

Industry, Infrastructures,
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Buyers' Clubs as Industrial Policy

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Demand aggregation, market power, and economic transformation through public procurement

By Isabel Estévez, Nicolás Grimblatt, Andrés Arauz, Marie Therese Kane, Santiago Vásquez, Gregor Semieniuk, Justus Schollmeyer, and Isabella M. Weber.

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Buyers' Clubs as Industrial Policy

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By Isabel Estévez[1], Nicolás Grimblatt[2], Andrés Arauz[3], Marie Therese Kane[4], Santiago Vásquez[5], Gregor Semieniuk[6], Justus Schollmeyer[7], and Isabella M. Weber[8]

Executive Summary

At a time when governments across the world face rising market concentration, exposure to global supply and price shocks, and (often self-imposed) fiscal constraints, strategic deployment of public purchasing power is becoming an increasingly important challenge for industrial strategy. This paper presents a framework and real-world examples that demonstrate how one critical procurement instrument –buyers' clubs– can be used to counterbalance oligopoly power, secure access to essentials, and support broader economic transformation.

In Section I, we discuss the risks of passive approaches to procurement policy that understand "efficiency" as minimizing the short-term costs of public purchases, rather than strategically maximizing their overall public benefits. We show how this narrow conventional interpretation of "value" is often inefficient even on its own terms and discourages policymakers from thinking about efficiency in procurement more holistically, as a process of maximizing "public value" in economic, social, and environmental terms through strategic systemic interventions.

Sections II and III adopt a public value approach to show how historical and emerging examples of how buyers' clubs can aggregate public procurement power and leverage it against oligopoly power to advance a range of public interest goals: (1) price management, affordability, crisis management, and fiscal savings; (2) economic inclusion, market deconcentration, and workers' rights; (3) industrial development, local content, and resilience; and (4) ecological economic transformation and sustainability (Table 1). From the EU's strategic stockpiling initiative to regional pooled procurement of pharmaceuticals in the Caribbean, to anti-monopoly procurement in Ecuador, and proposals for global food and oil buyers' clubs, we explore

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how strategic pooled procurement can operate at municipal, national, and transnational levels, and across economic sectors.

The real-world examples we cover demonstrate that buyers' clubs, like any other vehicle for steering public money, present an opportunity for multi-solving: that is, for simultaneously advancing multiple public purpose objectives, beyond their primary goal. Our featured case studies show how policymakers can creatively use their procurement dollars to multi-solve and get the "biggest bang for their buck" in terms of public value.

Keywords: Public procurement; Strategic procurement; Buyers' clubs; Pooled procurement; Industrial policy; Industrial strategy; Market concentration; Public value; Economic resilience; Supply chain security; Structural transformation; Sustainability; Green transformation; Multilevel governance

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I. "Value for money": Passive vs. Strategic Approaches to Procurement Policy

Public procurement is a powerful tool for economic transformation[9]: Many countries across the globe, including in Latin America and the Caribbean spend at least 10% of their gross domestic product on public procurement of a wide range of goods and services[10], from steel and cement to buses, food, apparel, childcare, and construction. This means that, across the globe, at least 10% of the public money managed by governments has the potential to be transformed into strategic investments that advance public interest goals. However, most governments fail to take advantage of this opportunity, reinforcing the fiscal constraints that frustrate local and federal government ambitions alike.

Absent a strategic vision, prevailing procurement frameworks are built around a deceptively simple principle of maximizing "value for money," with dominant legal and policy regimes defining "value" in narrow pecuniary terms. Even where guidance documents recommend broader interpretations of value for money (such as the "4Es")[11], the binding rules that shape actual procurement practice tend to collapse these considerations into price alone or require that any non-price criteria be translated into monetary equivalents.[12] In practice, this produces a strong bias toward awarding contracts to the bidder offering the lowest price.. This narrow calculus creates the appearance of efficiency in actions that are wasteful or inefficient in the long-term. This practice is reinforced by international agreements and domestic rules that discourage or even prohibit the use of procurement to advance broader public objectives.[13] The result is a system that equates

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[9] For a longer discussion on procurement policies and other industrial policy tools, see Isabel Estevez, Ha-Joon Chang, and Justus Schollmeyer, "Industrial Strategy: Methodological Approaches, Lessons, and Pitfalls," i3T Working Discussion Paper, 2025.
https://www.i3-t.org/documents/Industrial%20strategy%20-%20Methodological%20approaches,%20lessons,%20and%20pitfalls%20-%20i3T%20-%202025.pdf
See also "Transformative Procurement" (Vásquez et al., forthcoming)

[10] Author's analysis based on OECD data, "Size of public procurement," Government at a glance indicators, 2023 edition

[11] For example, the "Value for Money" framework of the Heads of Procurement of multiple development banks propose that: "It is crucial that public funds, such as those borrowed by or granted to governments, are deployed in a manner that reflects the principles of economy, efficiency, and effectiveness, while promoting or contributing to equity (the 4Es) to achieve optimal outcomes in the implementation and delivery of projects through contracts or outputs."
Value for Money in Procurement Financed by Multilateral Development Banks: An Assessment Framework, April 2026, https://www.adb.org/publications/value-for-money-procurement-mdbs

[12] Vasquez et al., "Transformative Procurement," forthcoming

[13] Abdenur, A., Arauz, A., Baloyi, B., Cantrell, A., Cawe, A., Chang, H-J., Estevez, I., Ghosh, J., Isaacs, G., Lebdioui, A., and Tregenna, F., "Removing International Obstacles to Sustainable Industrial Policy," G20 South Africa Presidential Report, 2025. https://iej.org.za/wp-content/uploads/2025/11/G20-RemovingInternationalObstaclestoSustainableIndustrialPolicy-Nov2025-singles-3.pdf
Also see the restrictions embedded in the "UN CITRAL Model Law on Public Procurement," United Nations Commission on International Trade Law, 2011. https://uncitral.un.org/en/texts/procurement/modellaw/public_procurement

efficiency with minimizing immediate purchase costs, rather than maximizing the overall benefits generated by public purchases.

The conventional, narrow interpretation of "value" is often inefficient even on its own pecuniary terms when viewed systemically. As we discuss in the sections that follow, smart procurement policy can be used —and often *should* be used— proactively to lower costs and secure fiscal savings. But sometimes achieving the lowest upfront cost is not economically optimal. Consider a procurement agency choosing between slightly cheaper food sourced through long supply chains and marginally more expensive goods from local producers. Standard procurement logic compels selection of the lowest upfront price, even if local sourcing would generate multiplier effects like supporting regional employment, strengthening supply chain resilience, and expanding the local tax base in ways that ultimately improve productive capacity and public finances. Similar dynamics arise in infrastructure, energy, and manufacturing procurement, where privileging the lowest-cost external supplier can undermine domestic industrial capacity, reduce long-term productivity growth, and increase dependency on increasingly volatile global markets. By focusing narrowly on transaction-level savings, dominant procurement frameworks frequently forego larger, system-wide gains and ignore relevant risks–despite a declared focus on optimizing financial value and minimizing risk.

Alternative, more strategic frameworks and policy practices reframe procurement around "public value,"[14] or similar, more expansive understandings of what public purchasing should achieve. Strategic and holistic approaches to procurement encompass, not only direct fiscal considerations (immediate cost savings), but also indirect fiscal, macroeconomic, and social considerations. These include long-term productivity gains, technological upgrading, and economic multipliers —as well as social and ecological outcomes that resist easy monetization, like the creation of dignified work, environmental integrity, economic inclusion and redistribution of power. Strategic procurement can also be oriented toward specific missions (or combinations of missions though a multi-solving approach)[15], from decarbonization of heavy industry to the development of critical domestic industries. The content of "public value" is context-dependent, shaped by the specific challenges and priorities of a given polity. Grounded in local needs, a public value-oriented framework also opens opportunities to embed meaningful public participation in the design and implementation of procurement policy.[16] Brazil's recently adopted National Strategy for Sustainable Public Procurement (ENCP by its acronym in Portuguese) exemplifies this,

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[14] Mariana Mazzucato, Eduardo Spanó, and Dan Wainwright, "Rethinking the Economics of Public Procurement: Towards a mission-oriented economic approach," UCL Institute for Innovation and Public Purpose, Working Paper Series (IIPP WP 2025-08). ISSN 2635-0122, 2025. https://www.ucl.ac.uk/bartlett/publications/2025/jun/rethinking-economics-public-procurement-towards-mission-oriented-approach

[15] Isabel Estevez, "Multi-Solving, Trade-Offs, and Conditionalities in Industrial Policy," Roosevelt Institute, October 26, 2023. https://rooseveltinstitute.org/publications/multi-solving-trade-offs-and-conditionalities-in-industrial-policy/.

