



# Policy addressing Procurement for Innovation

Paulo Magina  
**Head of Unit, Public Procurement**

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# OECD Work on Public Procurement



# OECD contribution to reforming public procurement over the past 10 years

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- Building **evidence** from **useful, reliable and comparable data** across OECD countries on the performance of public procurement – Government at a Glance; Key Performance Indicators
- Undertaking **hands-on peer reviews** that provide assessment of public procurement systems, either national or sectorial, and tailored proposals to address implementation gaps in specific context – in Italy, Greece, Northern Ireland but also US, Korea, Mexico, Chile, Colombia, Peru, last year other EU countries like Slovakia or Bulgaria,
- Organising **policy dialogue** to share insights & shape directions for future reforms, build strategic partnership with private sector - Leading Practitioners, G20, MENA OECD Network.
- Identifying **good practices** and providing **international standards** on public procurement – the OECD REC, Compendiums on Green Procurement, Transparency, Accountability and Integrity, **Innovation**, now SMEs
- Coordinating the use of the Methodology for Assessing Procurement Systems (MAPS), an ambitious, **universal tool** for all countries to **evaluate** how well their public procurement systems work



# Strategic Public Procurement



# Defining strategic public procurement

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Involves the use of public procurement to achieve **secondary (complimentary) policy objectives**. This refers to a variety of government policy objectives, such as:

- sustainable green growth,
- the development of small and medium sized enterprises,
- innovation,
- standards for responsible business conduct or
- broader industrial or social policy objectives,



# Public procurement strategies/policies to support secondary policy objectives

## Green Public Procurement

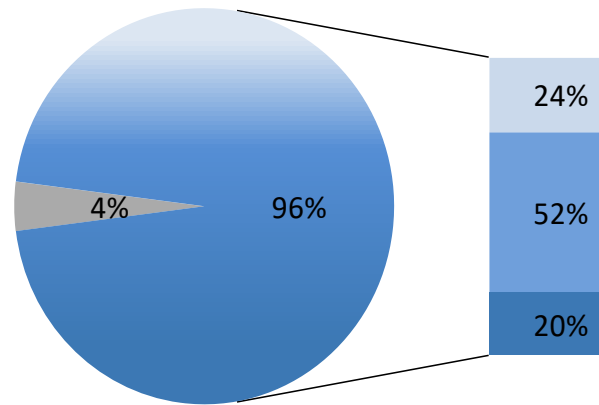
■ Never been developed

■ Has been rescinded

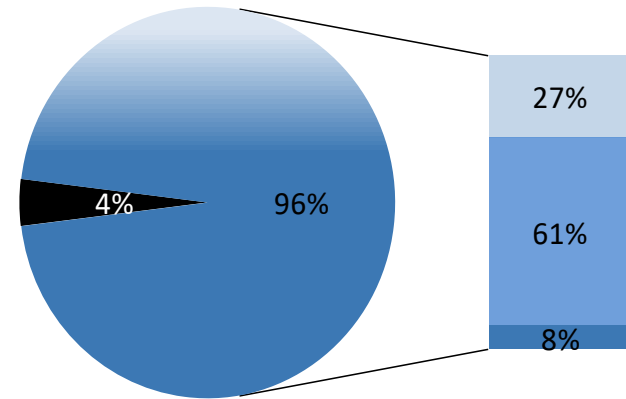
■ Developed by some procuring entities

■ Developed at the central level

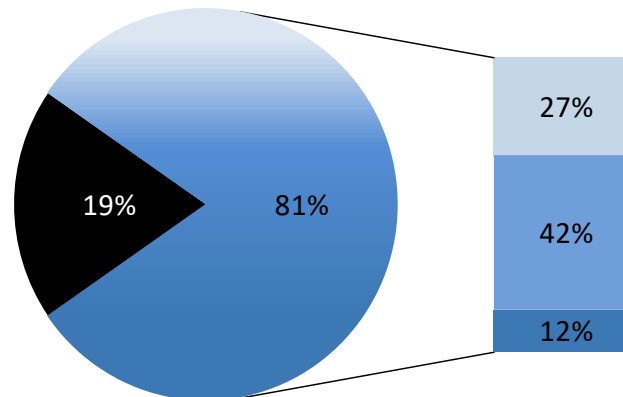
■ Developed at the central level and by some procuring entities



