

Public Procurement Strategies for Sustainability: Panacea for Economic Recovery from COVID-19 Pandemic

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Abstract

The coronavirus (COVID-19) outbreak has presented governments with unprecedented challenges in ensuring not only the health of their citizens but also public service continuity. Governments had to purchase vital health products swiftly whilst ensuring smooth and accountable management of ongoing contracts to continue providing public services to the citizens. Certain critical public services and infrastructure industries have a unique responsibility to continue operations even during these unprecedented times. Infrastructure development and public procurement, therefore, are at the frontline of the wider governmental response to the COVID-19 outbreak. This paper identifies needed procurement strategies that guarantees sustainability and ensures efficient economic recovery from the COVID-19 pandemic. The paper being an exploratory study reviews the devastating effects of the COVID-19 pandemic on the world's economy and Nigeria in particular. The study also reviews theories associated with the subject matter and concludes that greater collaboration between governments and industries will be needed to ensure minimum disruption in global supply chains that ensures effective economic recovery. We hope that this paper will trigger intellectually stimulating debates, further researches and meaningful actions from individuals, organizations, and societies, both in Nigeria, Africa and beyond in the global fight against COVID-19 and economic recovery.

Keywords: *COVID-19, Economic Recovery, Public Procurement, Sustainability*

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Background to the Study

Procuring essential products and services under extreme urgency is not a new concept for public authorities. However, this worldwide health crisis has created a purchasing environment never before experienced by governments and public bodies. They are not only required to purchase with extreme urgency, but also under high uncertainty and within a rapidly changing landscape. In fact, many countries had to face the upending of procurement strategies (e.g. optimising the management of stocks versus urgent provision of large volumes) for items which were, until the crisis, regarded as easily available and therefore seen as a low priority in procurement strategies. Public procurement practitioners across the world were under immense pressure as they responded to the exponential demand and shortage of supply for medical equipment, such as disinfectant, masks, gloves, medicines, ventilators, and other essential items in containing the new coronavirus outbreak. In the face of deep economic and social crisis resulting from the COVID-19 pandemic, some countries and business groups have been calling for a temporary easing of environmental rules. In fact, many stimulus measures recently announced by major economies show a significant lack of consideration when it comes to addressing environmental sustainability. While it may be tempting to give up on some environmental commitments to address short-term social and economic priorities, this would be a mistake. Instead, the global health crisis should be seen as an opportunity to build more sustainable and inclusive economies and societies, and one way to achieve this is through sustainable public procurement.

Sustainable public procurement (SPP) can harness existing expenditures towards green growth and the attainment of sustainability objectives by leveraging public procurement, which represents an average of 12% of GDP in OECD countries and 30% of GDP in developing countries (WHO, 2020). In fact, SPP is so important there is a specific UN Sustainable Development Goal target, SDG 12.7.1, which calls for the promotion of public procurement practices that are sustainable, in accordance with national policies and priorities by 2030. Nigeria's public procurement system have reached a level of maturity that could potentially leverage economic and market growth, and drive innovation and environmentally sustainable development. The competent use of public procurement, and procurement by the MDAs in the public sector, should be considered as means to restore economic activity post-COVID-19. Providing essential public services and managing critical infrastructure is particularly important throughout the COVID-19 response for broader societal well-being. Certain critical public services and infrastructure industries have a unique responsibility to continue operations even during these unprecedented times. Infrastructure development and public procurement, therefore, are at the frontline of the wider governmental response to the COVID-19 outbreak.

The crisis, however, has brought unparalleled challenges for governments to ensure not only the health of their citizens but also public service continuity. In response to the crisis, governments all over the globe have simultaneously taken extraordinary steps to ensure the safety of their citizens, including general lockdown measures and large-scale shutdown of economic activity, which have created concurrent effects in different policy areas. Such disruptions are affecting the way governments plan and conduct their procurements and

manage their ongoing contracts, not only for health products¹ and services needed to tackle the coronavirus, but also for goods and services necessary to provide essential public services to citizens (including, for example, digital tools to ensure wide scale remote office operations and extended online services in the public sector). Governments are also facing demand to maintain and adjust infrastructure assets to rapidly changing needs in order to respond to the crisis.

