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# Toolkit for Resilient Public Procurement Strategies to Minimise Risks of Supply Disruption

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the European Union



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# Contents

<b>Foreword</b>	<b>4</b>
<b>Acknowledgments</b>	<b>6</b>
<b>About the Toolkit</b>	<b>7</b>
<b>Reinforcing Resilience through Innovative Procurement Strategies</b>	<b>9</b>
<b>Resilient Public Procurement Strategies</b>	<b>12</b>
1 Stockpiling	13
2 Diversification of Suppliers	21
3 Improved Monitoring of the Supply Chain	28
4 Collaborative Procurement	35
5 Address Market Failure	44
<b>Existing Guidance and Frameworks</b>	<b>51</b>
<b>Image credits</b>	<b>52</b>



# Foreword

Recent challenges, such as those posed by the COVID-19 pandemic and Russia’s war of aggression against Ukraine, have had a significant impact on Sweden’s civil preparedness system, making it crucial to strike the right balance between planning for known events and creating generic response capabilities. Focussing on essential services is necessary to anticipate and manage high-impact, low-probability events effectively. In addition, citizens and businesses expect government to proactively prepare for a wide range of global crises, which entails integrating foresight practices into planning and decision-making processes.

**Public procurement** can play a crucial role in this endeavour, given its significant share in the national economy. Sweden allocates SEK 800 billion annually to the procurement of goods, services, and public works, amounting to 16.4% of its GDP – significantly above the OECD average of 12.9%. Public institutions across Sweden are already starting to integrate a crisis preparedness perspective in public procurement. By applying this “resilience lens” to public procurement, governments can better anticipate and mitigate risks, promote sustainable development, and enhance societal resilience through proactive risk management.

Integrating a resilience perspective into public procurement strategies also exemplifies an innovative procurement approach by fostering long-term sustainability, adaptability, and risk management in the face of uncertainties. By prioritising resilience, public procurement can encourage the development and adoption of innovative goods, services, and processes that not only meet immediate needs but also enhance the capacity to withstand future crises. In addition, this approach aligns procurement with broader public policy goals, promoting innovation while safeguarding public value in an uncertain global environment.

However, translating these objectives into daily practices by contracting authorities remains a challenge, especially considering the decentralised nature of the Swedish public procurement system. Furthermore, fostering synergies between the procurement and risk management functions could lead to a forward-looking crisis preparedness system for effectively anticipating and mitigating potential and emerging threats. Procurement functions can bring expertise in supplier management and sourcing strategies, while risk management functions could contribute insights into identifying, assessing, and managing potential risks. This toolkit adopts such an integrated approach to help authorities better involve stakeholders, navigate uncertainties, and maintain operational continuity in the face of crises.





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Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

## Resilient Public Procurement Strategies

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

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---

This toolkit has been developed as part of the project “*Building a future-oriented crisis preparedness system in Sweden*”, financed by the European Union’s **Technical Support Instrument (TSI)**, to offer central-level, regional, and municipal authorities comprehensive and practical guidance to enhance resilience in the face of uncertainties and disruptions.

# Acknowledgments

This Toolkit builds on the report “Building a Future-oriented Crisis Preparedness System in Sweden” and the result of a collaborative effort between the Swedish Civil Contingencies Agency (MSB), the OECD, and the European Commission’s Directorate-General for Structural Reform Support (DG REFORM). The European Commission’s Technical Support Instrument (TSI) financed the development of this document.

The Toolkit was prepared by the OECD Public Governance Directorate (GOV) under the leadership of Elsa Pilichowski (Director). It had been jointly developed by two divisions – the Division on Infrastructure and Public Procurement (IPP) and the Division on Innovative, Digital, and Open Government (INDIGO). The document was drafted by Matthieu Cahen and András Hlács (IPP) with inputs received from Angela Hanson and Julia Staudt (INDIGO), and Nestor Alfonzo Santamaria (IPP), under the guidance of Paulo Magina (Head of Division, IPP) and Marco Daglio (Head of Unit, INDIGO). The Toolkit benefited from the review and suggestions of János Bertók, Deputy Director, and Camilla Saffirio, Advisor, of the Public Governance Directorate (OECD), Christine Odhnoff, Niklaz Kling, Jacob Nordfors, Sandra Liden, Emma Ferm Lindgren, and Anna Rinne (MSB) as well as Florian Hauser (DG REFORM).

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Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

# About the Toolkit

The Toolkit on Resilient Public Procurement Strategies provides a comprehensive resource rooted in robust logic and proven theories to fortify your procurement practices against unforeseen challenges. In addition, it encompasses a diverse range of content, featuring a strategic framework backed by case studies and manifested in practical tools designed to enhance the resilience of public procurement processes. Moreover, the Toolkit offers users detailed insights into adaptable public procurement strategies for various scenarios.

The Toolkit has been developed to offer authorities at central-level, regional, and municipal levels comprehensive and practical guidance to enhance resilience in the face of uncertainties and disruptions.

The Toolkit provides five tailored and adaptable resilient public procurement strategies to help procurement professionals navigate challenges and unforeseen events effectively, fortify supply chain resilience, and ensure the continuity of critical services, ultimately leading to more sustainable and reliable procurement outcomes..

To maximise utility, a **User Guide** is included, offering clear instructions on navigating the toolkit effectively, ensuring a seamless integration of resilient practices into your procurement approach.

Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## Toolkit User Guide: Steps

1

**Select** the procurement category (with the involvement of a category manager)

2

**Map** the supply chain (*beyond tier 1 suppliers*)

3

**Assess** risks and vulnerability (*along the supply chain*)

4

**Choose** the best PP strategy to improve resilience

Engaging with suppliers and the private sector is key



# Reinforcing Resilience through Innovative Procurement Strategies

Crisis management and ensuring the security of supply are complementary activities. Establishing proactive supply risk management strategies supports crisis preparedness, while effective responses to emergencies and crisis management can use public procurement to address the consequences of disruptive events. As these innovative approaches to procurement strategy evolve, regulatory measures and economic incentives can secure active participation from the private sector in these efforts.