[16] Louisa Valentin and Lavinia Steinfort, "Progressive Procurement Toolkit: Building local democratic economies through public community partnerships," Transnational Institute, November 30, 2023. https://www.tni.org/en/publication/progressive-public-procurement-toolkit

institutionalizing the state's purchasing power as a permanent strategic instrument organized around economic, social, environmental, and governance objectives, including decent work, productive sovereignty, and technological upgrading.[17]

In our forthcoming report, *Transformative Procurement*, we explore the full procurement policy toolbox. This paper zones in on how one of those tools —demand aggregation through buyers' clubs— can be mobilized as a tool of industrial policy to advance shared societal goals while building a more meaningful notion of efficiency within public policy.

II. The Economics of Buyers' Clubs

Procurement policy and modalities of demand aggregation

Buyers' clubs enable governments to use demand aggregation to build and leverage market power toward strategic aims.[18] Within procurement policy, there are two key modalities for aggregating demand.

First, inter-temporal –or "vertical"– demand aggregation, which involves aggregating demand across time, through mechanisms like Advance Market Commitments[19] and long-term contracts.[20] As discussed below, this approach allows individual governments to single-handedly increase the size of the "carrot" they can offer suppliers in exchange for favorable terms, from lower prices to increased technology transfer. In addition to providing demand certainty and lowering risk, instruments like advance market commitments can be securitized and used by producers to leverage public or private finance, which is generally required to undertake innovative ventures or scale up production. As we discuss in Estevez et al. (2025)[21] and in later sections this

[17] Ministério da Gestão e da Inovação em Serviços Públicos, "Cada compra, uma escolha: conheça a Estratégia Nacional de Contratações Públicas para o Desenvolvimento Sustentável," [Ministry of Management and Innovation in Public Services, "Every purchase, a choice: get to know the National Strategy for Public Procurement for Sustainable Development"] December 4, 2025., https://www.gov.br/gestao/pt-br/assuntos/noticias/2025/dezembro/cada-compra-uma-escolha-conheca-a-estrategia-nacional-de-contratacoes-publicas-para-o-desenvolvimento-sustentavel

[18] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025. https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[19] Through Advance Market Commitments, governments or private purchasers commit to purchasing the products from companies that make socially desirable goods for a set period, quantity and/or price, thus lowering uncertainty and risk for producers and facilitating financing. Such mechanisms are especially important for nascent industries — and especially many green industries which have high upfront capital expenditures and low profitability.

[20] Isabel Estevez, "Demand-Pull Instruments in Public Procurement" (memo, based on interviews with Andrés Arauz and Santiago Vásquez), unpublished document, 2024.

[21] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025.

"vertical" modality of demand aggregation is frequently used in innovation procurement across the globe.

The second modality is collaborative —or "horizontal– demand aggregation. This modality involves many entities coming together to aggregate their purchasing power and deploy it toward a shared goal. Whereas a government acting alone can only aggregate purchasing power across time, many governments acting collaboratively can expand their collective market power immediately. Buyers' clubs are a vehicle for this kind of horizontal demand aggregation and can be combined with vertical demand aggregation to further expand and leverage collective market power.

Oligopsony power as a counterweight to oligopoly power in today's political economy

The long-term trend toward global concentration of productive capabilities across industrial supply chains[22] has led to both supply chain disruption (due to lack of redundant capacity) and increased predatory behavior –from price gouging to labor rights violations– from ever-more-powerful corporations.[23] In light of these realities, proposals for buyers' clubs are increasingly framed as means of building oligopsony power as a counterweight oligopoly power. It is no accident that the highly oligopolistic and notoriously predatory pharmaceutical industry has been a priority sector for countries seeking to lower prices for essential medications (we explore these below). As supply chain vulnerabilities and predatory price disruptions in other essential sectors are becoming more common, buyers' clubs proposals in those sectors are also gaining traction.

For example, in response to the oil crisis sparked by the war in Iran, economists Isabella Weber and Gregor Semieniuk (2026) recently proposed for net oil-importing countries to form an oil buyers' club, arguing that instead of allowing market panic to dictate distribution and pricing, policymakers should pursue multilateral coordination to defend a price ceiling in global oil markets and allocate scarce resources in a way that meets people's essential needs and minimizes the economic fallout.[24]

This framework counteracts redistribution via excess profits to oil suppliers while ensuring access to essentials for all countries –especially the most vulnerable– during the gravest fossil energy supply crisis in modern history. It is also a valuable alternative to other buyers' clubs proposals,

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https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[22] Peter Nolan, Jin Zhang, and Chunhang Liu, "The Global Business Revolution, Systems Integration and the Cascade Effect," in The Global Business Revolution and the Cascade Effect: Systems Integration in the Aerospace, Beverages and Retail Industries (Palgrave Macmillan, 2007), 15–35.

[23] Isabel Estevez and Thea Riofrancos, "Global Green Industrial Policy: Navigating Power Asymmetries for a Pro-Working Class, Pro-Development Green Transformation," Climate and Community Institute, 2025. https://climateandcommunity.org/research/global-green-industrial-policy/

[24] Isabella M. Weber and Gregor Seminiuk, "The World Needs an Oil Buyers' Club." *Project Syndicate*, April 17, 2026. https://www.project-syndicate.org/commentary/oil-buyers-club-can-limit-inflation-and-avert-recession-amid-iran-war-energy-crisis-by-isabella-m-weber-and-gregor-semieniuk-2026-04

which have been inspired more squarely by national security concerns and control of value chains, rather than by price stability and access to essentials for those most in need. In 2024, for example, former president of the European Central Bank Mario Draghi called on European countries to leverage their collective market power to "strengthen Europe's position at the procurement stage." His plan involved "aggregating demand for the joint purchasing of critical minerals (following the model used in South Korea and Japan) and coordinating the negotiation of joint purchases with producer countries." [25] In the U.S., Biden's former Director of the National Economic Council, Brian Deese made similar calls in 2024.[26] In July 2025, the European Commission broadened its approach to buyers' clubs with the EU Stockpiling Strategy —the first ever EU comprehensive approach to stockpiling, "designed to secure essential goods —such as food, water, oil, fuel and medicines— in the event of a crisis."[27] Even in this broader framework for stockpiling of essentials, however, the core purpose is to secure access for EU countries rather than for the most vulnerable at the global level.

For policymakers, all of these trends point to the increasing centrality of strategic, collective management of market power as a feature of industrial and economic policy.