The World's Economy during the COVID-19 Crisis

The imposed non-pharmaceutical interventions have had a very negative impact on the world's economy (Anderson et al., 2020; Bootsma and Ferguson, 2007; Lee et al., 2012). Research on the economic impact of previous pandemics has shown that countries, industries and companies suffer significantly from the consequences of a global pandemic. This is due to a simultaneous demand and supply shock. Demand declines because consumers reduce their purchases of non-essential goods and services such as entertainment and travel. And layoffs reduce society's overall spending capacity (Cahyanto et al., 2016, McKercher and Chon, 2004; Sadique et al., 2007). Supply is thrown off course because many firms are simply not prepared to deal with the phenomenon of disrupted supply chains (Simchi-Levi et al., 2014). Many service and manufacturing sectors as a result have had to shut down their operations (del Rio-Chanona et al., 2020).

The COVID-19 crisis has and will have an enormous influence on businesses worldwide, Governments across Europe and the US have implemented financial first-aid and stimulus packages for businesses. While a few industries such as healthcare have faced increased demand and are actually benefiting from the crisis, many industries have been severely affected. Governmental restrictions caused the closure of restaurants and hotels, along with a very noticeable drop in revenues in the hospitality and tourism industries. In the restaurant industry, only food delivery or pickup has been allowed. The closure of leisure activities (cinemas, sports facilities, theatres, museums, etc.) has led to severe setbacks in this industry. Worldwide landing and birthing bans for aircrafts and ships have created a sharp decline in these industries. It is already clear that the total state aid, especially in Western countries, will be at levels exceeding those of all previous crises. By April 21st, the EU and its member states had tied together rescue/stimulus packages worth V3.4 trillion. These enormous measures have been taken based on first estimates of economic development; their sums predict a significant economic downturn “shaping up as the deepest dive on record for the global economy for over 100 years” (Harvard economist Kenneth S. Rogoff in the New York Times).

The Impact on the Nigerian Economy

Before COVID-19, Nigeria's economy was gradually recovering from the 2016 recession, although per capita incomes were still falling because economic growth lagged population growth. Nigeria's GDP growth rate improved slightly in 2019, reflecting rising service output. On the supply side, growth was mainly driven by the services sector, which represents about 50% of the country's gross domestic product (GDP). The principal performers here were telecommunications and financial services, which expanded in part because of policies aimed at increasing credit to the private sector. Agriculture and the oil industry also contributed to growth positively, despite the introduction of an OPEC cap on oil production.

On the demand side, growth was driven by strengthening investment and growing net exports, which more than compensated for still declining domestic consumption. As the GDP growth rate (2.2%) remained below the population growth rate (estimated at 2.6% per year), per capita GDP declined in 2019.

In 2020, in a baseline scenario, the economy is forecast to contract by 3.2%. This assumes an annual average oil price of \$30 a barrel. It also assumes that the spread of COVID-19 will be contained in Nigeria by the third quarter of 2020. This revised growth projection is more than five percentage points below the pre-COVID-19 forecast of moderate 2.1%. This will make the predicted 2020 recession at least twice as deep as that of 2015-2016 and the deepest since the 1980s. Before the pandemic, the Nigerian government had been grappling with weak recovery from the 2014 oil price shock, with GDP growth tapering around 2.3 percent in 2019. In February, the IMF revised the 2020 GDP growth rate from 2.5 percent to 2 percent, as a result of relatively low oil prices and limited fiscal space. Relatedly, the country's debt profile has been a source of concern for policymakers and development practitioners as the most recent estimate puts the debt service-to-revenue ratio at 60 percent, which is likely to worsen amid the steep decline in revenue associated with falling oil prices. These constraining factors will aggravate the economic impact of the COVID-19 outbreak and make it more difficult for the government to weather the crisis.

Aggregate Demand will Fall, but Government Expenditure will Rise

In Nigeria, efforts were already being made to bolster aggregate demand through increased government spending and tax cuts for businesses. The public budget increased from 8.83 trillion naira (\$24.53 billion) in 2019 to 10.59 trillion naira (\$29.42 billion) in 2020, representing 11 percent of the national GDP, while small businesses have been exempted from company income tax, and the tax rate for medium-sized businesses has been revised downwards from 30 to 20 percent. Unfortunately, the COVID-19 crisis is causing all components of aggregate demand, except for government purchases, to fall. The fall in household consumption in Nigeria will stem from 1) partial (or full) restrictions on movement, thus causing consumers to spend primarily on essential goods and services; 2) low expectations of future income, particularly by workers in the gig economy that are engaged on a short-term/contract basis, as well as the working poor in the informal economy; and 3) the erosion of wealth and expected wealth as a result of the decline in assets such as stocks and home equity. The federal government has imposed a lockdown in Lagos and Ogun states as well as Abuja (which have the highest number of coronavirus cases combined). Subnational governments have quickly followed suit by imposing lockdowns in their states. Nigeria has a burgeoning gig economy as well as a large informal sector, which contributes 65 percent of its economic output. Movement restrictions have not only reduced the consumption of nonessential commodities in general, but have affected the income-generating capacity of these groups, thus reducing their consumption expenditure.

