

PROCUREMENT OF INNOVATION IN TURKISH PUBLIC PROCUREMENT SYSTEM

Mustafa Çağatay Taşyürek
Head of International Relations Department

Public Procurement Authority



Content



- Introduction



- Turkish Public Procurement System



- Public Procurement Strategy



- Legal Framework for Procurement of Innovation



- Conclusion

Introduction



- Public Procurement accounts for a significant share of gross domestic product of countries (OECD average is 12% of the GDP).
- Public procurement can be used as a strategic tool to achieve secondary policy objectives, such as protecting environment, promoting social inclusion and fostering innovation, while ensuring value for money.
- Public sector can direct the market to innovative solutions through demand-side policies. Strategic use of public procurement for innovation has a great potential to improve public service, productivity and efficiency.



Turkish Public Procurement System



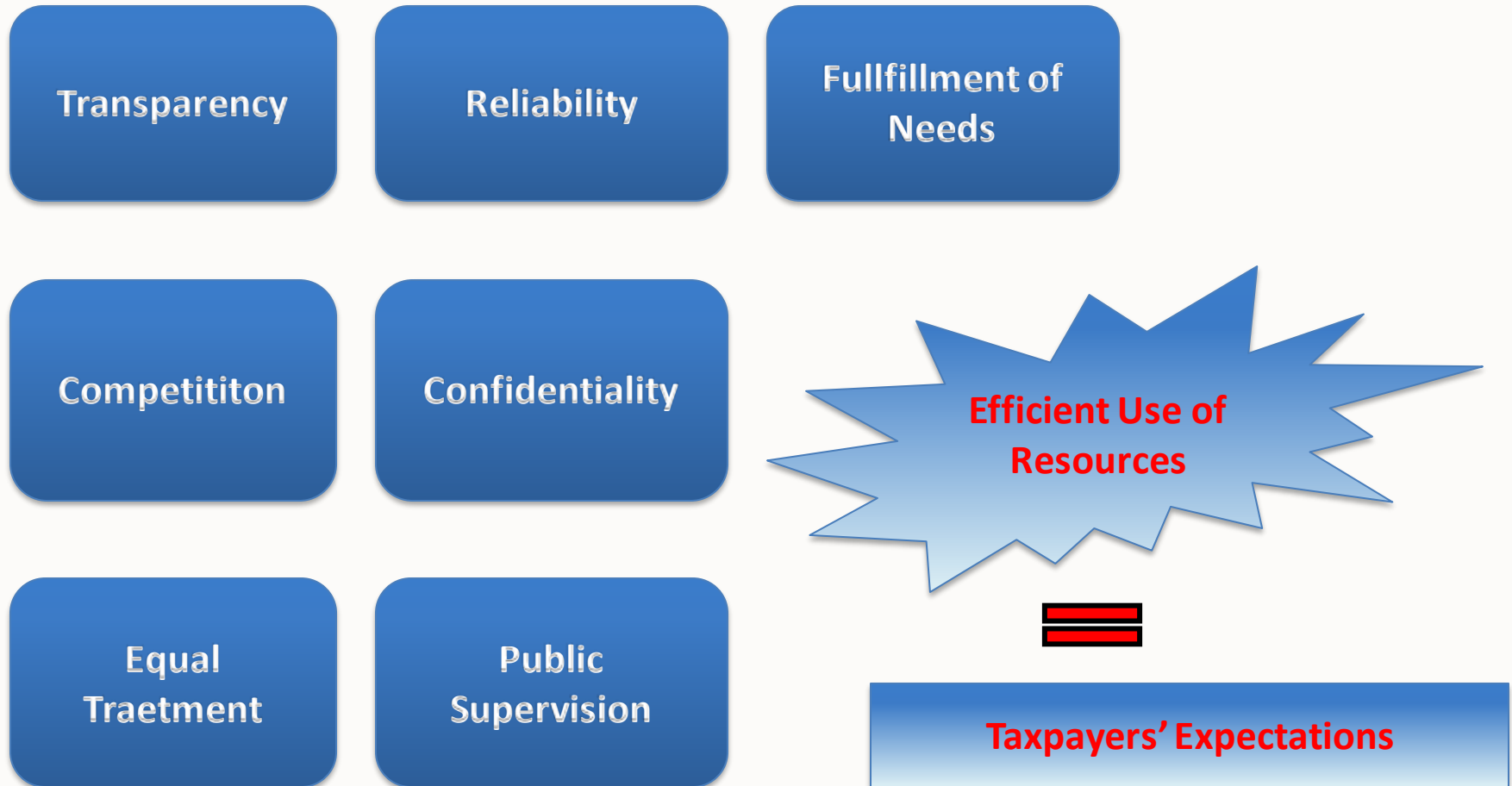
- Public procurement in Turkey is regulated by Public Procurement Law No. 4734 which entered into force on January 1, 2003.
- Public Procurement Law has created a modern procurement system in line with international instruments on public procurement (EU Procurement Directives, UNCITRAL Model Law on Procurement, World Bank Procurement Guidelines, etc.).