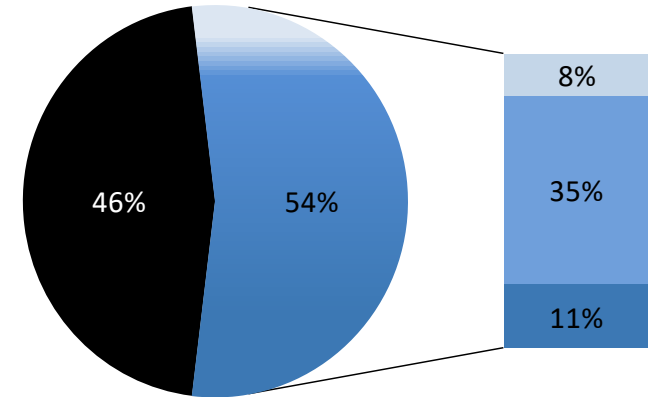
## Support to SMEs



## Support to procure innovative goods and services

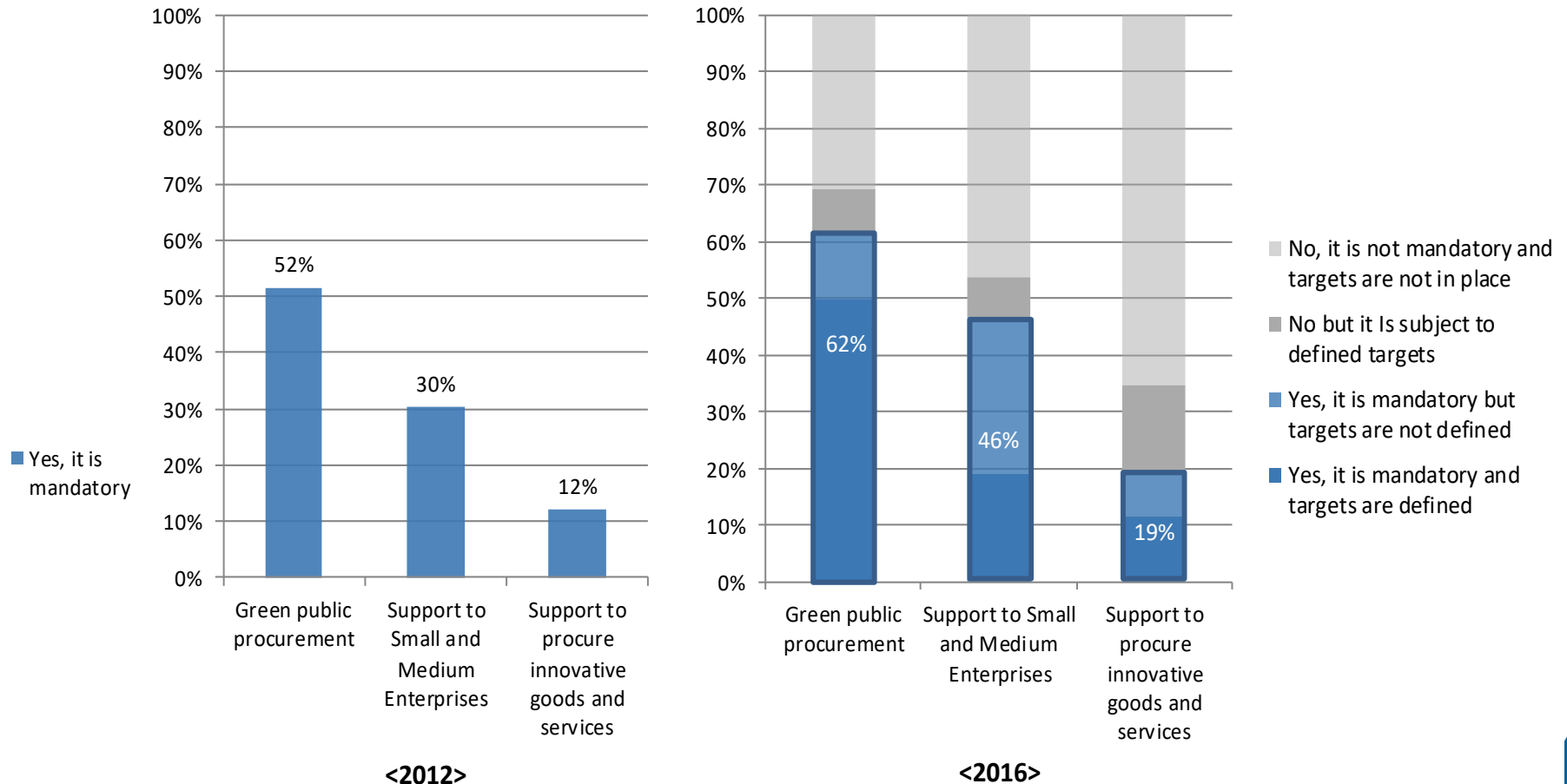


## Support to responsible business conduct





# Mandatory use of public procurement for secondary policy objectives





# Innovation Through Public Procurement





## Innovation is...

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- A new way of conducting the **procurement process**