Investments by firms will be impeded largely due to the uncertainties that come with the pandemic-limited knowledge about the duration of the outbreak, the effectiveness of policy measures, and the reaction of economic agents to these measures—as well as negative investor

sentiments, which are causing turbulence in capital markets around the world. Indeed, the crisis has led to a massive decline in stock prices, as the Nigerian Stock Exchange records its worst performance since the 2008 financial crisis, which has eroded the wealth of investors. Taking into consideration the uncertainty that is associated with the pandemic and the negative profit outlook on possible investment projects, firms are likely to hold off on long-term investment decisions.

On the other hand, government purchases will increase as governments, which typically can afford to run budget deficits, utilize fiscal stimulus measures to counteract the fall in consumer spending. However, for governments that are commodity dependent, the fall in the global demand for commodities stemming from the pandemic will significantly increase their fiscal deficits. In Nigeria's case, the price of Brent crude was just over \$26 a barrel on April 2, whereas Nigeria's budget assumes a price of \$57 per barrel and would still have run on a 2.18 trillion-naira (\$6.05 billion) deficit. Similarly, with oil accounting for 90 percent of Nigeria's exports, the decline in the demand for oil and oil prices will adversely affect the volume and value of net exports. Indeed, the steep decline in oil prices associated with the pandemic has necessitated that the Nigerian government cut planned expenditure. In fact, on March 18, the minister of finance announced a 1.5 trillion naira (\$4.17 billion) cut in nonessential capital spending. The restrictions on movement of people and border closures foreshadow a decline in exports. Already, countries around the world have closed their borders to nonessential traffic, and global supply chains for exports have been disrupted. Although the exports of countries that devalue their currency due to the fall in the price of commodities (like Nigeria), will become more affordable, the limited markets for nonessential goods and services nullifies the envisaged positive effect on net exports.

Sectors that Require Urgent Attention

In the wake of the COVID-19 crisis, the systematic application of sustainable procurement in the following sectors would be particularly impactful and relevant:

Construction

The construction sector is essential for economic recovery. It can rapidly create large amounts of jobs and involves far-reaching value chains of small and large businesses. At the same time, the sector presents a massive – and largely unused – opportunity to respond to the climate crisis. The construction and operation of buildings is responsible for 40% of all energy-related carbon dioxide emissions, even more than transport or industry. This trend is accelerating, as the building floor area is set to double by 2060 across the world, and energy demand is growing fast. The building sector holds the potential for a double win: providing a powerful tool to stimulate the economy, while moving the whole sector to a new and greener state. The launch of public procurement programmes aimed at enhancing energy efficiency in public buildings (schools, hospitals or administrative buildings) could be particularly impactful.

Energy Efficient Products

Governments should mandate the sustainable procurement of high-impact electrical products such as energy efficient lighting, refrigerators, room air conditioners, electric motors and distribution transformers, products that together represent more than one-third of global

energy consumption, and which have the potential to considerably reduce greenhouse gases (GHG) emissions and at the same lead to significant financial savings for state and local entities due to much lower energy consumption.

Health Products

The magnitude of the coronavirus pandemic and its response have resulted in acute shortages of personnel protective equipment (PPE) that include surgical masks, face shields, hand sanitizer and surgical gloves as well as medicine for countries to procure. Because of the urgency with which countries have to respond, contracting authorities may overlook sustainability aspects in the procurement processes. In the spirit of “building back better”, procuring entities should ensure that the products and services they buy are as sustainable as possible, with the lowest environmental impact and most positive social results. As the impacts of the COVID-19 crisis start to loom with their dramatic social and economic consequences, governments have the duty to react forcefully without compromising their commitments to the SDGs and the sustainable development agenda. With their massive purchasing power, governments can leverage procurement to protect employment and create green jobs, support SMEs through reserved procurement and reduce their carbon impacts by purchasing low-carbon products.