Anyone can form a buyers' club: Municipal clubs, regional clubs, and other common-interest clubs

Importantly, buyers' clubs can be formed by a wide variety of economic actors in both the public and private sector. In the policy realms, they are normally associated with regional efforts among geographically proximate countries, such as the buyers club for pharmaceuticals formed by the Pharmaceutical Procurement Service (PPS) of the Organisation of Eastern Caribbean States (OECS) (we return to this example below)[28] or the European buyers club for critical minerals and essentials.[29] However, buyers' clubs do not need to be structured around geographic proximity or

[25] Mario Draghi, "The Draghi Report: A Competitiveness Strategy for Europe (Part A)," European Commission, September 9, 2024. https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en#paragraph_47059.
[26] Brian Deese, "The Case for a Clean Energy Marshall Plan," *Foreign Affairs*, August 20, 2024. https://www.foreignaffairs.com/united-states/case-clean-energy-marshall-plan-deese.
[27] European Commission, "EU Stockpiling and Medical Countermeasures Strategies to strengthen crisis readiness and health security," press release, Strasbourg, July 9, 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1728
[28] Santiago Vásquez and Daniel López, "Joint Procurement of Medicines in the Eastern Caribbean: A Model of Regional Cooperation (Insights from Francis Burnett)," i3T Expert Insights Series No. 3, 2026. https://www.i3-t.org/documents/ENG%20Joint%20Procurement%20of%20Medicines%20in%20the%20Eastern%20Caribbean_Francis%20Burnett.pdf
Maggie Huff-Rousselle and Francis Burnett, "Cost containment through pharmaceutical procurement: a Caribbean case study," *International Journal of Health Planning and Management* 11, no. 2 (April-June 1996): 135-157, https://pubmed.ncbi.nlm.nih.gov/10172681/
[29] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025.

around nation-states. For example, some have proposed the creation of buyers' clubs among like-minded municipalities —nationally or globally— that share a common interest, such as lowering prices of essentials for their constituents.[30] Examples of this mechanism can be found in Italy, through the local *Centrale Unica di Committenza* (Central Procurement Office for smaller municipalities), or the provincial *Stazione Unica Appaltante* (Single Contracting Authority), mandatory for smaller municipalities since 2015.[31] Another example can be found in Argentina, where the Argentine Network of Municipalities on Climate Change (RAMCC, by its Spanish acronym), has aggregated demand from municipalities to acquire solar panels, electric vehicles and other relevant goods for the energy transition.[32]

Affordability is only one of many strategic uses of buyers clubs, however. The following sections explore a broader range of public interest objectives toward which buyers clubs can be deployed.

III. Strategic Uses of Buyers Clubs

Buyers' clubs for price management, affordability, and fiscal savings

For many governments, fiscal space is unnecessarily constrained by price-gouging and inflation arising from oligopoly power.[33] Buyers' clubs allow governments to fight back against oligopoly price-setting and secure lower prices and access to essential products for the public. This opens up fiscal space for governments to invest in long-term productive capacity by directing resources recovered through stronger bargaining power in procurement markets into sectors like infrastructure, food systems, and healthcare. When well-allocated, such investments can further promote affordability and price stability for ordinary people, and minimize systemic risks to the economy.

To achieve direct fiscal savings, governments can leverage their collective bargaining power through procurement clubs to secure dramatic price reductions for strategic goods without compromising quality, purely through enhanced negotiating capacity. In fact, pooled

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https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[30] Andrés Arauz, Unpublished interview, 2025.

[31] Francesco Decarolis, "Procurement Centralization in the EU: the Case of Italy," CEPR Discussion Papers 12567, C.E.P.R. Discussion Papers, 2018. https://ideas.repec.org/p/cpr/ceprdp/12567.html

[32] Red Argentina de Municipios frente al Cambio Climático, "Más de 10 municipios argentinos licitarán vehículos eléctricos a través del Fideicomiso RAMCC," [Argentine Network of Municipalities against Climate Change, "More than 10 Argentine municipalities will tender electric vehicles through the RAMCC Trust"], February 2, 2022. https://www.ramcc.net/post.php?id=1683&f=noticias.
Red Argentina de Municipios frente al Cambio Climático, "El Fideicomiso RAMCC 2021 se consolida como herramienta de implementación de las acciones climáticas," [Argentine Network of Municipalities against Climate Change, "The 2021 RAMCC Trust is consolidating as a tool for implementing climate action"], March 16, 2021. https://ramcc.net/post.php?id=1246&f=noticias.

[33] Isabella M. Weber and Evan Wasner, "Sellers' Inflation, Profits and Conflict: Why can Large Firms Hike Prices in an Emergency?" Working Paper, 2023, https://scholarworks.umass.edu/handle/20.500.14394/22331

procurement is often used to create oligopsony power as a counterbalance to oligopoly power held by firms in highly concentrated industries like pharmaceuticals. For example, the Pharmaceutical Procurement Service of the Organisation of Eastern Caribbean States (PPS/OECS), which provides a pooled procurement service to nine ministries of health in the small island nations of the Caribbean, succeeded in cutting unit costs for pharmaceuticals by over 50% during its first procurement cycle (Box 1).[34] Likewise, the African Pooled Procurement Mechanism (APPM) is an initiative led by the Africa Centres for Disease Control and Prevention to promote affordable access to essential medical supplies across all 55 African Union Member States. Since 2024, the APPM has leveraged collective bargaining power to attract suppliers, secure fair prices, and ensure a stable supply of medicines, vaccines, diagnostics, and other health supplies. The initiative also has ambitions of creating jobs and strengthening local manufacturing capacities.[35] When governments succeed in combining price reductions with displacement of imports by local producers, the impact of fiscal savings has further positive knock-on effects through productive linkages, multiplier effects (e.g., job creation), and improvements in the balance of payments.[36]

Efforts at pooled procurement of pharmaceuticals are growing across the globe. The countries of the World Health Organization Southeast Asia Region (WHO SEARO) have taken steps towards pooled procurement, including the Initiative for Coordinated Antidotes Procurement (iCAPS).[37] The iCAPS supports regional public health systems in securing the supply of essential antidotes through inter-country collaboration.[38] In India, a non-governmental initiative for oncology drugs has used pooled procurement to achieve cost savings. The National Cancer Grid, a network of more than 250 cancer centers in India, piloted pooled procurement to improve negotiability of high-value oncology and supportive care medicines. A recent study found that the pilot enabled savings of 13.2 billion Indian Rupees (USD 166.7 million) on forty drugs selected for the one-year pilot, compared to maximum retail prices —with median savings of 82%.[39] The study notes that the potential impact

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[34] Maggie Huff-Rousselle and Francis Burnett, "Cost containment through pharmaceutical procurement: a Caribbean case study," *International Journal of Health Planning and Management* 11, no. 2 (April-June 1996): 135-157, https://pubmed.ncbi.nlm.nih.gov/10172681/

[35] African Pooled Procurement Mechanism (APPM), Africa Centers for Disease Control and Prevention, https://africacdc.org/appm/#:~:text=Enhancing%20the%20affordability%2C%20availability%2C%20and,greater%20health%20sovereignty%20and%20resilience.

[36] Andrés Arauz, Personal interview, 2016; Arauz, Andrés, "Cambio de la matriz productiva" en "La Nueva Economía en la Nueva Constitución del Ecuador", Servicio de Rentas Internas, Quito, [Arauz, Andrés, "Transformation of the Productive Matrix," in *The New Economy in Ecuador's New Constitution*, Internal Revenue Service, Quito], 2015

[37] Prakash, A., KC, S., Chalkidou, K., Dema, N., Teerawattananon, Y., and Dabak, S., "Pooling resources for better health: Exploring pooled procurement for health technologies globally and potential application in Asia" *SSM - Health Systems* 5 (2025): 100103.

[38] World Health Organization, "Initiative for coordinated antidotes procurement in the South-East Asia Region," 2022. https://iris.who.int/server/api/core/bitstreams/51cc4c7c-1efd-4f84-b130-4a9400400739/content

[39] Pramesh CS, Sengar M, Patankar S, Chinnaswamy G, Gupta S, Vijayakumar M, Sood S, Sathe AN, Radhakrishnan V, Ganesan P, Mallavarapu KM, and Badwe RA. "A National Cancer Grid pooled procurement initiative, India," Bull World Health Organ. 2023 Sep 1;101(9):587-594. doi: 10.2471/BLT.23.289714. Epub 2023 Jun 29. PMID: 37638358; PMCID: PMC10452934.

of this cost savings is significant not only for improving affordability for patients, but for enabling the reallocation of drug procurement funds towards other healthcare initiatives. This case study reveals the price benefits of pooled procurement for high-value medicines, an approach that can be applied to public health systems elsewhere. In health systems with little public funding and decentralized procurement processes, the ability to lower prices and increase quality of medicines directly affects access to effective care.