In Sweden, regulatory measures address both crisis response (e.g., the Rationing Act) and crisis preparedness (e.g., the Requisition Act). Additionally, some regulations specifically focus on continuity of supplies. Many industries require firms to obtain licenses and ensure compliance with safety standards (e.g., chemical process resilience), economic resilience (e.g., banking system stress tests), and market power regulation (e.g., monopoly oversight mandating crisis preparedness).

Beyond regulation, relationships with the private sector can also be shaped through public procurement. While different from regulation, public procurement can effectively enable or restrict supplier participation in the market. Given its significant role in government expenditure and GDP, public procurement serves as a powerful economic incentive for private suppliers to meet public sector needs, including enhanced crisis preparedness, through the requirements set by public procurers.

Public procurement has a crucial role in ensuring access to essential goods and services. This is reflected in the allocation of procurement expenditures across government functions. According to the latest OECD data, over 30% of total procurement spending in OECD countries is concentrated in health services. In Sweden, public procurement in health is lower at 23.7%, but spending on general public services (17.7%) and education (15.3%) is among the highest in the OECD.

Public procurement plays an important part in 1) bolstering resilience within the supply chain by acting as a strategic lever for governments to foster adaptability and continuity; and 2) ensuring access to essential goods and services, including healthcare, with substantial annual spending



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

in this area. Beyond the amount of spend, the share of public demand in specific sectors in Europe, as high as **almost 80%** in education and human health services.

In order to achieve effective procurement, it is essential to continuously explore diverse procurement methods, improve information sharing, and establish collaborative systems, especially if a well-established category manager function is absent in the procuring authorities, which is the case in Sweden. Securing additional funding and fostering collaborative opportunities becomes imperative to ensure streamlined development and interoperability across the procurement landscape.

Integrating a resilience perspective into public procurement is crucial for addressing vulnerabilities highlighted by recent global disruptions like the COVID-19 pandemic. Traditionally focused on legal compliance, the epidemic showed that effective public procurement approaches must also consider market dynamics. For example, the pandemic revealed how competition for essential goods led to price volatility and an increased risk of fraud, underscoring the need for a proactive approach. In addition, public entities that proactively monitored market conditions and diversified suppliers were better positioned to avoid costly supply disruptions. Furthermore, those that adapted to rapidly changing technologies – such as digitising the internal process and setting up videoconferencing for communication – were able to maintain smoother operation while those that ignored market trends struggled to source cutting-edge components. Another example is the pharmaceutical industry where there has been a significant supplier consolidation leading to increased drug prices. Public buyers who accounted for these changes by building relationships with smaller suppliers or entering into long-term agreements with key manufacturers could avoid – or at least flatten – price spikes. Finally, with growing regulations around sustainability, such as the EU's Green Deal, procurement teams that monitor market trends and adapt their sourcing strategies to meet these demands can find opportunities for cost savings through sustainable suppliers and reduced risks of non-compliance.

The need for strengthening resilience is further emphasised by events such as the war in Ukraine and fluctuating energy prices, which inflate material costs and cause project delays. Effective procurement strategies, such as including pass-through clauses to manage price fluctuations, can mitigate these impacts. By adopting comprehensive risk management, public procurement can ensure better market outcomes and enhance resilience against future disruptions.





Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

Collaboration among public entities is also important, especially in decentralised procurement landscapes like Sweden. At the sub-national level, **Adda** implements framework agreements and dynamic purchasing systems for the benefit of municipalities and regions. At the central level, the National Procurement Services (a department within Kammarkollegiet) offers central government authorities coordinated framework agreements for goods and services of general use and developed a handbook on category management.

Sweden is also working towards greater consistency in procurement approaches to secure the provision of goods and services. To steer contracting authorities' practices across the Swedish procurement ecosystem, the **National Agency for Public Procurement (NAPP)** published several guidance and reports that provide insights on strengthening the resilience of procurement processes and increasing the effectiveness of purchasing organisations.

Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

# Resilient Public Procurement Strategies



Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

# 1 Stockpiling



**Resilient Public  
Procurement Strategies**

**1 Stockpiling**

**2 Diversification  
of Suppliers**

**3 Improved Monitoring  
of the Supply Chain**

**4 Collaborative  
Procurement**

**5 Address Market Failure**

Existing Guidance  
and Frameworks

Image Credits

# Context

Stockpiling as a public procurement strategy involves the deliberate accumulation and maintenance of a reserve of critical goods or resources by a government or organisation. This approach ensures a reliable and readily available supply in the face of potential disruptions, such as natural disasters, geopolitical uncertainties, or other crises. By proactively building and managing stockpiles, entities enhance their resilience, minimise vulnerabilities, and can better address emergencies without relying solely on real-time procurement. The concept behind stockpiling is strategic preparedness, aimed at safeguarding against unforeseen events that could disrupt the regular supply chain.

Stockpiling can also foster economic stability by reducing the impact of supply chain shocks. Price fluctuations and shortages that often accompany crises can be mitigated by maintaining robust reserves. This proactive approach helps decision-makers to swiftly respond to emerging challenges and uphold continuity in essential services, thus safeguarding public welfare during periods of uncertainty.

Moreover, the strategic accumulation of stockpiles fosters strategic autonomy and sovereignty in crucial sectors. By securing domestic reserves of vital goods and resources, nations can shield themselves from external dependencies that might compromise their geopolitical or economic interests. This self-reliance not only enhances national security but also empowers governments to navigate global complexities with resilience, ensuring sustainable development and safeguarding the interests of their citizens.

## Product categories



Medical Supplies and  
Pharmaceuticals



Food and Water Supplies



Protective Gear for Personnel



Communications Equipment

# Implementation

1

## Planning Phase

- Risk Assessment
- Forecasting

2

## Needs Assessment Phase

- Identify Critical Items
- Define Specifications

3

## Sourcing Phase

- Supplier Identification
- Negotiation

4

## Procurement Phase

- Bulk Purchasing
- Emergency Procurement Procedures

5

## Inventory Management Phase

- Storage Facilities
- Quality Control

6

## Distribution Phase

- Logistics Planning
- Collaboration

7

## Monitoring and Evaluation Phase

- Performance Metrics
- Regular Audits

8

## Optimise Phase

- Feedback Mechanisms
- Adaptability

# Coordination

## 1. Planning Phase

### Actors

Government agencies, emergency response teams, relevant ministries, procurement team.