Theoretical Foundation

Organizational Crises and Crisis Management

Literature on organizational crisis management has taken many different directions in recent years. It ranges from different perspectives (finance, accounting, management; Hale et al., 2005), strategic responses to a crisis (Baron et al., 2005) and handling of employees (Harvey and Haines Iii, 2005). Some crisis literature deals with crises caused by companies (Bundy et al., 2017), while other literature deals with the effects of natural disasters (Park et al., 2013; Runyan, 2006). Researchers have highlighted the overall characteristics of a crisis (Runyan, 2006). These include surprising changes in a system or to its parts (Greiner, 1989), a threat to the organizations' existence (Witte, 1981), a large number of involved stakeholders (Elliott and McGuinness, 2002), low probability of occurrence and great influence and little time for decision-making (Hills, 1998; Pearson and Clair, 1998). Research on the outcome of a crisis deals with different areas such as the changed relationship with stakeholders after the crisis (Coombs, 2007; Elsbach, 1994; Pfarrer et al., 2008) or the adaptation and learning effects of companies and survival in crisis situations (Lampel et al., 2009; Veil, 2011; D'Aveni and MacMillan, 1990). Crises do not always have only negative implications for stakeholders. Research also highlights the potential positive effects of crises and disasters. These situations help to stimulate the innovation approaches of companies and identify new markets (Faulkner, 2001). Research shows that management's view of whether the crisis is a threat or an opportunity is of particular importance regarding how managers handle the situation. Managers who primarily see a danger in crises usually react emotionally and operate with a sense of reduced opportunities in mind. On the other hand, crises can also be perceived positively and lead to a flexible and open working approach in management (Brockner and James, 2008; Dane and Pratt, 2007; James and Wooten, 2005).

In general, a crisis can be viewed from an internal and an external perspective. Three main process steps apply here: pre-crisis prevention, crisis management and post-crisis outcomes (Bundy et al., 2017). In their recent work, Wenzel et al. (2020) propose four strategic crisis responses, which we use as a framework for our analysis:

1. **Retrenchment:** means that firms take measures to reduce their costs (Pearce and Robbins, 1993) and complexity (Benner and Zenger, 2016). Both positive and negative consequences can emerge from retrenchment. As a direct response to a crisis situation, cost-cutting measures have an especially positive effect on maintaining liquidity and providing a solid foundation for long-term recovery (Pearce and Robbins, 1994). On the other hand, retrenchment strategies are often attributed to decreased performance (Barker and Duhaim, 1997). Especially in the case of long-lasting crises, this strategy ensures a change in resource use and company culture (Ndofor et al., 2013).
2. **Persevering** focuses on maintaining the firm's ongoing operations. Stieglitz et al. (2016) explain the positive effects of a persevering strategy by the fact that frequent strategic changes reduce the value of a strategic renewal. Wenzel et al. (2020) summarize that the core of this strategy is not to start a strategic renewal at the wrong time, and that its success is linked to the duration of a crisis. The longer the crisis lasts, the scarcer the financial resources become.
3. **Innovating** focuses on the strategic renewal of the business. A crisis enables companies to think openly about new things (Roy et al., 2018). It may even help firms overcome organizational inertia and reflect upon the viability of the business model (Ucaklı et al., 2011). As firms recognize which parts of their business model are more robust than others (i.e. certain product or service lines, particular value creation approaches, or particular revenue models, c.f. (Clauss, 2017)), opportunities for business model innovation may be identified. Research shows that business model innovation is triggered by external developments such as changes in the competitive environment (Clauss et al., 2019) or new technologies (Pateli and Giaglis, 2005). Wenzel et al. (2020) summarize that innovating is a coping strategy that has sustainable effects and may make the company stronger for the future (e.g. for situations where new ways to create revenue are needed). However, low liquidity during a crisis is noted by the authors as a limiting factor. Especially as time goes by, managers here can miss the chance to make strategic change.
4. **Exit** is the last possible reaction if other strategies are deemed unsuccessful. Nevertheless, a successful business exit can free up new resources (Carnahan, 2017) and create fresh opportunities. Exit in other words can lead to strategic renewal and the foundation of a new firm (Ren et al., 2019).

Facing the Challenges of COVID-19 by Public Buyers

In order to better serve and support public buyers with the unprecedented challenges, some countries (Slovenia, Poland and Chile) have introduced special helpdesk functions for coronavirus-related procurements, or have offered virtual trainings for contracting authorities (such as Peru). Capacity-building on emergency contracting is extremely important, as procurement professionals are usually trained on how to conduct competitive tender

procedures and public procurement rarely involves direct contracting under normal operations. Public procurement professionals, therefore, need to be properly guided and trained on methods and means for direct contracting. Competition authorities can also have a decisive role in promoting competition, even during the emergency. They can intensify their competition advocacy initiatives vis-à-vis procurement entities to alert governments and public buyers of the risks of emergency contracting and conditions that should be met for emergency direct awards to be considered. Where possible, the government or the body in charge of public procurement should co-operate more intensively with competition authorities to ensure that procurement procedures, even during the emergency, are designed to be as competitive as possible.