Box 1. A Buyers' Club for Pharmaceuticals in the Eastern Caribbean[40]

The Eastern Caribbean Experience: The Pharmaceutical Procurement Service of the Organisation of Eastern Caribbean States (PPS/OECS) is a good illustration of how demand aggregation can function as a form of coordinated purchasing among small economies. Established in 1986 (originally as the Eastern Caribbean Drug Service, ECDS), the mechanism pools demand from nine island states to jointly procure medicines and health supplies. By consolidating orders and running competitive international tenders through a centralized system, the PPS increases bargaining power while relying on a shared financial arrangement and a list of essential products.

The model has generated tangible economic and systemic benefits. The PPS has achieved sustained price reductions of around 20%, producing significant fiscal savings. It has also expanded the range and availability of medicines–now covering more than a thousand products–and improved supply reliability across member states. Beyond cost savings, the mechanism has strengthened regional coordination, standardized procurement practices, and enhanced market intelligence, reinforcing the collective capacity of small economies to engage in global pharmaceutical markets.

Among the challenges faced by the PPS, some are directly related to key constraints of aggregated demand in small markets. Delays in national reimbursements have the risk of straining the centralized payment system and affect supplier confidence. At the same time, the overall scale of the pooled market remains limited in global terms. Maintaining supplier participation and expanding into more complex or higher-cost product categories also pose ongoing challenges.

More ambitiously, buyers' clubs can be used as a tool for price management and strategic allocation of essentials. For example, Weber, et al. (2025), have proposed buffer stocks as a

[40] Santiago Vásquez and Daniel López, "Joint Procurement of Medicines in the Eastern Caribbean: A Model of Regional Cooperation (Insights from Francis Burnett)," i3T Expert Insights Series no. 3, 2026. https://www.i3-t.org/documents/ENG%20Joint%20Procurement%20of%20Medicines%20in%20the%20Eastern%20Caribbean_Francis%20Burnett.pdf
Maggie Huff-Rousselle and Francis Burnett, "Cost containment through pharmaceutical procurement: a Caribbean case study," *International Journal of Health Planning and Management* 11, no. 2 (April-June 1996): 135-157, https://pubmed.ncbi.nlm.nih.gov/10172681/

response to rising food-price volatility, which has exposed the limits of market-based allocation in ensuring food security, particularly in lower-income countries (Box 2).

Box 2. Multilevel Food Buffer Stocks[41]

Weber et al. (2025) propose a multi-level mechanism comprising a regional public stock holding system for Africa, complemented by a global stockholding initiative.

The regional system –the African Grain Management Facility (AGMF)– would be an autonomous public agency led by the African Union. Importantly, it would not be an emergency reserve, but would entail continuous procurement and offtake, with the size of stockholdings determined by estimates of reasonable demand from member countries. It would have two main components: (i) A stockholding system for trade within Africa, consisting of crops such as sorghum, cassava and millets, which are predominantly produced and consumed within Africa. The AGMF would prioritize local procurement and stipulate a minimum support price based on production costs plus a sufficient mark-up. Supplies would be made available for deficit countries to sell in their local markets during shortages or price spikes at the procurement price plus carrying costs. (ii) A stockholding system for crops for which Africa is net import-dependent, such as rice and wheat.

The AGMF would have more bargaining power than individual countries and would be able to secure cheaper and more stable supplies, if managed effectively. Ideally, the AGMF would canalize all imports in the specific crops and would be supported by a system of variable tariffs to prevent the re-export of private stocks during global price spikes. For extreme emergencies, a price cap for imported crops modeled on the EU gas price cap could be considered.

The regional system would be supported by a global system as globally traded grains are important drivers of local prices due to second-order effects.

This approach to buyers' clubs as tools to stabilize prices and ensure access to essentials can be applied to other systemically significant sectors. Weber and Semieniuk (2026)[42], for example, have recently applied a similar logic to the energy sector, proposing a buyers' club for oil to manage access to energy more equitably in the context of economic shocks. The authors note that, in contexts where a significant share of globally traded oil is disrupted, price-based allocation tends to favor wealthier countries, leaving poorer economies exposed to shortages and extreme price

[41] Weber, I. M., Ghosh, J., van Huellen, S., Schulken, M., and Jain, S., "Food Price Stabilization in an Age of Overlapping Emergencies: The case for multilevel buffer stocks," (Working Paper No. 634), Political Economy Research Institute, University of Massachusetts Amherst, 2025. https://peri.umass.edu/wp-content/uploads/2025/10/WP634.pdf

[42] Isabella M. Weber and Gregor Semieniuk, "The World Needs an Oil Buyers' Club," *Project Syndicate*, April 17, 2026.https://www.project-syndicate.org/commentary/oil-buyers-club-can-limit-inflation-and-avert-recession-amid-iran-war-energy-crisis-by-isabella-m-weber-and-gregor-semieniuk-2026-04

volatility. A coordinated coalition of net oil importers –potentially led by the European Union and joined by other major economies– could instead pool demand and leverage oligopsony power to stabilize prices and ensure a fairer distribution. Considering that net importers account for over 80 percent of globally traded crude, coordinated demand could significantly influence market outcomes. The proposed mechanism combines a jointly enforced price cap with proportional demand reductions across members, protecting the most vulnerable economies. Beyond crisis response, the proposal highlights how buyers' clubs can function as instruments of intergovernmental coordination to help contain shock-induced inflation, avoid bidding wars, and create fiscal space for transformation of the energy sector.

Buyers' clubs for economic inclusion and workers' rights (and against monopolies)

If well designed, buyers' clubs can also help reshape economic rules in favor of workers and marginalized economic actors. Regardless of its primary purpose, any kind of buyers' club can become a tool for rebalancing economic power asymmetries among large and small producers and bolstering workers' rights.

High labor standards can be embedded into the procurement rules of buyers' clubs as a condition for accessing the clubs' procurement market, as a criterion for preferential treatment in the tendering process (qualification, scoring, etc.), or through contractual conditions like project labor agreements and wage floors.[43] This can be particularly helpful for advancing workers' rights in cases where more structural reforms have proven intractable.[44]

Similarly, by embedding rules that give preferential treatment to associations, cooperatives, and micro, small, and medium-sized enterprises (MSMEs), buyers' clubs can increase economic inclusion while curbing oligopoly power. As Ecuador's experience shows (Box 3), buyers' clubs can even build institutional infrastructure to enable *supply* aggregation among small producers to make it easier for them to access the procurement market.

More ambitious anti-monopoly policies, like setting targets for deconcentration or the procurement market through participatory processes (Box 3), can further bolster smaller producers and prevent monopolistic suppliers from concentrating excessive economic power (and ensuing political influence).

[43] Center for Labor and a Just Economy at Harvard Law School, "Building Worker Power in Cities and States: Government Procurement and Spending Authority," September 1, 2024. https://clje.law.harvard.edu/publication/building-worker-power-in-cities-states/government-procurement-and-spending-authority/

[44] Isabel Estevez, "Multi-Solving, Trade-Offs, and Conditionalities in Industrial Policy," Roosevelt Institute, October 26, 2023. https://rooseveltinstitute.org/publications/multi-solving-trade-offs-and-conditionalities-in-industrial-policy/

Box 3. Anti-monopoly procurement policy in Ecuador[45]

As part of its strategy for economic transformation and industrialization in the 2010s, Ecuador deployed procurement policy reforms to curb market concentration and increase inclusion of marginalized economic actors, like cooperatives, associations, and small and medium producers. The strategy comprised of several elements:

1. **Participatory setting of market deconcentration targets**. Policymakers held consultative councils with productive guilds, business associations and cooperatives to show the high levels of concentration in the public procurement market and define targets for market deconcentration in different sectors.
2. **Participatory design of strategies for economic inclusion**. Through consultative councils and dialogues, policymakers designed concrete mechanisms to overcome the challenges that made it difficult for smaller producers to participate in the procurement market such as previously existing entry barriers or financial constraints.
3. **Re-design of public digital infrastructure for procurement.** The Ecuadorian Procurement Service implemented a special rapid-response project to re-develop the national procurement platform to make it easier to access and navigate and to embed the above policies into the platform (through digital scoring mechanisms, incorporation of "Inclusive Catalogues", elimination of entry barriers to registration as public providers, etc.).
4. **Supply aggregation among small producers**. To support supply aggregation among small producers, policymakers held consultative councils to create realistic product standards and "Inclusive Catalogues"[46] across many products (food, school uniforms, school furniture, small civil works, cleaning services, light and heavy freight and passenger transportation services, etc.) that included producers that met those standards. This made it possible for small producers to easily participate in tendering processes collectively.

