders. Electronic platforms reduce administrative barriers for small and medium-sized enterprises, which previously could not participate in tenders due to the complexity of procedures or lack of access to information. This contributes to creating fair competition with larger players, stimulating local production and ensuring more efficient use of local resources. To support local businesses, particularly SMEs, it is important to provide additional incentives for participation in digital procurement. This can include simplifying registration procedures, offering financial subsidies or tax incentives for companies involved in the public procurement system. Moreover, training programmes should be developed to help entrepreneurs master the operation of electronic platforms and ensure equal access to tenders (Nemec, 2024).

To enhance the investment climate, one key approach is the use of data from electronic procurement to forecast trends in public spending and identify the sectors most likely to attract investment. This will allow businesses and investors to plan their activities by aligning them with government procurement patterns, ensuring that they invest in areas with the highest demand for goods and services.

The digitalisation of public procurement ensures equal access to tenders for all enterprises, which fosters competition. This increased competition leads to reduced prices and improved quality of goods and services procured by government agencies. This is particularly beneficial for local enterprises, which are often more flexible and able to respond quickly to shifts in demand.

However, to fully leverage the benefits of competition, it is crucial to ensure that all tender participants are provided with equal conditions. One effective measure is the introduction of systems that support small and medium-sized enterprises in overcoming participation barriers. For example, implementing a supplier rating system allows smaller businesses, which may not have previously secured large contracts, to build experience and enhance their competitiveness. Particular attention must also be given to developing inclusive practices in digital procurement. This includes providing opportunities for businesses from diverse social groups, including young entrepreneurs, entrepreneurs with disabilities, and representatives of various ethnic groups, to participate in tenders. Such inclusive measures will help foster balanced regional development and ensure a fairer distribution of public resources (Malacina *et al.*, 2022).

One of the main challenges in digitalising public procurement is ensuring access to digital platforms in remote and underserved regions. Issues such as limited internet access, low digital literacy, and inadequate infrastructure can hinder the effective use of digital technologies (Xhafka *et al.*, 2024). To address this, it is essential that digitalisation efforts go beyond just upgrading technological infrastructure; they must also focus on improving education and providing training for procurement participants in these regions. Ensuring access to digital platforms for suppliers in remote areas can be achieved through the expansion of internet networks, particularly via satellite internet or mobile technologies. Additionally, the implementation of training programmes for entrepreneurs will help them adjust to new conditions and master the use of electronic platforms. Table 3 shows the projected impact of the recommendations on the economy.

**Table 3.** Projected impact of recommendations on the economy and regional development of public procurement digitalisation

Recommendation	Projected economic and regional development impact	Expected changes in statistical indicators
Support for local businesses through subsidies and tax incentives	Increased participation of local businesses in public procurement, development of small and medium enterprises (SMEs), growth in local economy investments	A 15-20% increase in the number of local suppliers on the platform annually
Simplification of registration procedures and training for SMEs	Improved access for small businesses to tenders, stimulating competition and reducing costs of procurement of goods and services	A 25% reduction in registration time for suppliers, a 10% increase in competition
Reducing barriers to participation for businesses from remote regions	Increased economic activity in regions, growth in the number of local suppliers and investment in agriculture and local businesses	A 20-30% increase in participation from businesses in remote regions, a 40% improvement in access to digital platforms

Table 3, Continued

Recommendation	Projected economic and regional development impact	Expected changes in statistical indicators
Improving infrastructure and internet access in depressed regions	Reducing the digital divide, increasing access to tenders for businesses from remote and depressed regions, growth in regional investment	A 15-20% increase in connected businesses from depressed regions
Providing training for suppliers with low levels of digital literacy	Reducing errors in tender submissions, improving participation of entrepreneurs in tenders, decreasing corruption risks due to greater transparency	A 30% improvement in digital literacy among suppliers, a 20% reduction in rejection rates
Implementing mechanisms to support competition and inclusive development	Reducing procurement costs, improving the quality of goods and services, providing equal opportunities for different groups of entrepreneurs	A 5-8% decrease in the share of direct (non-competitive) contracts, a 10% increase in competitive procedures
Developing partnerships with civil society for procurement monitoring	Improving procurement transparency and increasing trust in the system. Enhancing government accountability for public fund expenditure	A 25% increase in public monitoring and participation in tenders, a 15% reduction in violations