Another challenge is the soaring demand for essential products which has increased the risks of fraud and misconduct by suppliers and service providers, especially in a market where public buyers may need to purchase brand-new products without being able to use traditional ways of verifying their quality. There have been several reports in the media about the purchase of fake health and hygiene products (such as COVID-19 tests) that simply do not work. On the other hand, companies all over the world are actively putting resources, logistics, skills and innovative approaches at the service of the fight against the COVID-19 pandemic. Several companies have taken extraordinary measures to redirect their production to manufacture protective products and health equipment and Japan even introduced financial incentives for companies to redirect production. The Ministry of Economy, Trade and Industry (METI) decided to provide subsidies to manufacturers that agreed to make capital investments to increase the supply of face masks. Indeed, a redirection of production helped to cover the shortages of these essential products within countries. It poses, however, a challenge for public buyers in terms of verifying the selection criteria in a given tender procedure to ensure quality, to prevent procuring substandard goods and to avoid contracting non-reliable companies.

Responding to urgent needs for the timely and sufficient delivery of essential goods and services may require potential market collaboration among companies, which under normal circumstances would compete with each other. Some businesses may need to temporarily collaborate and combine their production, distribution, or service networks together to facilitate production and distribution of COVID-19 related supplies that they may not have traditionally manufactured or distributed. These sorts of joint efforts may be a necessary response in difficult circumstances that in the end provides the respective community with products or services that might not have been available otherwise. However, companies still need to comply with competition laws. Many competition authorities have guidelines (general or COVID-19 specific) clarifying under which circumstances co-operation among competitors may be acceptable. (OECD, 2020) While in certain instances, collaboration between businesses can help overcome the short-term market failure of the mismatch between supply and demand, others may use it as an opportunity to restrict competition, through increased prices, lower wages, decreased output, or reduced quality, bid-rigging, or allocating markets. As public buyers need to ensure suppliers' compliance with competition laws, co-operation with competition authorities will be essential.

On top of these challenges, public buyers are also experiencing price volatility of essential goods and services. Indeed, price spikes may be the legitimate consequence of a change in the market due to the crisis, such as shortages of essential products in high demands or disruption in international supply chains. However, there is also the risk that firms might strategically exploit their customers, private or public. This kind of exploitation through pricing policies (e.g. excessive pricing) may also be referred to as price gouging when it involves significant and rapid price increase after some type of shock in the demand or supply (especially when demand is high and supply limited).(OECD 2020). Under certain circumstances, this conduct may be sanctioned by competition authorities, if undertaken by dominant players, and/or other bodies (OECD 2020).

All these factors exacerbate rivalry between public agencies and introduce irregular practices in what could be described as an extremely chaotic market. (reuters.com, 2020). Many transactions are happening off-the-books, price volatility is extreme and significant advanced payments are often required by vendors (www.lemonde). This could contribute to a change of paradigm in corrupt schemes traditionally observed, whereby buyers could corrupt vendors in order to receive essential goods and services and not vice-versa. Furthermore, this risk could diffuse throughout the supply chain since many of the sought-after supplies rely on scarce raw materials, such as chromium, cobalt, copper, magnesium, manganese, molybdenum, sodium, nickel and many others, (www.unece.org, 2020). Whilst governments all over the world are grappling with the COVID-19 pandemic, the outbreak has offered new opportunities for fraudsters, for example, as demand has soared for medical, personal protective equipment and hygiene products. The verification of quality and suppliers is therefore more vital than ever. This verification, however, presents a major challenge during the pandemic. In Italy, the central purchasing body, Consip for example, only makes use of verified suppliers in terms of eligibility for contract and ensures, by specific controls made before the conclusion of each contract, that supplies comply with technical specifications elaborated by health authorities. In Lithuania, the central public procurement institution, the Public Procurement Office (PPO), requests that contracting authorities share information with other contracting authorities and with the PPO in cases where supplies received do not comply with the qualitative requirements established in tender documents, in order to prevent the spread of low-quality supplies within the market. This request also includes the recommendation to establish contractual clauses regarding the return of low-quality supplies and related sanctions for the supplier.