Market concentration and distributive outcomes: These initiatives contributed to a marked decrease in concentration within the procurement market. Before 2010, only 32 suppliers accounted for 50% of public purchases. By 2017, no single supplier held more than 1.3% of the public procurement market. These initiatives also fostered entry from previously marginal producers: between 2015 and 2017, USD 1.3 billion were awarded to actors from associations, cooperatives and microenterprises, accounting for 7% of the total Ecuadorian public

[45] Isabel Estevez, "Demand-Pull Instruments in Public Procurement," (memo, based on interviews with Andrés Arauz and Santiago Vásquez), unpublished document, 2024.

[46] Páez P., Preciado V., Ramos D., Tejada R. and Vásquez S., "La reserva moral de la economía popular y solidaria. Políticas para la transformación de las relaciones de producción en Ecuador," *Propuestas para el Desarrollo*, ["The Moral Reserve of the Popular and Solidarity Economy: Policies for the Transformation of Production Relations in Ecuador," *Proposals for Development]* p. 139-162, 2018. https://www.propuestasparaeldesarrollo.com/index.php/ppd/article/view/37/90

procurement. SMEs received USD 6.1 billion and accounted for 43% of the public procurement market. This supported over 221,000 jobs in the targeted sectors during this period. The implementation of these policies enabled a 54% increase in the number of registered suppliers during the 2015–2017 period, prompting the United Nations Economic Commission for Latin America and the Caribbean (ECLAC)[47] to highlight it as an achievement of productive inclusion.

Buyers' clubs for industrial development: Local content, technology transfer, supply chain resilience

Procurement policy is frequently used to promote "local content" –to sustain or stimulate the development of local productive capabilities and their associated benefits: employment, productivity growth and economic diversification, supply chain and macroeconomic resilience, and technological autonomy. Viewed with skepticism or dismissed as "protectionism" in conventional economic thinking in recent decades, local content promotion has increasingly become destigmatized as developed countries embrace the importance of sustaining their industrial base. At the World Economic Forum, U.S. Secretary of Commerce Howard Lutnick recently declared: "You shouldn't offshore your medicine. You shouldn't offshore your semiconductors. You shouldn't offshore your entire industrial base and have it be hollowed out beneath you [...] America First is a different model — one that we encourage other countries to consider — which is that our workers come first."[48]

What Lutnick neglected to mention is that the United States has been using local content policy for more than a century, pooling the procurement power of individual U.S. states through the setting of procurement rules at the federal level: From the Jones Act of 1920[49] to the Buy American Act (1933),[50] Buy America Act (1982), and the Build America/Buy America (BABA) Act of 2021,[51] the United States has built a system of legislation that uses public procurement as a local content strategy. The BABA Act alone requires that all iron, steel, and construction materials in federally funded infrastructure projects be produced in the United States.

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[47] CEPAL, "Los desafíos del Ecuador para el cambio estructural con inclusión social," ["Ecuador 's Challenges for Structural Change with Social Inclusion"] Santiago de Chile: Cepal, 2016. https://www.cepal.org/es/publicaciones/40863-desafios-ecuador-cambio-estructural-inclusion-social

[48] i3T Industrial Strategy Notes, "What Lutnick Didn't Say: From Public Spending to Strategic Investment," February 25, 2026. https://substack.com/home/post/p-193442510.

[49] 41 Stat. 988. "An Act To provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for disposition, regulation, and use of property acquired thereunder, and for other purposes." https://www.govinfo.gov/app/details/STATUTE-41/STATUTE-41-Pg988

[50] 41 U.S.C. §§ 8301-8305 https://www.govinfo.gov/app/details/USCODE-2023-title41/USCODE-2023-title41-subtitleIV-chap83

[51] Pub. L. No. 117-58, §§ 70901-52. "Infrastructure Investment and Jobs Act." https://www.govinfo.gov/app/details/PLAW-117publ58

The European Union is moving in the same direction with initiatives like Buy European.[52] Similar proposals to pool procurement as a means of bolstering productive capacity have long been viewed as desirable in regions where industrial development is most urgent, like Latin America[53] and Africa[54], but these have yet to come to fruition. Nevertheless, local content requirements, or preferences for suppliers willing to incorporate higher levels of local content, can be easily embedded within buyers' clubs constructs. Emerging analytics tools (such as i3T's Productive Capabilities Data Lab[55]) are enabling governments to identify existing and high-potential productive capabilities for local content policies with unprecedented speed and precision (see i3T's "Make What you Buy" methodology for an application of these tools to the design of procurement policy).

As part of innovation policy, buyers' clubs also allow countries to pool their market power to negotiate better technology transfer concessions from foreign firms. Even when used unilaterally, demand aggregation tools like long-term contracts or Advance Market Commitments (AMCs)[56] are an attractive "carrot" that can entice suppliers to innovate, localize production, and engage in transfer technology in exchange for demand scale and certainty. The power of inter-temporal demand aggregation can be magnified through buyers' clubs. As we argue in Estevez, et al. (2025),[57] in the context of Latin American regional integration, buyers' clubs that include coordinated AMCs could offer regional companies the demand security to build new productive capabilities regionally and progressively increase the regionally-produced content of strategic goods and services over time. Buyers' club approaches to innovation and technology transfer can build on successful experiences at the national and regional level, such as Ecuador's IngeniaTEC program (2015-2017), which achieved rapid development of new industries through a combination of Advance Market Commitments and knowledge transfer policies (e.g. requiring suppliers to share

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[52] i3T Industrial Strategy Notes, "What Lutnick Didn't Say: From Public Spending to Strategic Investment," February 25, 2026. https://substack.com/home/post/p-193442510.

[53] Andrés Arauz and Isabel Estevez, "A Minimum Cooperation Consensus for a South American Fordist Pact," Draft, Tax Justice Network, June 2015.; Estevez, I., Grimblatt, N., Arauz, A.Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025.

[54] International Trade Centre, "*Made by Africa: Creating Value through Integration,"* ITC, Geneva, 2022. https://www.intracen.org/resources/publications/made-by-africa

[55] https://valuechains.ai/

[56] Through Advance Market Commitments, governments or private purchasers commit to purchasing the products from companies that make socially desirable goods for a set period, quantity and/or price, thus lowering uncertainty and risk for producers and facilitating financing. Such mechanisms are especially important for nascent industries — and especially many green industries which have high upfront capital expenditures and low profitability.

[57] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025. https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

the technological decomposition of strategic products) (Box 4).[58] Another example can be found in the EU's recently announced Industrial Accelerator Act[59] introduces mandatory "Union Origin"[60] and low-carbon requirements for public procurement in strategic sectors, while also conditioning market access for large foreign investments on technology and knowledge transfer, joint ventures, and local content compliance.

Box 4. Procurement for local content, industrial development, technology transfer, macroeconomic resilience[61]

In the 2010s, Ecuador implemented an industrial development strategy that centered on public procurement. The strategy used mechanisms like preferences, standardization, market set-asides, Advance Market Commitments (AMCs), and preferential subcontracting for two classes of bidders: providers of goods, services, and projects incorporating higher domestic content (to promote industrial production) and actors from the cooperative, associative, microenterprise, and SME sectors (to decrease market concentration and improve equity and employment) (see Box 3). As a dollarized, commodity-dependent economy, Ecuador faced particular structural pressures to prevent sustained trade deficits that could lead to a balance of payments crisis, so procurement policy was approached not only as a tool for long-term industrial development and economic diversification, but also as a tool for short-term macroeconomic resilience through targeted import substitution.