### Activities

- Definition of the objectives and scope.
- Establishing collaboration frameworks and communication protocols.
- Allocation of budget and resources.

## 2. Needs Assessment Phase

### Actors

Sector-specific professionals, logistics experts, and local communities.

### Activities

- Assessment of medical and emergency needs.
- Engagement with local communities to understand specific requirements.
- Identification of critical items for stockpiling.

## 3. Sourcing Phase

### Actors

Government agencies, procurement team, supply chain experts, vendors.

### Activities

- Conduct market research for reliable suppliers.
- Negotiation of contracts and pricing terms.
- Ensure compliance with procurement regulations.

## 4. Procurement Phase

### Actors

Procurement team, legal advisors, and quality control experts.

### Activities

- Issuing clear requests for proposals.
- Evaluation of proposals collaboratively.
- Selection and contract suppliers.



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## 5. Inventory Management Phase

### Actors

Procurement team, warehouse managers, inventory control specialists, IT systems administrators.

### Activities

- Implementation of big inventory tracking systems.
- Regular update of stock levels and expiration dates.
- Establishment of protocols for rotation and replenishment.

## 7. Monitoring and Evaluation Phase

### Actors

Monitoring team, data analysts, and relevant gov.t agencies.

### Activities

- Monitor stockpile usage and distribution efficiency.
- Evaluation of the effectiveness of the strategy against predefined metrics.
- Identification of areas for improvement.

## 6. Distribution Phase

### Actors

Logistics teams, transportation providers, local authorities.

### Activities

- Plan efficient distribution routes.
- Coordinate with local authorities and institutions for effective and smooth deliveries.
- Establishment of protocols for emergencies.

## 8. Optimise Phase

### Actors

Procurement team, cross-functional teams, and stakeholders from each phase.

### Activities

- Conduct regular reviews and share lessons learnt.
- Adjustment of stockpile amount and composition based on evolving needs.
- Update protocols and procedures for continuous improvement.

**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

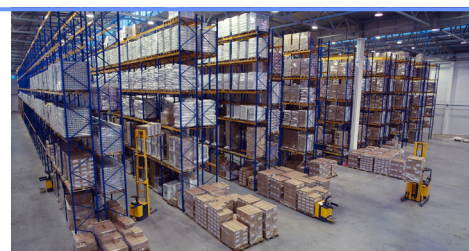
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# Examples

## Korea's Strategy of Stockpiling of Key Industrial Raw Materials

### Strategy / Stockpiling / Korea

[Link](#)



One way of ensuring that supplies are available as they are needed is to stockpile large quantities in advance by using Government funds. For this purpose, the *Korean Public Procurement Service (PPS)* has managed its stockpile fund and stockpiled and released various commodities. The major items stockpiled are divided into

1. non-ferrous metal group (aluminum, copper, lead, tin, zinc),
2. rare metal group (rare metals),
3. others (fundamental construction materials, forest products, recyclable raw materials, materials subject to emergency supply measures).

## US Department of Defense (DOD) Stockpiles

### Strategy / Stockpiling / United States

[Link](#)



DOD keeps various stockpiles for defense requirements during emergencies, such as the *National Defense Stockpile (NDS)*. These stockpiles contain a wide range of Government Purchased Material (GPM) in varying types and quantities.

DOD follows a “just-in-time” logistics approach, prioritising commercial solutions like direct vendor delivery, prime vendor contracting, and contingency contracts.

The strategy minimizes the volume of GPM stockpiled and ensures timely access to resources.



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## EU Reserves to Be Established in Finland as Part of the rescEU Project

Strategy / Stockpiling / Finland

[Link](#), [Link](#)

The European Commission created *rescEU* for the EU Civil Protection Mechanism to better safeguard citizens from disasters and handle emerging risks.

In early 2023, the European Commission granted Finland EUR 242 million to establish a strategic reserve for chemical, biological, radiological, and nuclear emergencies, comprising personal protective equipment, measuring tools, and medical supplies.

Finland also received EUR 62.9 million for creating reserves with medical materials, including devices, surgical instruments, radiation meters, and essential medicines for emergency medical care.



## National Medical Stockpile of the Australian Government

Strategy / Stockpiling / Australia

[Link](#)

The Australian Government's *National Medical Stockpile* is a strategic reserve of drugs, vaccines, antidotes, and personal protective equipment for use in national health emergencies. The Department of Health and Aged Care purchases and stockpiles these items to make Australia more self-sufficient during an emergency against an increased demand.

The *National Medical Stockpile* is supported by a network of service providers and suppliers. These include warehousing and transportation partners, external auditors, technical and clinical advisors, and pharmaceutical companies.



Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

## Resilient Public Procurement Strategies

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

## IEA Member Countries Agree to New Emergencys Oil Stock Release



**Strategy / Stockpiling / IEA**

[Link](#)

In 2022, in a decisive move to counteract the market turmoil caused by Russia's invasion of Ukraine, the International Energy Agency's 31 Member Countries agreed to release additional oil from emergency reserves.

The IEA Ministers emphasised the urgent need to address the severe impacts on global oil markets, exacerbated by Russia's significant role as a top oil producer. With commercial inventories at their lowest since 2014, the Ministers highlighted the critical situation in diesel markets and urged conservation efforts alongside accelerating the clean energy transition.



Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

# 2 Diversification of Suppliers



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

# Context

This procurement strategy aims at reducing risk and increasing resilience within supply chains by engaging multiple suppliers for the same type of goods or services. The primary goal is to mitigate various potential risks associated with relying on a single supplier, provide more flexibility to the procurement, create transparency and increase proximity. By spreading procurement across multiple vendors, organisations can minimise the impact of disruptions caused by natural disasters, geopolitical events, economic downturns, or operational issues.

