



Center for the Advancement  
of Research and Excellence

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# Public Procurement Benchmark Report

## 2025 EDITION

### Background

NIGP: The Institute for Public Procurement, in collaboration with [NIGP Consulting](#), commissioned Dr. Mohamad Alkadry of the [University of Connecticut](#) to survey public procurement entities in the United States and Canada in order to gather data regarding common practices in the field of public sector procurement. With 751 respondents, this strong turnout yielded rich data to explore.

Key focus areas within the report include:

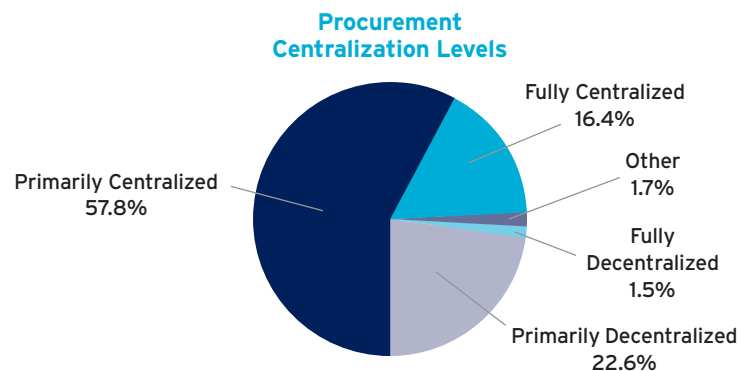
- Centralization of procurement functions
- Procurement governance and policies
- Supplier diversity and ESG considerations
- Use of technology in procurement
- Performance measurement and audits
- Certification and training programs
- AI integration in procurement operations

The Institute for Public Procurement and NIGP Consulting invite you to view the full report.

### Diving into the Results

#### 1. CENTRALIZATION AND GOVERNANCE

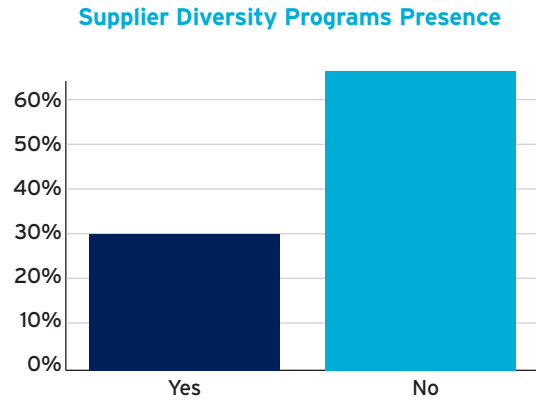
- **Centralization:** The majority of entities (58%) reported a **primarily centralized procurement function**, while fully centralized entities accounted for **16%**.



- **Governance Structure:** There are typically **1-2 layers between the Chief Procurement Officer (CPO) and CEO**, indicating procurement is not universally positioned within the executive leadership team.
- **Policies and Strategies:** Most procurement departments have **vision (69%) and mission (77%) statements**, but strategic planning is slightly lower at **57%**. Performance measurement is present in around **68%** of entities.

## 2. SUPPLIER DIVERSITY AND ESG

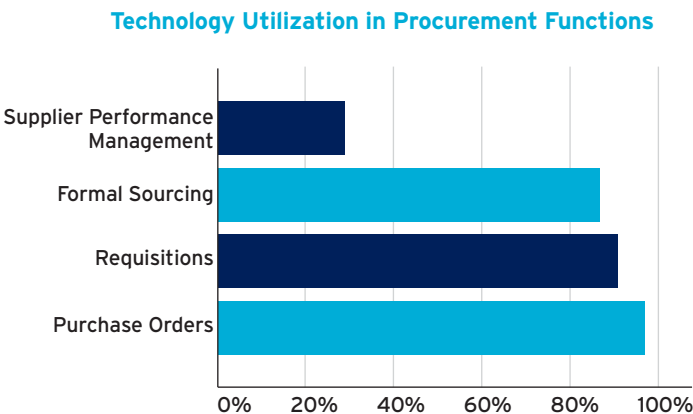
- **Supplier Diversity Programs:** Only **30%** have formal programs. Tracking spend with diverse suppliers is higher at **81%** within those that have programs.



- **Preferences:** Preferences for **disabled, small, veteran, minority, women, indigenous, and LGBTQIA+ owned businesses** vary, with local businesses receiving the highest preference.
- **Environmental, Social, and Governance (ESG) Considerations:** ESG-related award conditions are not yet standard practice, with **only 19% incorporating ESG considerations in evaluations.**

## 3. TECHNOLOGY UTILIZATION

- **High Usage Areas:** Procurement systems are widely used for **Purchase Orders (96%), Requisitions (90%), and Formal Sourcing (86%).**
- **Low Usage Areas:** Use for **Supplier Performance Management (29%) and AI applications (21%) remains low**, signaling gaps in advanced digital adoption.