In that context, the Ecuadorian government promoted two key demand-pull initiatives with different levels of ambition:

1. The Ecuadorian Value Added Incentive (EVA): This initiative created soft demand-pull incentives for domestic producers across the entirety of the public procurement market to stimulate domestic production and manage balance of payments risks. Each of the 28,000 products regularly procured by the government was analyzed to establish product-specific local content thresholds, beyond which bidders would receive extra points in tendering processes. To

[58] i3T Industrial Strategy Notes, "What Lutnick Didn't Say: From Public Spending to Strategic Investment," February 25, 2026, https://substack.com/home/post/p-193442510.

[59] European Commission, Directorate-General for Communication, "Commission Proposes New Measures to Boost EU Industry and Jobs," March 4, 2026. https://commission.europa.eu/news-and-media/news/commission-proposes-new-measures-boost-eu-industry-and-jobs-2026-03-04_en.

[60] Including as "part of the Union" those countries that have Free Trade Agreements with the EU or are parties to the WTO's GPA.

[61] Isabel Estevez, "Demand-Pull Instruments in Public Procurement" (memo, based on interviews with Andrés Arauz and Santiago Vásquez), unpublished document, 2024. For more detail on this case study see Estevez, Chang, and Scholmeyer (2025). See i3T's "Make What you Buy": A Targeting Algorithm for Procurement-Led Industrial Strategies" for an updated version of the above approach.

fine-tune those thresholds, the Ecuadorian Procurement Service used input-output analysis to estimate current domestic productive capabilities in the supply chains of all 28,000 products, as well as macroeconomic analysis to estimate the job creation, balance of payments, and fiscal impacts of potential import substitution along each supply chain. In cases where switching from foreign to domestic production implied a premium, the additional cost was weighed against impacts on job creation, fiscal, and macroeconomic benefits to establish a threshold that balanced cost-competitiveness with other desirable goals. The procurement service then created a consultative council through which industry associations helped further refine the level of domestic content that could realistically be produced in different product categories based on a more qualitative assessment of real productive capabilities. According to government estimates, from 2015 until September 2017, the EVA initiative awarded $1.34 billion in preferential contracts to 4,988 suppliers, which prevented $1.14 billion (1.1 % of Ecuador's GDP) from leaving the country by replacing imports with locally manufactured goods.

2. Advance Market Commitments for technological upgrading At the same time, Ecuador's Procurement Service and the National Secretariat of Science and Technology implemented a technological upgrading and technology transfer strategy in three steps:

a. **Study of the demand structure of the procurement market**: Using the UN's CPC classifications (which include tradables and non-tradables), researchers identified the most purchased government products by volume and by frequency. This helped to identify potential for demand aggregation —for example, procurement of products like computers, medical devices, elevators, cars, chemicals, paper, and ink were atomized in thousands of small individual orders which had the potential to be pooled into single government-wide large-scale orders creating better conditions for exacting technological transfer commitments and better prices from suppliers.
b. **Prioritization of products with high technological upgrading potential**. Building on the demand structure study, economists and engineers filtered the product list by import-substitution potential (see EVA above) and prioritized a subset of products applying five weighted criteria (details in Estevez, Chang, and Schollmeyer, 2025). To assess the feasibility of technological assimilation and upgrading, engineers worked with a consultative council that included the industry associations of all the pre-selected products to assess both current productive capabilities and the feasibility of developing new productive capabilities within a five-year time horizon. This exercise led to the prioritization of thirty-five products.
c. **IngeniaTEC Advance Market Commitments.** Policymakers then developed a framework for pooled procurement (horizontal demand aggregation) and AMCs (vertical demand aggregation) for the pre-selected products, which created certainty: a powerful incentive for the private sector without the need for additional public investment (a major challenge for Ecuador after the crash of oil prices in 2014). For each pre-selected product, engineers, economists, and the consultative industry councils assessed the length of AMC

required to recuperate the CapEx costs needed to develop new productive capacity. Where there was potential for horizontal demand aggregation, it was implemented. For example, in the case of selected pharmaceuticals, procurement across the public hospital system was aggregated and four-year AMCs (two years, extendable to four) were established.

d. **Policymakers then launched the "IngeniaTEC" contest to award the AMCs, assessing submissions based on a range of criteria.** AMCs were signed with local companies for the production of electromechanical elevators, electric hospital beds, oil extraction systems, single-phase and three-phase electric transformers, electrical conductors, and clinical reagents for laboratories (among others). Per the agreements, companies were able to start with low Ecuadorian Added Value (sometimes close to zero) and gradually increase local content. By the third year of production, the Ecuadorian component reached thresholds above 30%, with many planning to achieve nearly 100% local content within 5 to 10 years.

For more detail on this case study see Estevez, Chang, and Scholmeyer (2025).
See i3T's "Make What you Buy": A Targeting Algorithm for Procurement-Led Industrial Strategies" for an updated version of the above approach. Or see the Appendix for a summary.

Buyers' clubs for green transformation

By aggregating purchasing power and setting strong standards for ecological production of goods that are commonly purchased by governments, governments can accelerate green transformation across a range of essential sectors, and, in doing so improve human wellbeing.[62]

Most countries spend at least 10% of their GDP on public procurement of diverse products, but these products are often produced using highly-polluting and unsustainable methods, or travel long distances, contributing to polluting emissions. In recent decades, governments across the world have begun to integrate sustainability criteria, such as life-cycle emissions, energy efficiency, recycled content, toxicity limits, and local sourcing–into procurement processes. [63] Some have gone further to set aside the entire procurement market in certain product categories for the

[62] Estevez, I., Grimblatt, N., Arauz, A.Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025.https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[63] "Sustainable Public Procurement," United Nations Environment Program, https://www.unep.org/topics/finance-and-economic-transformations/scp-and-circularity/sustainable-public-procurement; "Green Public Procurement," European Commission"; https://green-forum.ec.europa.eu/green-business/green-public-procurement_en
"Federal Buy Clean Initiative," U.S. Office of the Federal Chief Sustainability Officer, https://www.sustainability.gov/archive/biden46/buyclean/index.html

greenest available products (e.g., requiring all vehicles to be electric).[64] Through mechanisms like Advanced Market Commitments, "green", "sustainable", and "circular" public procurement offer tools for market transformation towards material efficiency, pollution reduction, and green industrial strategy goals.

These ecologically-oriented procurement practices offer an instructive model for buyers' clubs. Buyers' clubs can build and channel collective market power towards producers that comply with green standards, shaping how and where products are produced. By guaranteeing demand and setting common standards, buyers' clubs can reduce uncertainty, drive innovation and foster new productive capabilities in emerging green industries (e.g. renewable energy, battery recycling), while promoting more sustainable production methods in established industries (e.g. steel, building materials).

Buyers' clubs also offer geopolitical and economic leverage points for countries in the Global South to advance joint regional industrial strategies towards food and energy sovereignty – key pillars of economic and ecological sustainability.[65] While industrialized countries have been successful in creating common markets, regionalized infrastructure systems, and coordinated production networks and clubs, many countries have continued to operate a fragmented economy, competing in a race to the bottom to access global production networks led by incumbent global firms. Local content and environmental standards, alongside labor standards, can prevent this race to the bottom while strengthening nascent green industries and local supply chains. Even at the national level, individual countries can catalyze regionalized productive development by adopting "regional content standards" that give preference to producers from the region when local products are not available. [66] [67]

Proposed strategies for pan-African clean energy development and energy sovereignty are a notable example of such a strategy. As Fadhel Kaboub (2026) argues, buyers' clubs belong to a suite of just transition policies for the continent, alongside "local manufacturing of renewable components, an increased role for public development banks, and regulatory coordination to fast-

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[64] Isabel Estevez, "Demand-Pull Instruments in Public Procurement," (memo, based on interviews with Andrés Arauz and Santiago Vásquez), unpublished document, 2024.