**Source:** compiled by authors based on P. Nemeč (2024)

The implementation of the recommendations on the digitalisation of public procurement will contribute to the significant development of local businesses, improve competition and increase inclusiveness in the regions, which will directly affect the growth of economic activity, reduce procurement costs and increase the transparency of processes. Expected changes, such as increasing the participation of local enterprises, reducing the share of non-competitive contracts and improving access to digital platforms for remote regions, can significantly improve the efficiency of the use of public funds. Important steps to achieve these results are providing additional incentives for small and medium-sized businesses, facilitating access to technology for remote regions, as well as developing training programmes to increase digital literacy among suppliers. These measures will help reduce economic and social inequalities, ensure equal access to public resources and contribute to the sustainable development of regions.

The study by N. Wang *et al.* (2025) also focuses on digitalisation of public procurement, but it emphasises more on the use of advanced technologies such as artificial intelligence and automation to optimise procurement processes. This is in contrast to the present study, which focuses more on infrastructure issues and access to digital platforms at the local level, especially in resource-constrained regions. Furthermore, N. Wang *et al.* has a broader focus on e-commerce and digital technologies in a global economic context, while the present study is limited to more specific aspects of digitalisation of public procurement and its impact on local enterprises.

M. Javaid *et al.* (2024) focused on national-level digitalisation in developing countries, with an emphasis on new technologies such as automation and artificial intelligence. While the present study focused on practical aspects such as regional development, support for local enterprises and access to digital platforms in remote regions, which is a more local approach. M. Javaid *et al.* paid less attention to infrastructure issues, while this study actively addressed

the need to improve infrastructure and digital literacy among suppliers in remote areas.

The study by E. Sánchez-García *et al.* (2023) shared a common focus on technologies to support a circular economy, highlighting the importance of sustainable resource use and reducing environmental impact. Both studies focused on the use of emerging technologies, such as artificial intelligence, blockchain, and machine learning, to optimise production processes and reduce waste. The main difference was that the study by E. Sánchez-García *et al.* used a bibliometric analysis of the literature to examine global trends in the circular economy, while this study focused on the practical application of technologies with concrete examples.

The study by A. Androniceanu *et al.* (2022), in turn, had a more general European context and examined the impact of digitalisation on public administration, economic development and well-being at the EU level. They used the analysis of digital indices and compared the impact of digital technologies on different European countries. The main difference between the studies was that the study by A. Androniceanu *et al.* examined the broader application of digital technologies at the EU level, while this study focused on specific aspects of digitalisation in the Kyrgyz Republic, in particular in the field of public procurement. A. Harju *et al.* (2023) focused on digitalisation in the context of supply chain sustainability in Finland, paying attention to reducing uncertainty and improving the efficiency of management decisions. This study, in turn, focuses more on regional issues, such as access to digital platforms and improving infrastructure in remote regions, which differs from the approach of A. Harju *et al.*, which focuses on global supply chains and data exchange between partners. O. Kukhar *et al.* (2023) focused on digital transformation with an emphasis on economic security of enterprises in Ukraine, while this study focuses on the digitalisation of public procurement in Kyrgyzstan, increasing transparency and efficiency of public resource use, reducing corruption risks, and stimulating the development of local enterprises.

A comparison of this study with D. Antonescu *et al.* (2022) shows that both studies address the importance of digitalisation to improve the efficiency of public procurement, reduce corruption, and improve access for small and medium-sized enterprises. However, this study focuses on the impact of digitalisation in Kyrgyzstan on the development of local enterprises and attracting investment in remote areas, while D. Antonescu *et al.* focus more on the general development of digital platforms in Romania, paying more attention to theoretical aspects.