Turkish Public Procurement System



- Basic Principles of PPL are;



Public Procurement Authority



- Public Procurement Authority (PPA), which was established in 2002, is a regulatory and supervisory body in public procurement area.
- PPA has administrative and financial autonomy.
- It is independent in fulfillment of its duties. Nobody can issue orders or instructions for the purpose of influencing the decisions of the Authority.



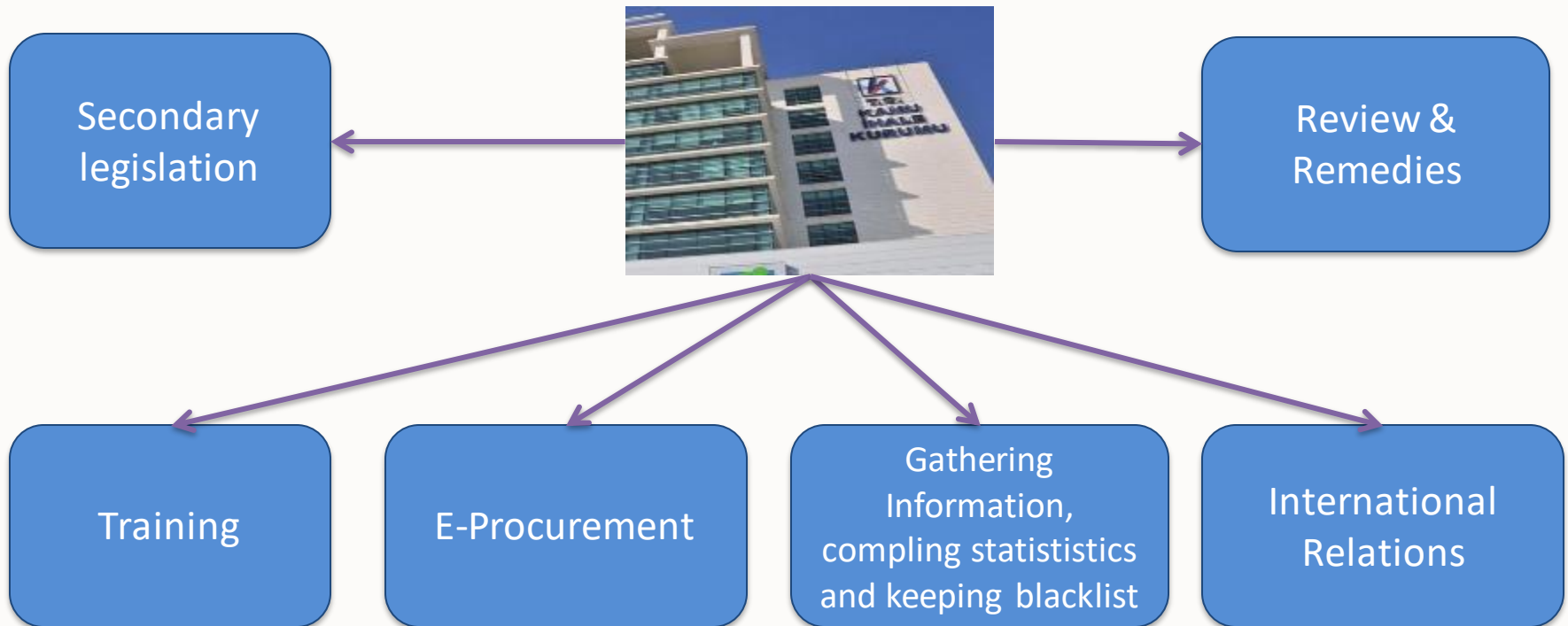
www.kik.gov.tr

- **PPA is assigned and authorized for the accurate implementation of the principles, procedures and acts specified in the Public Procurement Law.**

Public Procurement Authority



Main Duties of the PPA



Public Procurement Strategy



Public Procurement Strategy

**Innovation
Procurement**

**Green
Procurement**

**Social
Concerns**

Economy



Innovation Procurement Strategy



Public procurement for innovation requires a comprehensive strategy with clear instructions and targets.