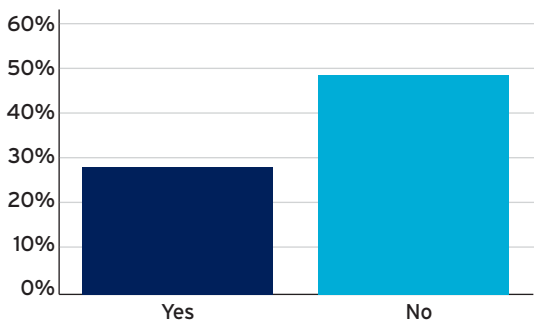
## 4. PROCUREMENT SPEND AND CONTRACTS

- **Spend Analysis:** Only **61%** analyze procurement spend, and **34%** report spend under management, highlighting limited spend visibility.
- **Competitive Sourcing:** Around **61% of spend is awarded competitively**, though only **23% of entities measure this actively.**
- **Contract Management:** The volume and complexity of contracts are high, yet performance audits are not universal (**41% have not undergone audits in the past 3 years**).

## 5. SUSTAINABILITY AND ENVIRONMENTAL PRACTICES

- **Green Procurement Policies:** Less than **29%** have sustainable procurement policies, while **49%** report none exist.

**Presence of Sustainable Procurement Policy**



- **Environmental Considerations:** Use of environmental labels, recycled materials, and reduced carbon footprint are mostly **preferred but not mandatory**, indicating a **soft approach to sustainability.**

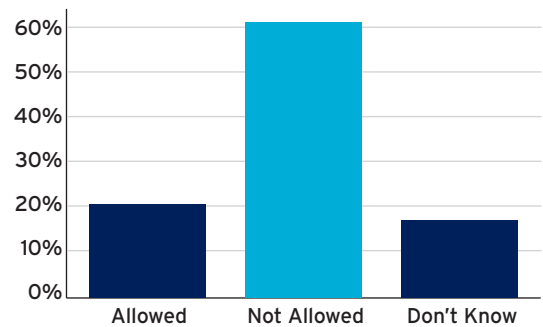
## 6. CERTIFICATION AND TRAINING

- Certification requirements are strongest at the **CPO and supervisory levels (34% required, and 46% desired or preferred)**, while lower levels show more flexibility.
- **61.6%** offer procurement training for internal stakeholders, but **only 27% provide contract administration training**, reflecting potential skill gaps.

## 7. AI AND INNOVATION

- **AI Use:** Adoption of AI tools in procurement is minimal (**21% allow AI use**, only **6.6% have formal AI policies**).

AI Use in Procurement Operations



- **Applications:** The most common AI uses include **specification development and administrative tasks**, showing early-stage experimentation.

## Key Takeaways

### ORGANIZATIONAL & STRUCTURAL TRENDS

- **Procurement remains siloed from executive leadership** in many organizations.
- **Centralization is the dominant model**, though hybrid models are prevalent in large and diverse entities.

### OPERATIONAL GAPS AND OPPORTUNITIES

- **Spend management, performance auditing, and supplier management systems are underutilized**, representing key improvement areas.
- **Supplier diversity programs are present but need stronger integration and enforcement.**

### TECHNOLOGY AND INNOVATION

- **AI and advanced analytics are in early stages**, posing opportunities for modernization.
- There is **room for expansion of tech tools in contract management, performance tracking, and supplier engagement.**

## SUSTAINABILITY AND ESG

- There is **low maturity in embedding ESG and green procurement into sourcing decisions**, indicating a **disconnect between policy intentions and operational execution.**

### POLICY AND TRAINING ENHANCEMENTS

- **Policy frameworks are widely present but not always updated or enforced**, suggesting the need for routine policy reviews.
- **Procurement training programs are offered, but gaps exist in specialized areas like contract administration and supplier performance management.**
- The overall trend reflects that certifications are **widely valued as an enhancement of professional competency**, but formal requirements decrease with job level.

## Conclusion

The 2025 Public Procurement Benchmark Report reveals a landscape where public procurement practices are evolving yet still marked by notable disparities in maturity across key domains. While centralization of procurement functions is the prevailing model, strategic integration into organizational leadership structures remains limited. Efforts toward supplier diversity, ESG integration, and sustainable procurement are gaining traction but lack consistent institutionalization, reflecting a gap between policy intentions and operational realities. Similarly, technology adoption is robust in traditional procurement processes but lags in advanced areas like AI utilization, supplier performance management, and data-driven decision-making.

This report underscores an urgent need for public procurement entities to accelerate modernization by embedding digital tools, formalizing supplier management and diversity, fostering continuous policy and procedure improvement, as well as training and professional development. These actions are essential for public procurement to fully realize its strategic role in driving value, transparency, resilience, and social impact in public service delivery.