Policy Insights in Terms of Frameworks on Emergency Contracting:

1. Emergency contracting is an exception under the general rules on open and competitive tendering practices, therefore its use should be limited exclusively to satisfy the unforeseeable, immediate needs of extreme urgency to tackle the coronavirus (COVID-19). There should be a causal link between the unforeseen event and the extreme urgency. Also, emergency contracting should be used only when existing public contract arrangements cannot be renewed, extended or otherwise used. The justification of resorting to emergency contracting must be assessed on a case-by-case basis, and kept on file to be used in future audits or eventual legal challenges against the procurement.

2. If extreme urgency is invoked, the purchasing need has to be satisfied without delay. Emergency contracting must only be used to fill the gap until a more stable solution can be found; it is therefore a first-phase-only response.
3. To ensure that public spending remains transparent, traceable and accountable, even during emergency, the exceptional usage of emergency contracting needs to be governed by clear policy and legal framework.
4. Providing clear, easily available and regularly updated guidance and support (including a helpdesk function) on emergency procurement for public buyers is a key success factor for better understanding the distinction between emergency procurement and non-emergency procurement, and thus preventing the unjustified use of emergency contracting. Regulatory authorities (e.g. BPP) can be useful partners to ensure that procurement remains as competitive as possible.
5. As public procurement rarely involves direct contracting under normal operations, public procurement professionals need to be properly guided on methods and means for direct contracting (or even trained as far as possible under the emergency circumstances).
6. Centralisation of purchasing activities has been a major driver of the efficient performance of public procurement systems. The overall benefits of centralised purchasing activities – such as better processing through economies of scale, lower transaction costs, stronger purchasing power and improved capacity and expertise – are widely acknowledged. Country examples show that a centralised approach can also have a significant role in responding to COVID-19 challenges. Existing collaborative procurement instruments such as framework agreements or dynamic purchasing systems (DPS) can ensure immediate responses and at the same time help avoid direct award and emergency contracting. WHO also recommends to its members: “to increase procurement volume by aggregating demand and centralising the purchase of medicines and health products on the essential lists to avoid duplications and internal competition for limited supplies. This could be facilitated by emergency legislation or ministerial orders. In addition, larger volumes could attract more potential suppliers and could lower prices.”(OECD, 2020)
7. The fight against COVID-19 requires a whole-of-government approach, and public procurement responses need to be part of this nation-wide co-ordination and collaboration.⁶⁸ several examples throughout the OECD show the increased level of co-operation and co-ordination.
8. Beyond joint procurements and centralisation, exchanging information and co-ordinating efforts can also play a vital role in avoiding a scenario where different government departments or different governments compete against each other. Public buyers should co-ordinate their purchases and prioritise the implementation of their contracts with key suppliers. Procurement data can successfully support these co-ordinated efforts to identify and profile key contracts and suppliers. The WHO (2020) emphasises the need for establishing communication channels between all those involved in the purchase of essential health products, including between ministries of health, national medicines agencies, procurement agencies, and those involved in distribution and logistics. Good communication, including with the private sector, is essential to maintain supplies to the population.

9. The current crisis showed the anomalies in purchasing that a lack of stockpile preparedness created throughout OECD (2020) countries. Establishing a stockpile of medical equipment and other vital supplies can serve as one of the mechanisms that enable addressing future supply chain disruptions for critical goods or services that have become evident during the crisis (e.g. in the provision of personal protection equipment). Strategic stockpiling can also mitigate some other risks that are more often associated with emergency contracting, such as integrity related risks, or it can reduce the incentives for countries to put in place restrictions on exports on medical products. On the other hand, the WHO (2020) in its technical guidance on Supply of essential medicines and health technologies highlights that in emergency situations public buyers should avoid stockpiling as this will threaten the global supply. (WHO, 2020). Instead, they could increase buffers in accordance with lead times, which should be monitored and increased where necessary.
10. A more strategic approach is needed in the areas of contract and supplier relationship management in order to build up resilience against future crises. Governments, alongside their contracting authorities, with their quick and proportionate actions, can ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over. First, contracting authorities should examine their supplier bases to assess their exposure to supply chain disruption because of COVID-19. This information-gathering exercise could identify suppliers seriously affected by the crisis and give them the opportunity to take effective steps to ensure the continuation of services.