- The **Procurement of Innovative solutions, (PPI)** used when public service challenges can be addressed by innovative solutions that are nearly or already in the market in a limited way, and no new Research & Development (R&D) is needed.
- **Pre-Commercial Procurement (PCP)**, used when there are no near-to-market solutions and new R&D is needed.



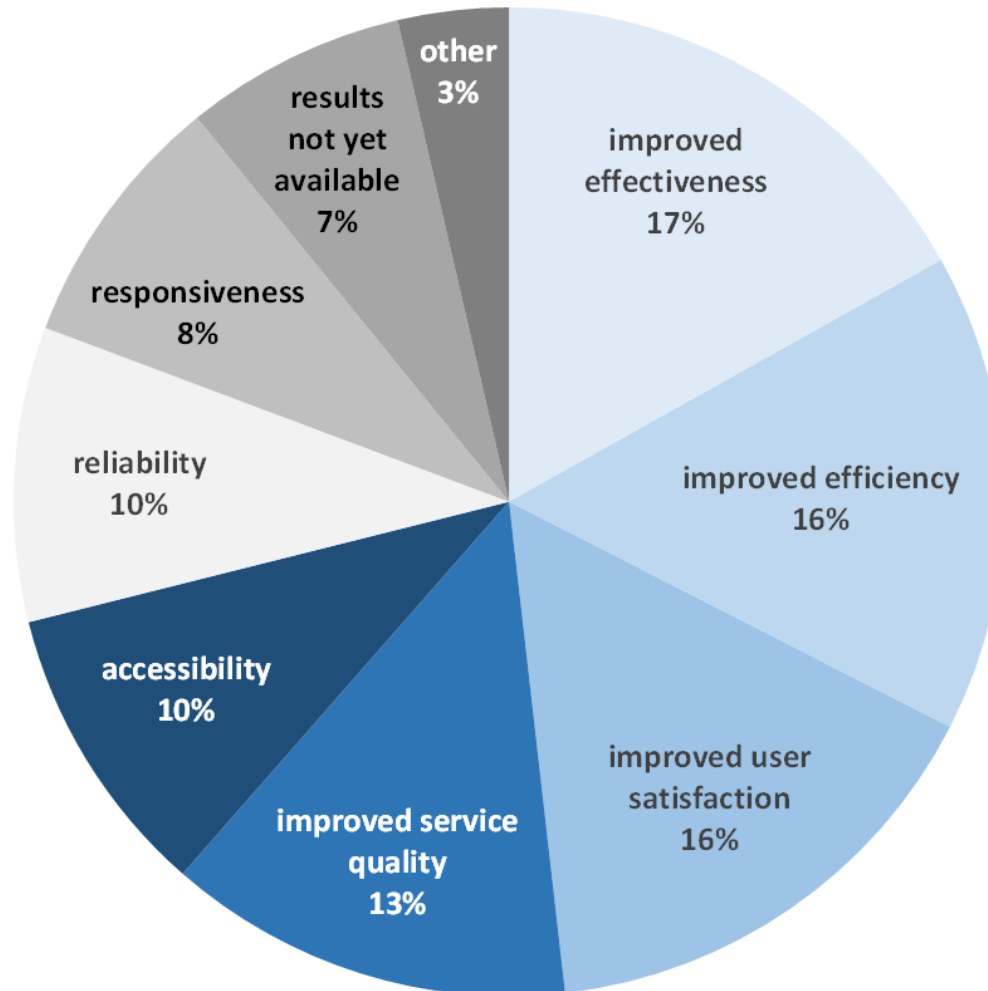
# Why Strategic Innovation Procurement?