Furthermore, working with multiple suppliers enables comparative analysis of product or service quality and provides leverage for ensuring adherence to quality standards and ensure the crisis preparedness maturity of suppliers. A diverse supplier base can also foster innovation and help organisations to respond more readily to changing demands. Lastly, a multiple-supplier approach can help mitigate risks related to compliance, ethical concerns, or reputational risks associated with a single supplier's practices.

Supplier diversity can also foster innovation, improve competitiveness, and provide opportunities for small and medium size enterprises (SMEs). By embracing supplier diversity, procurement authorities also contribute to social impact and economic growth.

The implementation of such strategy involves strategic sourcing practices such as supplier segmentation, supplier relationship management, and maintaining a robust supplier evaluation and monitoring system. Overall, this strategy supports long-term sustainability and operational continuity.

## Product categories



Raw Materials and Components



Technology and IT Services



Logistics and Transportation



Medical Supplies and Equipment

# Implementation

1

## Supplier Base Assessment Phase

- Assess current suppliers
- Define Specifications

2

## Critical Supply Identification Phase

Identify the critical goods or services

3

## Market Research Phase

Identify potential new suppliers and emerging markets

4

## Supplier Qualification Phase

Establish and apply criteria to qualify new suppliers

5

## Request for Information Phase

Gather detailed information from potential suppliers

6

## Request for Proposal Phase

Clear requirements and evaluation criteria

7

## Evaluation and Selection Phase

- Evaluate proposals
- Select suppliers

8

## Negotiation and Contracting Phase

Finalise terms, pricing, and agreements with suppliers

# Coordination

## 1. Supplier Base Assessment Phase

### Actors

Procurement team, Supply Chain Management team, Stakeholders of relevant departments (e.g., operations, finance).

### Activities

- Review supplier contracts and performance records.
- Evaluate historical delivery reliability and quality metrics.
- Document findings and create a summary report on current supplier base strengths and weaknesses.

## 2. Critical Supply Identification Phase

### Actors

Government agencies, procurement team, Department heads (e.g., production, logistics), Risk management team.

### Activities

- Identify critical goods and services.
- Assess risks associated with each critical supply.
- Prioritize critical supplies based on.
- Develop criteria for evaluating supplier capabilities specific to critical supplies.

## 3. Market Research Phase

### Actors

Government agencies, procurement team, supply chain experts, market research analysts, industry experts.

### Activities

- Conduct market research to identify new suppliers.
- Explore emerging markets and niche suppliers.
- Use databases and directories to gather information on potential new suppliers.

## 4. Supplier Qualification Phase

### Actors

Procurement team, legal advisors, quality assurance experts, compliance officers.

### Activities

- Develop supplier qualification criteria (e.g., financial stability, quality certifications).
- Review potential suppliers against criteria and conduct screenings.
- Verify compliance with regulatory and ethical standards.





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## 5. Request for Information Phase

### Actors

Procurement team, inventory control specialists, technical experts, stakeholders from user departments.

### Activities

- Prepare and issue RFIs to shortlisted suppliers.
- Specify information requirements, such as capabilities, capacities, and references.
- Review and analyse RFI responses to create a shortlist of potential suppliers.
- Conduct supplier interviews or follow-up discussions to help the informed decision.

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## 7. Evaluation and Selection Phase

### Actors

Procurement team, monitoring team, evaluation committee, management, relevant government agencies.

### Activities

- Evaluate proposals against criteria such as cost-effectiveness, quality, and diversity benefits.
- Negotiate with top candidates to clarify terms and conditions.
- Select suppliers based on evaluation outcomes.

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## 6. Request for Proposals Phase

### Actors

Procurement team, legal department (for contract terms), finance department (for budget alignment).

### Activities

- Prepare and issue calls to selected suppliers.
- Clearly define submission requirements, scope of work, budget.
- Provide guidelines for proposal submission and evaluation criteria.

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## 8. Negotiation and Contracting Phase

### Actors

Procurement team, legal department, finance department, supplier representatives.

### Activities

- Negotiations with selected suppliers to finalise terms and pricing.
- Address any outstanding issues or concerns related to contracts.
- Draft and review contract agreements, including provisions for monitoring supplier performance. Sign contracts with suppliers.
- Set up supplier performance assessment mechanisms.

# Examples

## Small Business Subcontracting Program

**Program / Diversification  
of Suppliers / United States**

[Link](#)

Any contractor receiving a contract with a value greater than the simplified acquisition threshold (700,000 USD, 1,500,000 USD for constructions) must agree in the contract that small business, veteran-owned small business (VOSB), service-disabled veteran-owned small business (SDVOSB), HUBZone small business, small disadvantaged business (SDB), and women-owned small business (WOSB) concerns will have the maximum practicable opportunity to participate in contract performance consistent with its efficient performance.



## Supplier Diversification in the Japanese Public Procurement Strategy

**Strategy / Diversification  
of Suppliers / Japan**

[Link](#)

Japan uses supplier diversification as a part of its public procurement strategy by supporting local SMEs and encouraging the participation of a wide range of suppliers.

The Japanese government has initiatives in place to facilitate easier access for smaller companies to bid on public contracts, thereby ensuring a diverse and competitive supplier base. Additionally, Japan does not preclude the diversification of international suppliers by treating the participation of foreign companies in public tenders in the same way as domestic companies.



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## Handbook on Supplier Diversity in Europe

Handbook / Diversification  
of Suppliers / European Union

[Link](#)



This Handbook aims to summarise the years of learning so far and to provide a platform from which to move forward. It seeks to answer the questions that the authors are so often asked, such as “Why should we care about supplier diversity?”, “What can we do to implement it?”

The Handbook examines the context of supplier diversity in Europe and activity undertaken to date. There is a particular focus on the situation in the United Kingdom, France, Germany, and Sweden.