Procurement Strategies for Navigating the COVID-19 Crisis from around the World

Experts from Making Spend Matter (Baqueriza-Jackson, Deconinck and Reay, July 2020) suggested the following procurement strategies as means of recovering from or moving forward post COVID-19:

1. Review Supplier Bases

In times of crisis, such as COVID-19, public procurers have to work quickly. They do not have the luxury of time to search for information, review markets and look for new suppliers. However, access to this type of information is often crucial to enabling countries to react when procuring necessary goods and services. As lockdown restrictions are eased in across the world, it is important that procurement officers work with economic development teams to review and update their supplier bases or create ones where they do not currently exist. There are two reasons for this: firstly to have a greater understanding of what businesses there are within the localities and wider boundaries and what challenges they face as a result of the COVID-19 crisis, and secondly to understand what scope there is for these businesses to competitively bid for procurement opportunities to supply goods and services across a range of sectors, and what sort of support they may need to do so.

2. Do things more quickly

Procurement can often be seen as an arduous, bureaucratic and time-consuming process and rightly so because of the need for openness, fairness and transparency. However, the crisis has taught us that there are times when countries will need to move a lot quicker to purchase the

required goods and services to respond to emergencies, e.g. the purchase of PPE, where time was of the essence in order to secure the right amount at a competitive price. As procurement officers seek to recover economically from the COVID-19 crisis, it will be important for them to ensure that they are able to anticipate their needs better in order to source the right solutions going forward.

3. Adapt Procedures

Procurement officers will use different procedures to undertake procurement. Pre COVID-19, this has been a mix of digital and paper-based means of submitting documentation; a mix of full tendering and direct award methodologies; and using different procedures for different spend thresholds. The COVID-19 crisis has required procurement officers to adapt their procedures to make the response quicker and also ensure it is contactless. Moving forward, procurement officers are going to need to adapt their procedures, so that digital becomes the norm, and so that they will have greater flexibility to directly award contracts where appropriate and relevant. In adapting procedures however, procurement officers also need to make sure that suppliers who are not used to this way of working are given appropriate support to ensure that they are not excluded from the market-place.

4. Understand and Engage the Market Better

The Nigerian Procurement regulations correctly seek to ensure that the process of procurement is competitive and that procurement officers do not actively favour organisations from within their territory. However, with the previous three points in mind and during the COVID-19 Crisis procurement officers have been actively seeking to identify organisations based in their area or region that can provide the PPE required either because they do it already or because they are able to adapt their processes to produce it. This is largely for speed, local economic benefit, and climate reasons. But it has also highlighted the crucial role local supply chains play in the resilience of Ministries, Departments and Agencies (MDAs) and in their ability to react quickly and support the delivery of effective bespoke solutions for their communities. As we move out of the immediate crisis and into recovery, all local economies will need to focus on business revival and job creation and sustainability; and as such, the process of procurement will provide an important opportunity for more local organisations to bid for and potentially win tenders.

5. Embed Social and Environmental Considerations

As the COVID-19 crisis has evolved, it is clear that those most affected by it are those that already face significant economic and social inequality. Across Africa and Nigeria in particular, the challenges associated with low pay, poor skills, and unemployment will continue to worsen such inequalities. In addition, despite reductions in emissions and improvements in air quality during the crisis, the climate emergency presents the biggest challenge to the futures of our cities. Using procurement as a lever to address local economic, social, and environmental challenges is therefore an opportunity that was live before and during the COVID-19 Crisis. As we move forward, it is key that MDAs do not miss the opportunity to review what their priorities are, and how these have evolved and changed as a result of COVID-19. At the same time, they should also review their social value

considerations and social value procurement frameworks to ensure that these meets those changing and evolving needs, for example shifting from “encouraging diversity in the supply chain” to “ensuring economic survival” or “promotion of wellbeing of citizens” to “ensuring health and safety of citizens”.

6. Look for Innovation and Cooperation

Historically, the process of procurement has involved somewhat of a transactional relationship between a public authority and a supplier. The supplier will respond to a bid document developed by the public authority, detailing their approach to a pre-determined good, service or work requirement. The COVID-19 crisis has taught us that there needs to be a much more effective relationship between the public, commercial and social sectors generally, and specifically with regard to procurement. Moving forward, public authorities should be looking to engage with the market, much earlier in the procurement process in order to enable innovation and cooperation, but also to ensure that the process contributes to the delivery of wider outcomes. In doing so, they will become more familiar with formulating tender questions in terms of needs rather than in terms of expected solutions. This will provide the space needed for the market to come up with innovative solutions. Frauscher, Hussain and Brown (2020) opined that billions of people are being affected by the new coronavirus pandemic, setting off an unprecedented global health crisis. Behind the fight to save lives, there's another crisis unfolding for governments who are scrambling to get life-saving health supplies to hospitals and keep society running as lockdown measures come into force worldwide. The choices governments make now will have a very real impact on the severity of the outbreak.