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- Aside from its economic significance, public procurement is increasingly recognised as a potential **strategic instrument** for achieving innovative, social and environmental policy objectives.
- Among these is **Public Procurement of Innovation**, which may be the one with the highest potential impact on economic growth.
- Although in some OECD countries **Innovation Procurement** is already added to national or sub-national innovation strategies, it seems, that there is still a need for action to foster Strategic Innovation Procurement for instance by sharing **good practices** and **guidance**.

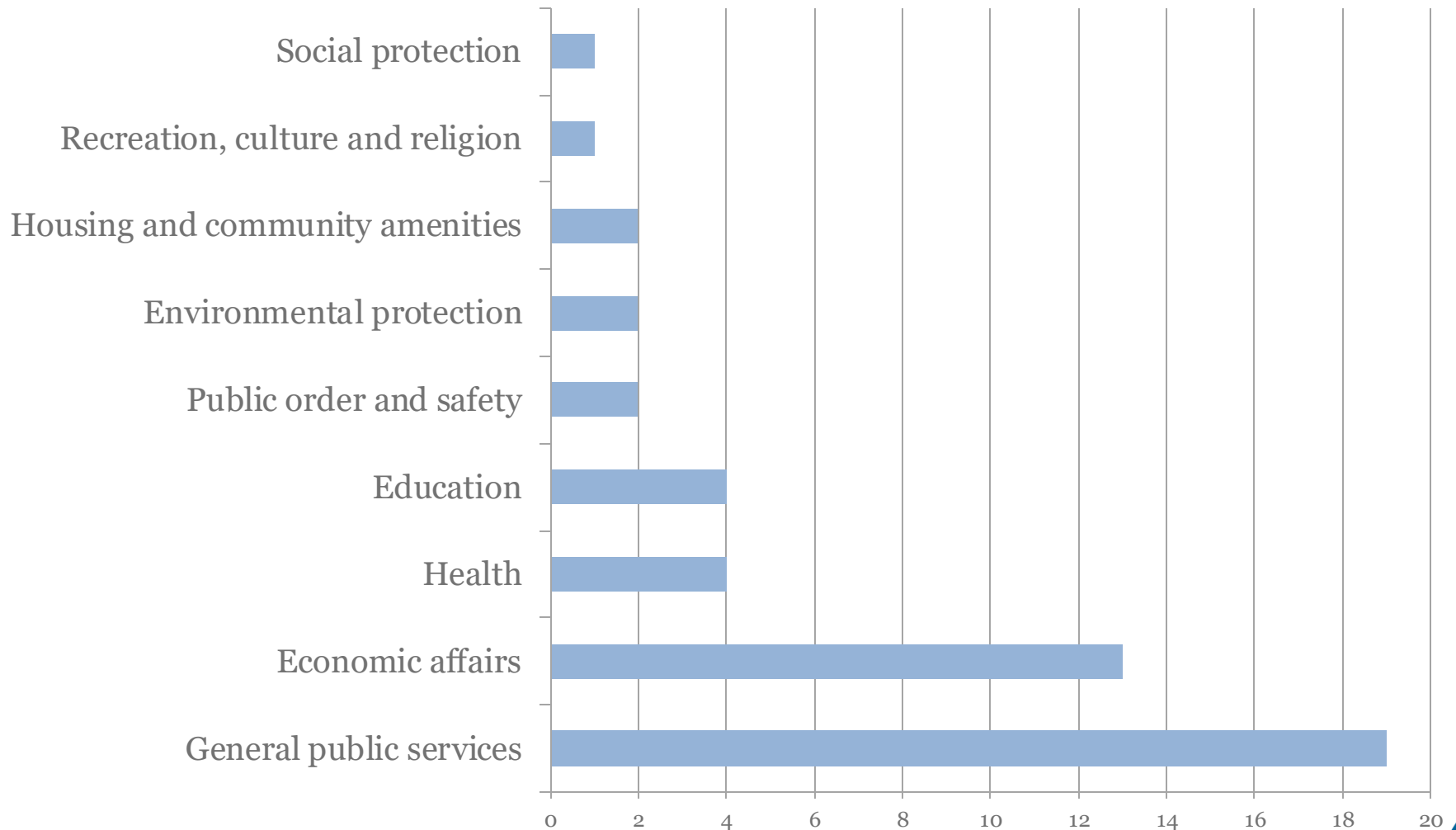


# Reported impacts from innovation projects





# Public Service areas where countries have implemented successfully





# Practices in Public Procurement for Innovation




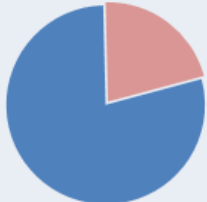

# The OECD Innovation Survey Results

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- Countries pursue procurement for innovation to meet new needs and demands
- Procurement for innovation was carried out in collaboration with external partners;
  - private sector 33%, public institutions/bodies 27% & research institutions 24%
- Main beneficiaries are citizens and public sector services