## The German “Mittelstand” Program

Strategy / Diversification  
of Suppliers / Germany

[Link](#)



Germany encourages supplier diversity through its Mittelstand policy, which focuses on supporting small and medium-sized enterprises (SMEs) to address challenges such as demographic change, the energy transition, and digitization. It emphasises providing incentives to help companies adapt to structural changes, improve productivity through digital solutions, and seize new business opportunities. Managed by the Federal Ministry for Economic Affairs and Climate Action, the policy aims to ensure the long-term success of SMEs by promoting both continuity and innovation.

By modernising public procurement, Germany has drastically reduced the cost of compliance for companies (by some €2 billion in total). The **modernisation of procurement law** also makes it easier for SMEs to secure public contracts. The SME test has also been introduced to ensure that the financial impact of new regulation on SMEs is assessed before any such measures are taken.

Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

# 3

## Improved Monitoring of the Supply Chain





**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

# Context

Supply chains consist of highly interconnected sectors, and disruptions in some of the functions can paralyse the whole chain. Understanding the potential impact of disasters on such interdependencies necessitates coordinated information exchange between public and private entities. This procurement strategy involves the implementation of advanced monitoring mechanisms to enhance visibility and control over various stages of the supply chain.

The strategy focuses on leveraging real-time tracking systems, IoT devices, and data analytics to monitor goods movement, evaluate supplier performance, and identify supply chain risks. Emphasising proactive measures, it aims to streamline procurement efficiently. Collaboration is vital, involving shared systems for transparency. Additionally, a category manager function may be developed for specialised oversight of procurement categories, ensuring expertise in managing specific needs.

Overall, the strategy should emphasise the importance of investing in technology, training, and partnerships to achieve efficient development, interoperability, and continuous improvement in monitoring capabilities within the supply chain.

## Product categories



Information Technology (IT)  
Infrastructure



Emergency Response Equipment



Energy and Utilities



Pharmaceuticals  
and Medical Supplies

# Implementation

1

## Needs Assessment and Strategy Dev. Phase

- Identify critical Items
- Develop strategic approach

2

## Planning Phase

- Risk assessment
- Ensure compliance with PP law

3

## Technology Assessment and Tendering Phase

- Assess available technologies
- Evaluate potential suppliers
- Select technology partner

4

## Supplier Engagement Phase

- Engage with selected suppliers
- Sign agreement

5

## Implementation and Integration Phase

- Implement technologies
- Conduct testing
- Provide training

6

## Performance Monitoring and Evaluation Phase

- Monitor supplier performance
- Conduct evaluation

7

## Adaptation Phase

Implement continuous improvement initiatives

8

## Reporting Phase

- Report on the implementation
- Facilitate audit

# Coordination

## 1. Needs Assessment and Strategic Development Phase

### Actors

Procurement team, government agencies, Supply Chain Management experts, legal advisors.

### Activities

- Conduct a comprehensive needs assessment.
- Define strategic objectives focusing on enhancing visibility and control through advanced monitoring mechanisms.
- Develop a strategy document outlining goals, timelines, and key performance indicators (KPIs).

## 2. Planning Phase

### Actors

Procurement managers, legal advisors, compliance officers.

### Activities

- Review and ensure compliance with PP regulations.
- Prepare tendering documents on the procurement process, evaluation criteria, and contractual obligations.
- Establish clear procurement timelines and milestones.

## 3. Technology Assessment/ Tendering Phase

### Actors

Procurement team, IT department, technical experts, potential suppliers.

### Activities

- Assess available technologies such as real-time tracking systems, IoT devices, and data analytics platforms.
- Evaluate and select suppliers and solutions through a competitive bidding process or request for proposal (RFP).

## 4. Supplier Engagement Phase

### Actors

Procurement team.

### Activities

- Engage with selected suppliers to establish collaborative relationships.
- Award contract.
- Conduct supplier workshops or training sessions.



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

---

## 5. Implementation and Integration Phase

### Actors

Procurement team, IT department, supplier representatives.

### Activities

- Implement chosen monitoring technologies and systems according to project timelines and specifications.
- Integrate monitoring solutions with existing IT infra and data management systems.
- Conduct tests to ensure functionality and usability.
- Provide training and support to end-users.

---

## 7. Technology Adaptation Phase

### Actors

Procurement team, SCM team, cross-functional teams.

### Activities

- Implement continuous improvement initiatives.
- Foster a culture of innovation and adaptation to emerging technologies.
- Collaborate with industry partners and experts to stay informed about advancements in supply chain management.

---

## 6. Performance Monitoring and Evaluation Phase

### Actors

Procurement team, quality assurance team, stakeholders.

### Activities

- Monitor supplier performance and supply chain metrics.
- Analyse data to identify trends, risks, and opportunities.
- Share performance reports with stakeholders.

---

## 8. Reporting Phase

### Actors

Procurement team, compliance officers, legal advisors.

### Activities

- Maintain thorough documentation of procurement processes, decisions, and outcomes.
- Prepare comprehensive reports on the implementation and impact of the supply chain monitoring strategy.
- Facilitate audits and reviews to validate adherence to legal and regulatory standards.

# Examples

## Coordination of Supply Chain Resilience in the United States

### Executive Order / Improved Monitoring of the Supply Chain / United States

[Link](#)

*The US President's Executive Order on America's Supply Chains (2021) underlines the vitality of resilience, diversity, and security in the US supply chains for economic prosperity and national security. To combat threats like pandemics, cyber-attacks, and climate shocks, the US Administration aims to bolster domestic production, maintain competitive edges, and foster job creation. By coordinating with industry, academia, and local governments, the goal is to develop robust, secure supply chains that can withstand disruptions and support small businesses and vulnerable communities. This initiative is also meant to strengthen alliances and enhance emergency response capabilities.*

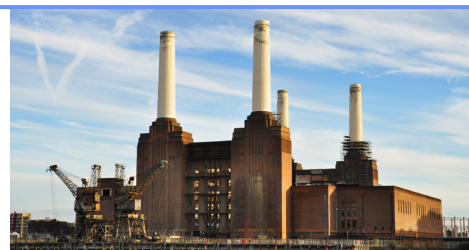


## Measuring the Resilience of Critical Infrastructure in the UK

### Framework / Improved Monitoring of the Supply Chain / United Kingdom

[Link](#), [Link](#)

The UK published its Resilience Framework in 2022 to create separate capabilities for preparedness and risk reduction, and crisis response – the Resilience Directorate and the Cabinet Office Briefing (COBR) Unit. The UK's work on resilience is grounded in the principle of prevention and covers the whole risk cycle. Therefore, the Framework focuses on the resilience of, and dependencies within the UK's critical national infrastructure and supply chains, to build system-wide resilience. The UK also aims to increase business engagement across the risk landscape, on emerging and priority areas such as cyber resilience, critical infrastructure and supply chains.





Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## Public Safety Canada's Efforts to Encourage Cross-Sector Working

Program / Improved Monitoring  
of the Supply Chain / Canada

[Link](#)

Public Safety Canada has developed an online information-sharing portal for critical infrastructure stakeholders. (The Critical Infrastructure Gateway.) It hosts information products—including risk management documents, best practices, lessons learned, meeting material, standards, and events calendars to enhance situational awareness.

Public Safety Canada has also established a Virtual Risk Analysis Cell. This virtual cell develops and shares critical infrastructure focused risk analysis products, with an emphasis on identifying and examining the cascading impacts of disruptions across the 10 critical infrastructure sectors in Canada. The work of this cell includes enhancing understanding of cross-sector dependencies and linkages through modelling.



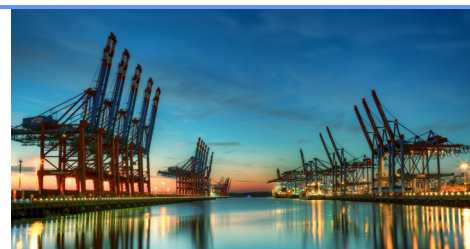
## The Port of Hamburg Uses Analytics and Emerging Technologies

Strategy / Collaborative  
Procurement / Germany

[Link](#)

The port of Hamburg in Germany uses analytics to aggregate various data points (i.e. vessel positions, height and width of bridges, etc.) to optimise internal port operations.

Additionally, as a smart port, they are leveraging other technologies such as AI to enhance predictive insights, and cloud computing, data management, and data sharing among various stakeholders. Robotic process automation (RPA) is being leveraged to automate processes across several support functions such as finance, human resources, procurement, and supply chain management.



Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

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---

# 4

# Collaborative Procurement



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

# Context

By joining forces with other public buyers and collaborating throughout the procurement cycle, contracting authorities can share knowledge and resources and streamline processes for a more effective procurement system.

Collaboration can also address new challenges facing public procurement, such as the complexity of contracts. It can also support the use of public procurement as a strategic tool to address economic, social, and environmental policy goals.

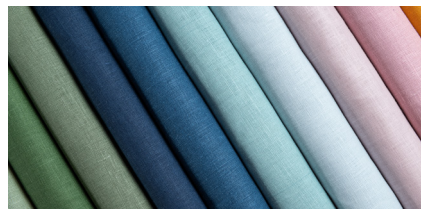
Collaboration in public procurement can differ in scope, levels, duration, and formalisation. The types of collaboration range from coordinated procurement based on common specifications through joint procurement processes to capacity-building initiatives.

Collaboration can occur among several contracting authorities from the same country, where one or more procure on behalf of all, or by cross-border procurement with contracting authorities from more than one country.

## Product categories



Educational Resources



Textile and Fabrics



Environmental and Sustainable Products



Innovative Solutions



Medical Supplies

# Implementation

1

## Needs Assessment Phase

- Identify procurement needs
- Assessment of resources and gaps

2

## Strategic Planning Phase

- Development of procurement strategy
- Determining scope, scale, and specifications

3

## Stakeholder Engagement Phase

- Planning process
- Establish communication channels

4

## Market Research Phase

- Identify potential suppliers
- Mapping market dynamics
- Assessment of suppliers

5

## Compliance Phase

- Compliance with laws and regulations
- Compliance with ethical principles

6

## Tendering Phase

- Develop clear documentation
- Encourage fair competition

7

## Selection Phase

- Evaluation of proposals
- Selections of suppliers

8

## Contracting Phase

- Contract negotiations
- Contract implementation monitoring

## A Possible Domain for Collaboration

### Capacity-Building Initiatives

#### Common Trainings on Specific Topics

Risk management competencies  
Ethical standards  
Strategic planning

#### Communities of Practice and Networks

(e.g. green procurement network,  
procurement students/  
alumni network etc.)

#### Knowledge Transfer and Share of Best Practices Within the Network



# Coordination

## 1. Needs Assessment Phase

### Actors

Procurement team, government agencies, procurement officers and sector-specific professionals, end-user departments.

### Activities

- Identify procurement needs and requirements through collaboration.
- Assess current resources and potential gaps.

## 3. Stakeholder Engagement Phase

### Actors

Government agencies, procurement teams, department representatives, key decision-makers, suppliers and contractors, industry experts.

### Activities

- Involve key stakeholders in the planning process.
- Establish communication channels.

## 2. Strategic Planning Phase

### Actors

Government agencies, procurement managers, strategic planners, organizational leaders, finance and budgeting departments.

### Activities

- Develop a collaborative procurement strategy.
- Align procurement goals with organizational priorities.

## 4. Market Research Phase

### Actors

Procurement team, legal advisors, procurement specialists, market researchers, industry experts.

### Activities

- Conduct market research.
- Assess supplier capabilities, pricing, and quality standards

Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

## Resilient Public Procurement Strategies

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

Image Credits

---

---

## 5. Compliance Phase

### Actors

Legal advisors, compliance officers, procurement team.

### Activities

- Ensure compliance with relevant laws and regulations.
- Establish transparent and fair procurement processes.

---

## 6. Tendering Phase

### Actors

Government agencies, procurement team, vendors.

### Activities

- Issue clear and comprehensive.
- Encourage competitive bidding to obtain the best product and value.