[65] Fadhel Kaboub and Mohamed Adow, "Africa's just transition opportunity: decolonising economic transformation for climate resilience," *Earth4All,* March 2026. https://www.clubofrome.org/publication/earth4all-kaboub-adow-just-transition/

[66] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025. https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[67] Andrés Arauz and Isabel Estevez, "A Minimum Cooperation Consensus for a South American Fordist Pact," Draft, Tax Justice Network, June 2015.

track cross-border investments, manufacturing, deployment, and energy transmission."[68] Examples of regional green industrial strategies can be seen in the Africa Mining Vision and the African Union's Agenda 2063.[69] Buyers' clubs also follow a similar logic to another proposal for Global South self-determination: a Global South Debtors' Coalition.[70] In both cases, countries coordinate negotiation through a shared platform, pooling leverage to reshape unequal bargaining relationships in favor of greater economic sovereignty.

Another example is the growing global interest in buyers' clubs for critical minerals. Echoing the EU's call for joint purchasing of critical minerals, a number of G7 countries have signaled interest in forming buyers' clubs to develop mines and processing projects for a range of critical minerals, with the aim of loosening China's grip on global supply.[71] A critical minerals buyers' club could establish high supply chain standards as a criteria for purchases, promoting positive social and ecological outcomes while backstopping member country markets from metal made with low labor and environmental standards elsewhere.[72] Many renewable energy technologies depend on critical mineral supply chains.[73] As countries transition to a clean energy economy, standards for mineral recycling, reuse, substitution, and reclamation–and human rights and governance– can ensure the transition to clean energy systems do not cause more problems than they solve. By aggregating demand, buyers' clubs can shift responsibility upstream, incentivizing producers to adopt high-road standards or be excluded from a large and stable market.

Joint strategies linking green buyers' clubs with their supply-side counterparts, green production clubs (e.g. joint ventures), can align supply with demand to reduce market uncertainty and coordinate green investment across value chains. For example, by setting local content and green requirements for public procurement and investment, buyers' clubs can create demand for products developed by green production clubs. While powerful catalysts for ecological transformation, it bears mention that both buyers' clubs and purchasing clubs can conversely be deployed to bolster extractive economies. The U.S.-led effort with Finland and Canada to produce

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[68] Fadhel Kaboub, "African Clean-Energy Sovereignty Can't Wait," *Project Syndicate*, April 2, 2026. https://www.project-syndicate.org/commentary/africa-clean-energy-sovereignty-ending-fossil-fuel-dependency-by-fadhel-kaboub-2026-04

[69] Fadhel Kaboub, "African Clean-Energy Sovereignty Can't Wait," *Project Syndicate*, April 2, 2026. https://www.project-syndicate.org/commentary/africa-clean-energy-sovereignty-ending-fossil-fuel-dependency-by-fadhel-kaboub-2026-04

[70] Fadhel Kaboub and Andrés Chiriboga, "A Coherent Framework for Sovereign Debt and Economic Transformation: Towards a Global South Debtors' Coalition," IEJ Sovereign Debt Working Paper Series #2, April 21, 2025. https://iej.org.za/resource/working-paper/sovereign-debt-towards-a-global-south-debtors-club/

[71] Chen Qingrui and Chu Daye, "Japan, France, Canada mull critical minerals bloc; Chinese expert flags G7 divisions, warns exclusionary approaches unlikely to deliver," *Global Times*, March 8, 2026. https://www.globaltimes.cn/page/202603/1356584.shtml

[72] Bentley M. Allan, "Establishing a critical minerals club across North America," *Brookings*, March 5, 2025. https://www.brookings.edu/articles/establishing-a-critical-minerals-club-across-north-america/

[73] Riofrancos, T., Kendall, A., Dayemo, K K., Haugen, M., McDonald, K., Hassan, B., and Slattery , M., "Achieving Zero Emissions with More Mobility and Less Mining," Climate and Community Institute, January 2023. https://climateandcommunity.org/research/more-mobility-less-mining/

cutting-edge ice breakers to expand access to Arctic trade routes and mineral deposits is one such example.[74]

Multi-purpose buyers' clubs: A public value approach to synergy and efficiency

As shown in some of the real-world examples above, buyers' clubs –like any other vehicle for steering public money– present an opportunity for multi-solving: that is, for simultaneously advancing multiple public purpose objectives, beyond their primary goal. By creatively using their procurement dollars to multi-solve, policymakers can get the "biggest bang for their buck" in terms of public value.

For example, even if the primary motivation of a multi-country food buffer stock club is to stabilize prices and ensure access to essentials during times of crisis, by incorporating ecological standards into the club's procurement rules, the buffer stock can also generate demand for sustainable products and contribute to the long-term ecological transformation of agriculture and crop diversification to support food sovereignty.[75] [76] Similarly, the buffer stock club could embed high labor standards to promote workers' rights in the notoriously abusive food and agriculture sector.[77] To build long-term food sovereignty and resilience, buffer stocks can include local content requirements or preferences. And by giving preferences to cooperative or small producers, the buffer stock club can undermine powerful monopolistic firms in the sector, rather than bolstering their already outsized power with public money (a common problem in global food aid procurement).[78] As Ecuador's procurement strategy shows (Box 3 and Box 4), real-world procurement policy can not only create synergies between goals like market

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[74] Government of Canada, Government of the Republic of Finland, and Government of the United States of America (2024) Memorandum of Understanding Among the Government of Canada, the Government of the Republic of Finland, and the Government of the United States of America Regarding a Trilateral Framework for the Production of Arctic and Polar Icebreakers and other Capabilities. Washington, DC, 13 November. https://www.dhs.gov/sites/default/files/2024-12/24_1113_scrc_signed-mou-icebreaker-pact-508.pdf

[75] Weber, I. M., Ghosh, J., van Huellen, S., Schulken, M., and Jain, S.,"Food price stabilization in an age of overlapping emergencies: The case for multilevel buffer stocks," (Working Paper No. 634), Political Economy Research Institute, University of Massachusetts Amherst, 2025. https://peri.umass.edu/wp-content/uploads/2025/10/WP634.pdf

[76] Estevez, I., Grimblatt, N., Arauz, A. Vásquez, S., Riofrancos, T., and Chiriboga, A., "Building Leverage for Green Industrial Transformation in Latin America and the Caribbean: Procurement Clubs, Production Clubs, Investment Clubs, and Beyond," i3T Discussion Note, 2025. https://www.i3-t.org/documents/Building%20Leverage%20for%20Green%20Industrial%20Transformation%20in%20Latin%20America%20and%20the%20Caribbean_%20Pr.pdf

[77] Marie Therese Kane, "Agricultural Policy is Economic Policy: Growing a Strong and Resilient Economy through Regenerative Agriculture," Sierra Club discussion paper, 2023. https://www.sierraclub.org/sites/www.sierraclub.org/files/2023-07/Final_%20Agricultural%20Policy%20is%20Economic%20Policy%20Discussion%20Paper%20%281%29.pdf

[78] Jennifer Clapp, "Corporate Interests in US Food Aid Policy: Global Implications of Resistance to Reform," *Corporate Power in Global Agrifood Governance,* (Cambridge, MA, 2009; online edn, MIT Press Scholarship Online, 22 Aug.2013), https://doi.org/10.7551/mitpress/9780262012751.003.0005 .

deconcentration, economic inclusion, and industrial development, but also combine goals as apparently unrelated as market deconcentration and green transformation.

Multi-solving approaches will sometimes require policymakers to make trade-offs between goals –e.g. when building up food buffer stocks, it may be more expensive to procure food from local producers using high labor standards than from exploitative global monopoly firms. But as noted in Estevez (2023),[79] the existence of trade-offs should not be assumed upfront, but rather empirically tested. And in cases where trade-offs turn out to be real, it is the responsibility of policymakers to use their imagination to attempt to overcome them[80] and –in cases where trade-offs cannot be resolved— to generally err in favor of maximizing efficiency in terms of public value rather than opting for the cheapest and fastest options by default.