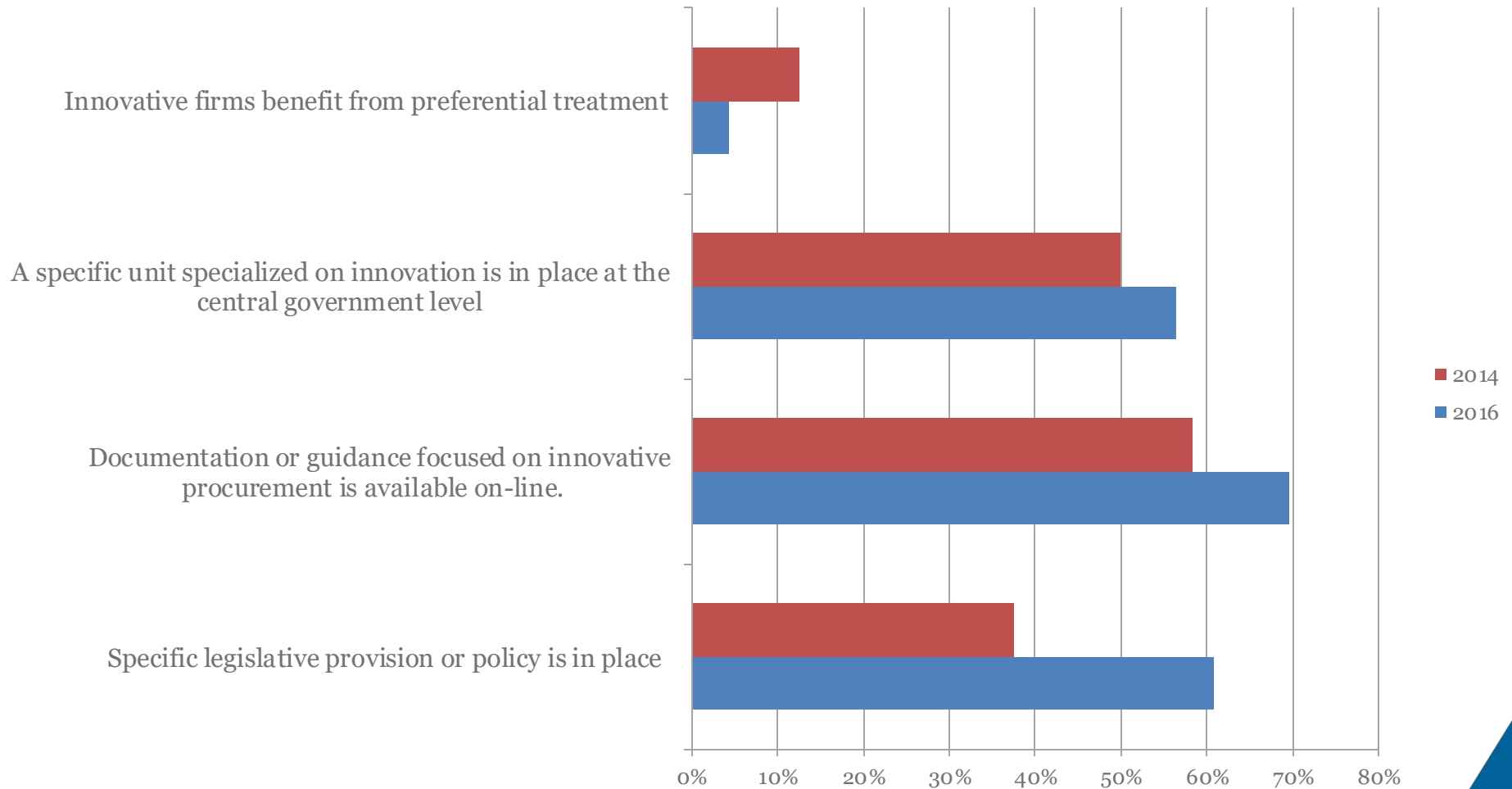


# OECD Innovation Survey - Results

Existence of an Innovation Procurement Action Plan		<b>YES = 66%</b> <b>NO = 34%</b>
Specific Actions in Countries		<b>YES = 79%</b> <b>NO = 21%</b>
Measurement of the Impact		<b>YES = 42%</b> <b>NO = 58%</b>



# Approaches to support use of procurement for innovation







# The OECD Innovation Survey Results

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## Targets for Innovation Procurement

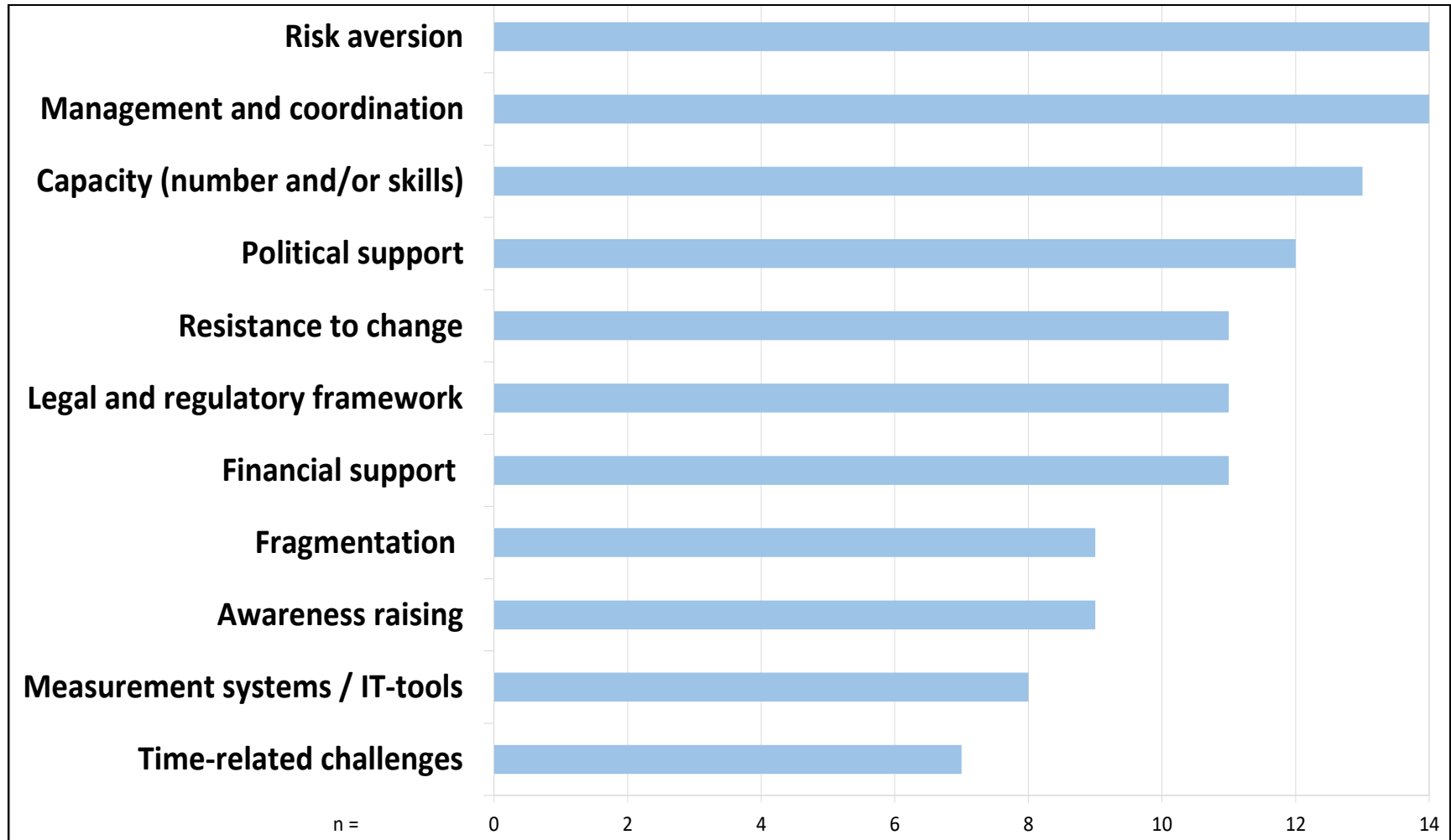
- **Quantified targets (examples)**
  - Government programme 2015 includes a 5 % target (FIN)
  - SMEs must reach 2% of Innovation Procurement by 2020 (FRA)
  - 2.5% aim of public procurement to be spent on innovation (NLD)
  - A target of 3% in new investment for Innovation Procurement (ESP)
  - Central/local governments and public enterprises should fulfill 20% of their procurement of the specific product type for which new technology certified products are available (KOR)
- **Qualified targets (examples)**
  - Indicative targets to stimulate Innovation Procurement (NLD/BEL-FL)
  - Promotion of effective and innovative Public Procurement (DNK)
  - Increasing share of domestic firms in high-tech-sectors in IP (TUR)