---

## 7. Selection Phase

### Actors

Procurement team, evaluation committee, end-users, industry experts and consultants.

### Activities

- Evaluate proposals collaboratively based on predetermined criteria.
- Select suppliers considering both technical and financial aspects.

---

## 8. Contracting Phase

### Actors

Legal advisors, procurement team, selected suppliers.

### Activities

- Negotiate contracts with selected suppliers.
- Ensure that contract terms align with collaborative goals.
- Implement a robust contract management system to monitor performance, resolve issues, and ensure ongoing collaboration.

# Examples

## Collaboration on Sustainable Procurement in the NordicHealth Sector



**Strategy / Collaborative  
Procurement / Nordic countries**

[Link](#)

*The Nordic Criteria for More Sustainable Packaging for Healthcare Products* aims at reducing climate and environmental impacts of packaging associated to products provided to the healthcare sector.

The criteria have been developed in collaboration between stakeholders responsible for public green procurement in Norway, Sweden, Denmark, Iceland and the Faroe Islands.

By joining forces in the development, and the implementation, of these environmental criteria for packaging, we want to send a strong signal to the market and set a clear direction for suppliers.

## City of Ghent's Socially Responsible Workwear Toolbox



**Strategy / Collaborative  
Procurement / Belgium**

[Link](#)

The City of Ghent in Belgium created a *Toolbox for Socially Responsible Workwear* with the involvement of all potential suppliers to discuss sustainability goals rather than conducting separate discussions with the market players. The City of Ghent also had exchanges with other procurers in Flanders.

The dialogue allowed the contracting authority to gather knowledge of the possibilities and availability of sustainable goods and services in the market (the importance of “knowing your market”). The dialogue also generated interest in the market for investing in more sustainable solutions.



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

Image Credits

## Hack the Crisis Movement

Strategy / Collaborative  
Procurement / Estonia

[Link](#)



The *Hack the Crisis* movement that started in Estonia, has reached over 40 countries and more than 100.000 participants. It aimed at sharing and developing ideas for urgently needed solutions during the current crisis, as well as to build resilience post-pandemic.

Several technological solutions emerged from this initiative, and as a result, a new digital solution by MASC (Management of Acute Supply during Crises) was created to enable hospitals and public institutions to monitor personal protective equipment stockpiles and demand.

## UK Universities Purchasing Consortia

Strategy / Collaborative  
Procurement / United Kingdom

[Link](#)



UKUPC is a partnership between eight UK consortia who created a formal entity to support collaborative procurement within Higher and Further Education.

All eight consortia work together to share knowledge and best practice, to support each other and our wider procurement community.

The [UKUPC Strategy 2020–2025](#) outlines the benefits of working with consortia for members, our strategic aims and key areas of focus.

Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

## Resilient Public Procurement Strategies

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

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---

## The Cooperation of Södermanland County Council on Crisis Preparedness



### Strategy / Collaborative Procurement / Sweden

The Södermanland County Council had decided to cooperate with four other counties on the procurement of goods in an administration under a joint politically appointed committee. In this cooperation, various issues relating to procurement are discussed, including potential crisis preparedness requirements. Through this cooperation, a dialog on various procurements is conducted. The committee discusses what needs to be purchased, how it should be done and what questions/requirements are good to ask. To respond, the market requires alignment in requirements and scale. In the case of special requirements for crisis preparedness in procurement, the collaborating parties also set the right level to have an impact on operations.



Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

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---

# 5

# Address Market Failure



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

# Context

A procurement strategy addressing market failure involves designing and implementing purchasing practices to mitigate the negative impacts of market inefficiencies and ensure the availability of essential goods and services. Market failure occurs when the free market is unable to allocate resources efficiently on its own, often due to issues such as monopolies, information asymmetry, externalities, or public goods. A procurement strategy tailored to address these failures aims to correct these inefficiencies and promote a fair, competitive, and sustainable marketplace.

Key elements include promoting competition, ensuring transparency, addressing externalities, supporting public goods, risk mitigation, and capacity building. Promoting competition involves implementing policies to avoid single-supplier dominance through open bidding processes and supporting smaller or new entrants to the market. It also includes establishing strict regulations and monitoring mechanisms to prevent collusion among suppliers, ensuring fair pricing and contract terms. Ensuring transparency and information sharing entails providing comprehensive information to all potential suppliers about procurement opportunities, criteria, and processes, as well as conducting and disseminating thorough market analyses to understand demand and supply dynamics and foster a more competitive market.

## Product categories



Infrastructure Projects



Information Technology (IT)  
and Telecommunications



Environmental Services  
and Renewable Energy



Healthcare Services  
and Pharmaceuticals

# Implementation

1

## Needs Assessment Phase

- Identify critical items
- Define specifications

2

## Market Analysis Phase

- Conduct analysis of market dynamics
- *Identify market inefficiencies*

3

## Supplier Engagement and Capacity Building Phase

- Engage with suppliers
- Provide capacity building
- Encourage collaboration

4

## Tendering Phase

- Ensure transparency
- Conduct open and competitive bidding processes

5

## Risk Management and Mitigation Phase

- Identify and assess risks
- Develop risk mitigation strategies

6

## Performance Monitoring and Evaluation Phase

- Monitor supplier performance
- Conduct evaluation

7

## Improvement and Adaptation Phase

Implement continuous improvement initiatives

8

## Reporting Phase

- Report on the implementation
- Facilitate audit

# Coordination

## 1. Needs Assessment Phase

### Actors

Procurement team, legal advisors, stakeholders from relevant public entities and communities.

### Activities

- Conduct a comprehensive needs assessment.
- Engagement with local communities to understand specific requirements.
- Develop a strategy document outlining goals, timelines, and key performance indicators (KPIs).

## 3. Supplier Engagement and Capacity Building Phase

### Actors

Procurement team, supplier development specialists, private sector representatives.

### Activities

- Engage with a diverse range of suppliers to promote competition.
- Provide capacity-building support through training programs.
- Encourage collaboration and partnerships among suppliers.