They further said the procurement, especially for urgently needed medical equipment, can be slow. Governments are dealing with outdated systems and lack clear information and data, which hinders their ability to be agile and save lives. On top of that, stocks are rapidly decreasing while prices are increasing. It's a suppliers' market, not a buyers' market. Our participants on the call talked of widespread price gouging, an influx of counterfeit items, cases of intermediaries winning contracts and leaving governments in the lurch when they can't fulfil the orders, and difficulties when competing for supplies against private companies who aren't bound by the same bureaucratic procedures as the public sector. Procurement specialists will need to think strategically about the whole supply chain and long-term production capacity, rather than concentrating solely on transactions. Even if authorities secure items, there are numerous hurdles to ensuring they reach hospitals and help patients. They suggested the following strategies that would help in economic recovery from COVID-19 pandemic.

- 1. Policy:** Extraordinary times call for extraordinary measures. Governments can use emergency decrees, laws and policies to establish clear rules for purchasing even as they re-engineer their supply chains and adapt to a market in which sellers have all the bargaining power. Centralizing procurement was a common piece of advice. Italy has centralized and radically simplified its procurement processes for emergency equipment, with the national procurement agency taking charge of buying ventilators.

Calderón (2020) also recommends including public procurement within fiscal policies and management in phase one of the emergency. See more on the Bank's key areas of support for countries affected by COVID-19. Making sure transparency and open data are included in emergency regulations is critical. Policy makers should make clear that COVID-19 procurement data must be available for citizens as soon as possible to avoid losing key information and be able to hold suppliers accountable, says Penagos, (2020) OCP's Head of Latin America.

- 2. Coordination:** Setting clear goals and priorities has been helpful for partner countries of the IDB, according to Calderón, (2020) governments are facing difficult moral trade-offs and having to make decisions at a very fast pace without much time to think, so they're having to change their mind set, focus less on price than they would usually, and more on timely delivery, and adequate quality and quantity. Coordination is also important. Emergency committees and other organizational structures should be consolidated for quick decision-making to avoid missing out on orders in a highly competitive market. Teams should be agile to respond to needs at the local and municipal level.

Fonseca (2020) who chairs the Organization of American States' Inter-American Network on Government Procurement spoke of the work being done by the development banks OAS, IDB and CDB to generate an action plan to support countries in Latin American and the Caribbean to mitigate COVID-19. Capacity building, implementation of e-procurement and use of open data will be essential components. They've found so far, the main actions being taken by countries in the region are emergency declarations, and publication of information and guides for buyers on operating in emergencies, regulations and exceptions. Countries with transactional purchasing systems such as Chile, Colombia, Costa Rica, Ecuador, and the Dominican Republic, have coped by using electronic procurement. Many countries are using direct awards justified by the emergency, but some are using framework agreements. Based on the experience of the Colombian think tank "Medicines, Information and Power" monitoring health procurement, Carolina Gomez recommends that central health authorities issue an essential list of medicines and devices needed to face the pandemic. This helps governments focus their efforts. The World Health Organization and their regional equivalents have such lists which can be adapted at the national level. Evidence also needs to be provided that these solutions are safe and effective. The think tank is compiling resources and recommendations, including patent status and generics competition, in Spanish on their website. Governments can't tackle this by themselves. They don't have all the answers and they can't find all the solutions. For example, the UK government has partnered with the private sector to come up with better solutions for ventilators.

- 3. Data:** Having access to open, complete and high-quality data can help to predict and manage supply chains. It's critical for monitoring the performance of response measures. It's also a key solution to face the crisis, a quick survey among the participants found. Governments that are already publishing open data, should continue to do so and document their procurement

Conclusion

As COVID-19 and its effects spread around the world and put strain on traditional supply chains, it is paramount for public buyers to find critical suppliers during this crisis. Therefore, tools that can match demand for medical equipment and other goods needed to tackle the virus, or allow public buyers to search for suppliers providing critical goods and services around the world, are of utmost importance. The COVID-19 pandemic is a wake-up call to policymakers as the unusual and unprecedented nature of the crisis has made it impossible for citizens to rely on foreign health care services and more difficult to solicit for international support given the competing demand for medical supplies and equipment. A more integrated response spanning several sectors—including the health, finance, and trade sectors is required to address structural issues that make the country less resilient to shocks and limit its range of policy responses. In the long term, tougher decisions need to be made, including but not limited to diversifying the country's revenue base away from oil exports and improving investments in the health care sector in ensuring that the economy is able to recover quickly from difficult conditions in the future.

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