# Overcoming challenges in the implementation of innovation



# Main challenges faced





# Hierarchy of sophistication in approaches to overcome challenges

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Tier 4: Professionalisation by training, education

Tier 3: Legal framework by changing laws, introducing regulations

Tier 2: Culture change by increasing internal awareness about (and importance of)

Innovation Procurement

Tier 1: Increase or solidify financial resources for Innovation Procurement

- Outreach: Specific measures to engage stakeholders
- Suppliers: Support / education for potential suppliers
- Monitoring: Introduction of monitoring or evaluation requirements

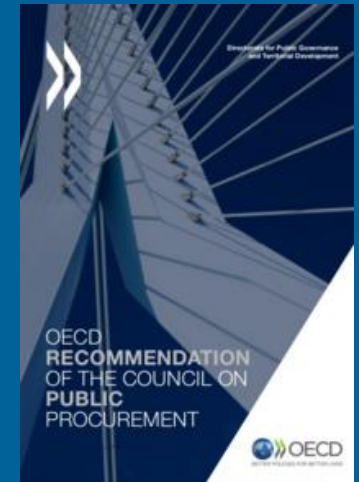
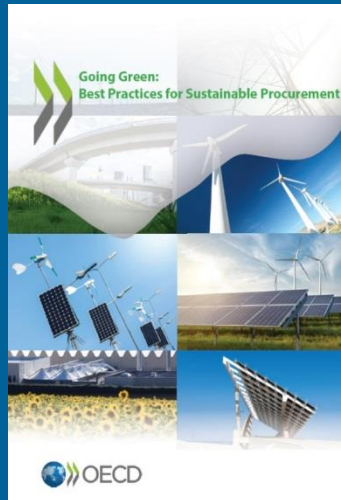


# The Framework: Nine areas for action

## Key areas for action:

1. Embed **policies and strategies to support procurement for innovation with defined targets** within any national, sub-national and regional procurement or innovation policy.
2. Set up a **legal framework**, including understandable definitions, **guidelines** and templates to facilitate its implementation.
3. Designate “transformational” leaders with specialised knowledge to create skilled multidisciplinary procurement teams, with **support in management**. In addition, “intermediaries”, e.g. an innovation agency, could help to bring together buyers and suppliers.
4. Dedicate sufficient budgets, funds and other financial incentives, as a lack of **financial support** is one of the main challenges in innovation procurement.
5. Promote **professionalisation** by providing specific training to build staff capabilities and skills, setting up multidisciplinary teams and competence centres focused on public procurement for innovation.
6. **Raise awareness** by communicating good practice cases, creating a dedicated knowledge-sharing platform and/or hosting workshops and seminars to share and build success. Early **stakeholder engagement** should also not be underestimated.
7. Undertake **risk management** and **measure impact** to reduce possible loss and damage, and increase trust.
8. Define test standards, methods and quality certificates, using **standardisation** as a catalyst for innovation.
9. Use appropriate **e-procurement** and **information technology (IT) tools** to carry out a proper risk assessment **to measure impact**.

# For more information



[www.oecd.org/gov/public-procurement.htm](http://www.oecd.org/gov/public-procurement.htm)