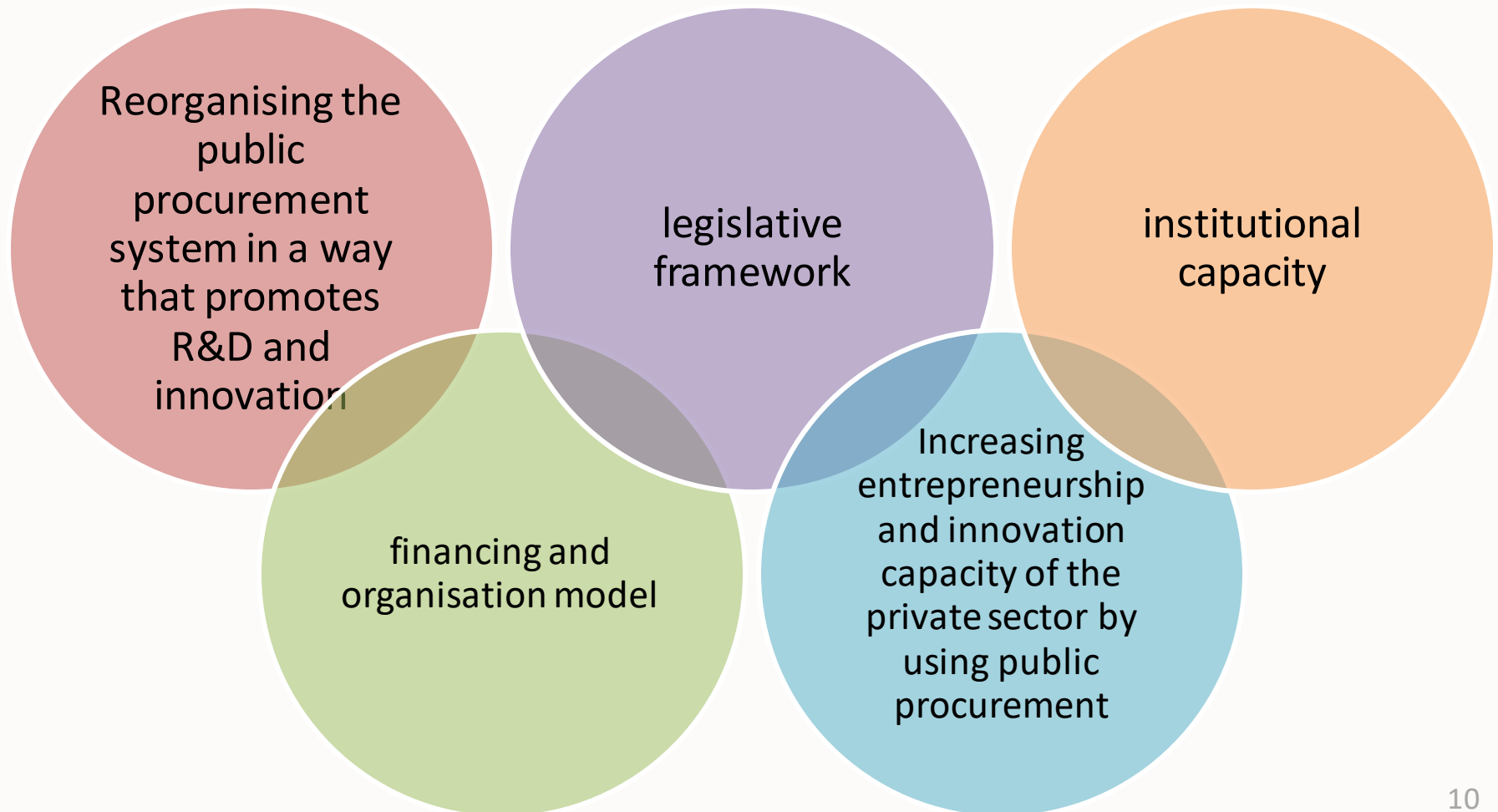
10th Development Plan is the main policy document in Turkey which was approved by the Parliament and valid for 4 years. It includes, inter alia, strategic use of public procurement for innovation.

A programme and an action plan was adopted to facilitate innovation procurement.

Main aim of that programme is to use public procurement to promote innovation, technology and innovative entrepreneurship.