Table 1. Strategic Uses of Buyers' Clubs

Public purpose goals (can be combined to maximize impact)	*Strategies*
Price management, affordability, crisis management, and fiscal savings	Through buyers' clubs governments can use oligopsony power to **counteract the power of oligopolistic/monopolistic suppliers** in several ways that increase public benefits: 1. To negotiate lower prices for essentials, curb price gouging, and achieve fiscal savings 2. To build stocks that secure access to essentials in times of supply shocks and other emergencies 3. To secure large-scale demand for smaller producers and producers with high labor standards, incentivizing them to scale up production or aggregate supply
Economic inclusion, market deconcentration, and workers' rights	
Advancing local industrial development, local content, and resilience	Buyers' clubs can help **secure large-scale demand for producers willing to manufacture new products**, making it less risky for them to invest in new industrial capabilities. By leveraging their oligopsony power, buyers' clubs can **extract more commitments for technology transfer and localization of production** in exchange for market access.
Ecological economic transformation and sustainability	Buyers' clubs can help **secure large-scale demand for producers willing to manufacture more sustainable products**, making it less risky for them to invest in new, more sustainable industrial capabilities or to meet higher ecological standards in their industry.

Source: Authors own elaboration

[79] Isabel Estevez, "Multi-Solving, Trade-Offs, and Conditionalities in Industrial Policy," Roosevelt Institute, October 26, 2023. https://rooseveltinstitute.org/publications/multi-solving-trade-offs-and-conditionalities-in-industrial-policy/

[80] For example, if it is more expensive to source from local producers with high labor standards than from a global monopoly producer, governments could use innovative supply aggregation tools to reduce transaction costs (see the Ecuadorian example above) and minimize cost differentials.

IV. Conclusions

This paper has argued that buyers' clubs —institutional mechanisms for strategically aggregating demand and leveraging collective market power— are a powerful and underutilized industrial policy instrument.

As we discuss in Section I, conventional understandings of "value for money" and efficiency in public procurement have trained policymakers to optimize for the lowest upfront costs and discouraged them from approaching procurement more strategically as an industrial policy tool for economic transformation, often leading to suboptimal outcomes even it the narrowest economic sense. As we have shown, broader "public value" approaches to procurement provide a more meaningful framework for "optimizing" value for money. From this standpoint, the "efficiency" of public procurement can be assessed more comprehensively, in terms of its direct and systemic contributions to a range of economic, social, and environmental outcomes.

Through the case of buyers' clubs —a powerful modality of demand aggregation– we have explored how procurement policy can strategically manage market power to advance economic transformation, emergency management, and stabilization both in theory and in practice. Furthermore, our analysis shows that, regardless of their primary mission, proposed and real-world examples of buyers' clubs can often be designed to "multi-solve" – to simultaneously address multiple challenges at once, from fiscal savings, price gouging, and deconcentration of markets, to workers' rights, ecological transformation of industries, economic inclusion, (re-)industrialization, and supply chain resilience.

Our analysis of real-world buyers' clubs initiatives (especially in industrialized countries) also suggests growing awareness that passive approaches to public procurement are exceptionally ill-suited to today's political economy, where geopolitical conflict and fragmentation, concentration in global supply chains, and climate-related disruptions pose persistent challenges to economic security (access to essentials, especially for the most vulnerable). By contrast, the collective and strategic approaches to procurement and demand management we have discussed offer a pathway to greater stability, resilience, and strategic autonomy that can help ensure access to essential goods and support long-term development. For developing countries in particular, mechanisms like buyers' clubs are essential tools for counterbalancing major asymmetries *vis-à-vis* industrialized economies in terms of technological capabilities, market power, and policy ambition.

Appendix: The Make-What-You-Buy Algorithm at a Glance in the Context of Buyers' Clubs

A step-by-step sequence for designing a procurement-led industrial strategy

This appendix summarizes the "Make-What-You-Buy" Algorithm for policymakers working in a multi-government cooperation context, such as a buyers' club. Each step is executed jointly across participating governments. The full methodology is available here.

The Algorithm: Ten Steps

Step 1: Define the regional perimeter. Agree on the set of participating governments (can include regional, national, and sub-national entities) whose procurement budgets and productive capabilities will be analyzed and coordinated.

Step 2: Align strategic objectives. Convene participating governments to identify and rank shared objectives (e.g., new capabilities, ecological transformation, supply-chain resilience, job creation, etc.). These objectives anchor later decisions (especially in Step 9).

Step 3: Pool and structure procurement data. Gather public (or directly-shared) procurement records from each country and harmonize them, extracting:

- **Line items:** what is being purchased, with prices where available.
- **Suppliers:** who is currently supplying, and whether they are based inside the region.
- **Standards:** any product standards referenced in contracts, augmented with international/regional classification systems (ISO, ASTM, GS1, NIST, national bodies).

Step 4: Sort items into procurement categories. Bucket each line item as Goods, Services, Construction, Catalog, Inter-administrative, or Micro purchases. *This version of the algorithm focuses on Goods.*

Step 5: Rank goods by current demand. Classify goods using a standard system (HS-6, CPC, etc.). Build a *Current Demand Index* weighted by aggregate regional value and frequency of purchase. Rank goods and select the top *N* for deeper analysis.

Step 6: Decompose the value chain of each priority good. Recursively break each top good into types → components → materials → raw inputs, mapping each node to HS-6. Use pooled procurement data to estimate region-specific value and cost shares from the buyer's perspective.

Step 7: Map suppliers across the participating governments. For every node in each value chain:

- Compile a *"supplier yellow pages"* through systematic web search, with contact information.
- Cross-reference against existing government suppliers from Step 3.

- Build a *Potential Supplier Index* capturing (a) the regionalization potential of each supplier's own supply chain and (b) their estimated ability to meet required standards.

Step 8: Map goods to applicable standards. Using the standards database from Step 3, attach the relevant global, regional, and national standards to each prioritized good.

Step 9: Apply additional filters and compute the Potential Production Index. Layer in further criteria (strategic priorities from Step 2, technological intensity, etc.) and combine them with the *Current Demand Index* to produce a *Potential Production Index* that highlights goods with the strongest case for regional production.

Step 10: Match each good to a procurement instrument. Drawing on a repository of instruments and best practices (Advance Market Commitments, pooled procurement agreements, set-asides, technology transfer, framework agreements, etc.), assign the most suitable instrument to each prioritized good given its nature, supplier landscape, and the agreed regional objectives.

Tooling: valuechains.ai

The Productive Capabilities Data Lab —valuechains.ai— is being actively developed to operationalize the Make-What-You-Buy algorithm end-to-end. Coverage of each step is at a different stage of maturity, and the platform is expanded iteratively as governments and partners apply it to new regions and value chains:

- **Steps 3–5 (data and demand):** pipelines for ingesting and harmonizing pooled procurement data, extracting line items, suppliers, and standards, classifying goods (HS-6, CPC), and computing the Current Demand Index.
- **Step 6 (value chains):** recursive, HS-6-mapped value-chain decompositions with region-specific value and cost shares —the most mature module today, with an open library of decomposed value chains being progressively expanded.
- **Steps 7–8 (suppliers and standards):** regional supplier-discovery ("yellow pages"), cross-referencing against existing government suppliers, the Potential Supplier Index, and good-to-standards mapping.
- **Steps 9–10 (prioritization and instruments):** the Potential Production Index and a growing repository of procurement instruments and best practices to match each prioritized good.

The intent is for participating governments to be able to move from raw procurement records to an actionable, jointly-owned shortlist of goods and instruments without rebuilding the underlying data and analytical infrastructure from scratch. Each new application of the algorithm contributes capabilities to the platform, accelerating coverage of the remaining steps, while data remains under the control of the participating governments.