## 2. Market Analysis Phase

### Actors

Procurement managers, legal advisors, market analysts, stakeholders from relevant public entities and communities.

### Activities

- Conduct a thorough analysis of market dynamics and identify instances of market failure, such as monopolies, information asymmetry, externalities, and inadequate provision of public goods.
- Assess market inefficiencies.

## 4. Tendering Phase

### Actors

Procurement team, compliance officers, external auditors.

### Activities

- Ensure transparency in all stages of the procurement process, from pre-tender activities to contract award and implementation.
- Conduct open and competitive bidding processes to maximise participation.



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

---

## 5. Risk Management and Mitigation Phase

### Actors

Procurement team, risk management team, legal advisors.

### Activities

- Identify and assess risks associated with market failures, such as supply disruptions, quality issues, and cost overruns.
- Develop risk mitigation strategies and contingency plans to ensure continuity of supply and service delivery.
- Implement monitoring and evaluation mechanisms to track supplier performance and address issues promptly.

---

## 6. Performance Monitoring and Evaluation Phase

### Actors

Procurement team, monitoring and evaluation specialists, stakeholders.

### Activities

- Monitor the implementation of procurement contracts.
- Evaluate the effectiveness of the procurement strategy in addressing market failures.
- Gather feedback from stakeholders and suppliers.

---

## 7. Improvement and Adaptation Phase

### Actors

Procurement team, policy makers, cross-functional teams.

### Activities

- Implement continuous improvement initiatives based on evaluation findings and lessons learned.
- Adapt procurement policies and practices in response to emerging market trends and technological advancements.
- Foster innovation through pilot projects and collaborations.

---

## 8. Reporting Phase

### Actors

Procurement team, compliance officers, legal advisors.

### Activities

- Prepare regular reports on procurement activities, outcomes, and compliance with regulatory requirements.
- Facilitate audits and reviews to verify adherence to procurement laws and standards.



**Resilient Public  
Procurement Strategies**

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

# Examples

## ICT Procurement Taskforce in Australia

**Initiative / Address Market Failure /  
Australia**

[Link](#)



In 2015–16, Australian government agencies reported that it had spent AUD 6.2 billion on ICT goods and services. That same year, Australian agencies estimated that they would procure AUD 9 billion of ICT goods and services in future years via 17,000 contracts. Australia concluded that its investment in ICT was not delivering the government’s digital transformation agenda quickly enough, however. Therefore, the country established the ICT Procurement Taskforce, which defined five overarching strategies for ICT procurement:

- Measurable, transparent and based on data.
- Directed and delivered by a highly capable APS.
- Co-ordinated across government.
- Apt at encouraging innovation and SME participation.
- Apt at generating policies and outcomes that are reviewed regularly.

## ÖkoKauf Wien Programme

**Programme / Address Market  
Failure / Austria**

[Link](#)



The ÖkoKauf Wien programme was set up in 1998 to use this large purchasing volume to support the procurement of ecologically sound products and services. It aims to orient the procurement of the Vienna city administration toward climate protection while respecting legal requirements and achieving value for money.

Since 2003, an ordinance of the director general of administrative services has obliged all services of Vienna to take the objectives of ÖkoKauf into account in procurement. Subsequently, public procurement officers must make sure that the ecological requirements become part of the contract.



Foreword

Acknowledgments

About the Toolkit

Reinforcing Resilience  
through Innovative  
Procurement Strategies

## Resilient Public Procurement Strategies

1 Stockpiling

2 Diversification  
of Suppliers

3 Improved Monitoring  
of the Supply Chain

4 Collaborative  
Procurement

5 Address Market Failure

Existing Guidance  
and Frameworks

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## Developing a Baseline for Educational Improvements Through Procurement in Scotland



### Framework Agreements / Addressing Market Failure / Scotland

[Link](#)

The Scottish government set out to procure framework agreements for consultants and temporary staff under the category of “flexible resources”. With a budget of up to USD 144 million per year, these flexible resource framework agreements had considerable potential to facilitate economic growth and increase the education levels of those working in SMEs in Scotland. The continuum of roles under the category of flexible resources was broken down into 13 separate framework agreements to allow SMEs to compete. Furthermore, the government included a requirement to facilitate literacy, numeracy and career progression improvements in the flexible workforce, within the specifications.

## Waste Procurement

### Recommendations / Address Market Failure / United Kingdom



[Link](#)

The Office of Fair Trading (OFT) worked closely with the Office of Government Commerce (OGC) and the Department for Environment, Food and Rural Affairs (Defra) to examine the effects of public procurement on competition and capacity in the municipal waste sector. ‘More Competition, Less Waste’ was published by the OFT, making recommendations to central and local Government for encouraging more competition in their procurement processes for municipal waste collection services. For examples, Local authorities were recommended to tender separately for municipal waste treatment contracts and landfill contracts.

Foreword

---

Acknowledgments

---

About the Toolkit

---

Reinforcing Resilience  
through Innovative  
Procurement Strategies

---

**Resilient Public  
Procurement Strategies**

---

1 Stockpiling

---

2 Diversification  
of Suppliers

---

3 Improved Monitoring  
of the Supply Chain

---

4 Collaborative  
Procurement

---

5 Address Market Failure

---

Existing Guidance  
and Frameworks

---

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# Existing Guidance and Frameworks

## Important National Documents

- [Public Procurement Act \(2016\)](#)
- [Utilities Procurement Act \(2016\)](#)
- [Concessions Procurement Act \(2016\)](#)
- [Defense Procurement Act \(2011\)](#)
- [National Cyber Security Strategy](#)
- [Public Procurement on the Swedish Competition Authority website](#)
- [National Agency for Public Procurement website](#)
- [Guidance of the National Agency for Public Procurement \(2023\)](#)

## OECD Documents on Public Procurement

- [Recommendation of the OECD Council on Public Procurement \(2015\)](#)
- [Recommendation of the OECD Council on Fighting Bid Rigging in Public Procurement \(2011\)](#)

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