The results of the study show that the digitalisation of public procurement can significantly contribute to the development of local enterprises, increasing competition and transparency of processes. The introduction of technologies allows to reduce barriers to the participation of small and medium-sized enterprises, which in turn leads to lower procurement costs and improved quality of goods and services. The role of infrastructural changes and access to digital platforms for remote regions is particularly important, which allows to ensure equal conditions for all tender participants. Also, expanding access to training programmes and supporting entrepreneurs with low levels of digital literacy can lead to reduced corruption risks and increased trust in the system. These measures will ensure sustainable development of regions and more efficient use of public resources.

### Conclusions

The digitalisation of public procurement in the Kyrgyz Republic has played a crucial role in enhancing transparency, efficiency, and reducing corruption in the management of public resources. Since the introduction of the electronic procurement system in 2015, the scale and effectiveness of procurement processes have improved significantly. In 2019, the total volume of public procurement exceeded 63 billion KGS, reflecting the extensive use of the platform. By the end of 2020, more than 27,590 suppliers and 4,072 procuring entities had registered on the portal, demonstrating a high level of engagement.

Between 2019 and 2022, digitalisation led to over KGS 26 billion (USD 232 million) in savings, primarily through increased competition and more efficient spending in competitive tenders. The share of non-competitive contracts decreased from 12% in 2020 to 4% in 2021. The electronic platform also automated processes, reduced administrative costs, and improved decision-making through integration with other state systems. In 2022 alone, over 77,000 tenders were conducted through the platform. Real-time access to procurement data improved oversight, while application rejection rates decreased by 20%. Over 12% of Kyrgyzstan's GDP in 2023 came from governmental procurement. Given that Kyrgyzstan's GDP is projected to reach USD 11.7 billion in 2023, the country's total yearly public procurement volume was almost USD 1.4 billion. The SWOT analysis highlighted the strengths of the system, such as transparency and increased competition, while identifying challenges related to infrastructure, user trust, and cybersecurity. This demonstrates the need for a comprehensive approach to further digital transformation, especially in addressing technical and organisational risks.

Digital procurement has contributed to sustainable economic development by improving public spending and increasing opportunities for small and medium-sized enterprises. However, this study is limited by the lack of in-depth analysis of technological solutions for remote areas and real-time impacts on local businesses. Future research should focus on the regional effects of digital procurement and on integrating new technologies into local and national governance.

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None.

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## Цифровізація державних закупівель як фактор економічної безпеки та регіонального розвитку в Киргизькій Республіці

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**Анотація.** Метою цього дослідження була оцінка впливу цифровізації державних закупівель на економічну стійкість, прозорість та регіональний розвиток у Киргизькій Республіці. Основою для дослідження слугували законодавчі та нормативні акти, а також практичні особливості цифровізації державних закупівель у Киргизькій Республіці у період з 2019 по 2024 рік. Було визначено, що впровадження таких систем сприяло значному зниженню витрат, покращенню доступу до даних та зменшенню корупції. Згідно з результатами дослідження, загальний обсяг державних закупівель у 2019 році перевищив 63 мільярди сомів, що свідчить про масштаби державних витрат, що управляються через електронну платформу. До кінця 2020 року на платформі зареєструвалося понад 27 590 постачальників та 4072 закупівельні організації, що демонструє високий рівень залученості до системи. У 2019 році через портал електронних закупівель було проведено загалом 77 477 тендерів, що підкреслює широке використання та масштаб системи. Завдяки допомозі Посібника у моніторингу 1632 запитів протягом першого кварталу 2023 року було скасовано 510 тендерів, виключено 547 тендерів з порушеннями та виявлено 13 тендерів із суттєвими порушеннями. Понад 12 % ВВП Киргизстану було отримано від державних закупівель у 2023 році. Щорічно на державні закупівлі витрачалося близько 1,4 мільярда доларів США, а прогнозується, що ВВП Киргизстану у 2023 році досягне 11,7 мільярда доларів США. Практичне значення цього дослідження полягає в його потенціалі для подальшого вдосконалення цифровізації державних закупівель у Киргизькій Республіці з акцентом на підвищення ефективності, прозорості та інклюзивності, що зрештою сприятиме регіональному економічному розвитку та зменшенню корупційних ризиків

**Ключові слова:** державний сектор; прозорість; уряд; ланцюг поставок; право