Innovation Procurement Strategy

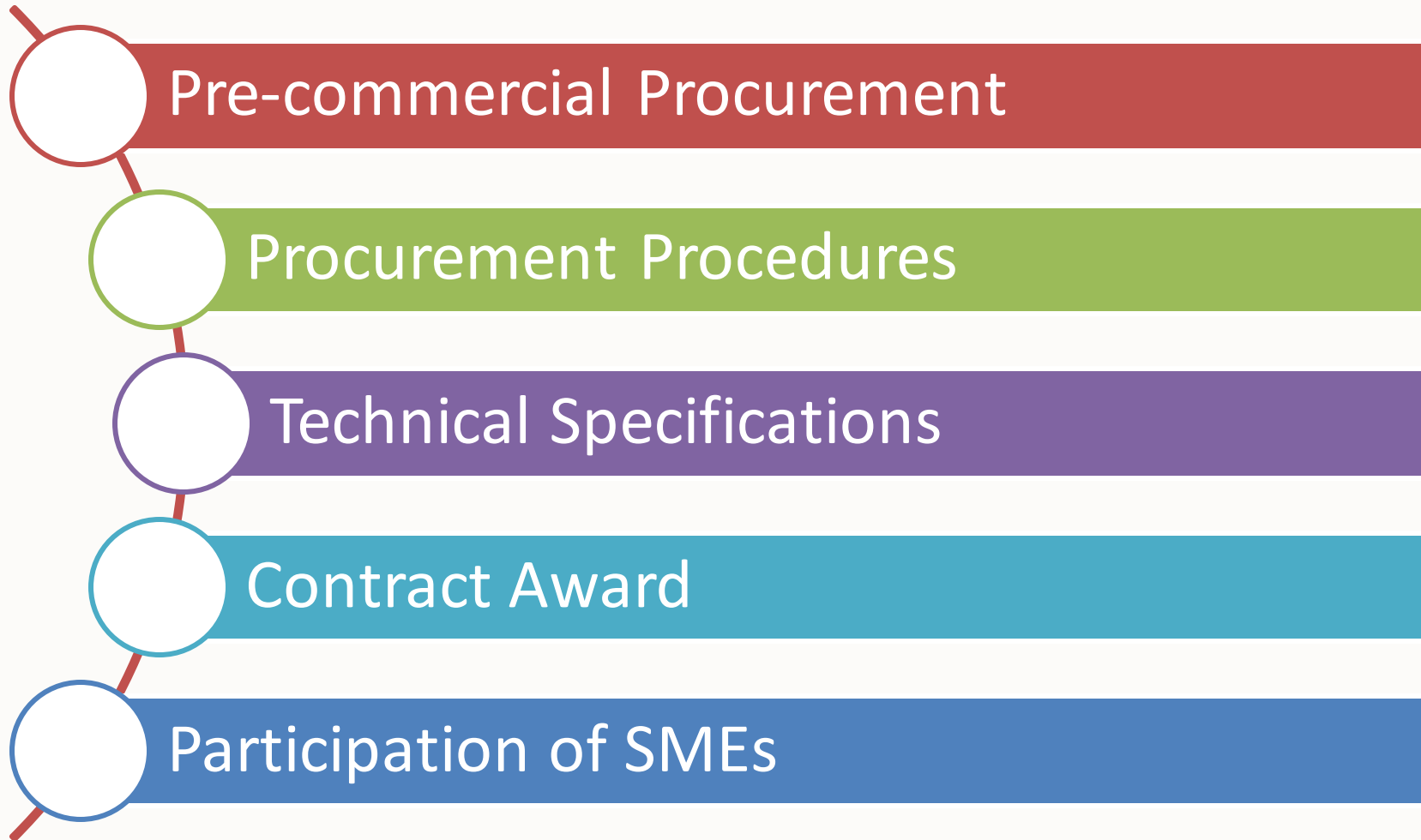
The programme has 5 components:



Innovation Procurement Strategy

The action plan drafted under the coordination of The Ministry of Science, Industry and Technology includes, inter alia, the following actions:

- Analysing and planning long-term needs
- Legislative amendments
- Reviewing central and joint procurement to improve procurement system
- Taking measures to increase share of SME's on public procurement
- Conducting studies to provide that those offering goods and services that ensue from R&D and innovation projects participate in public procurement
- Developing a coordination mechanism between relevant institutions
- Conducting activities to inform and raise awareness on this subject
- ...



Legal Framework

Procurement of R&D Services - Pre-commercial Procurement

Article 3/i of PPL

«research and development services other than those where the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs, on condition that the service provided is wholly remunerated by the contracting authority» is exempted from the PPL.

- Pre-commercial procurement pushes industry to develop innovative solutions public sector needs
- It is used for purchasing research and development services but does not include the acquisition of larger volumes of products on a commercial scale.

Legal Framework

Negotiated Procedure with Publication of a Contract Notice

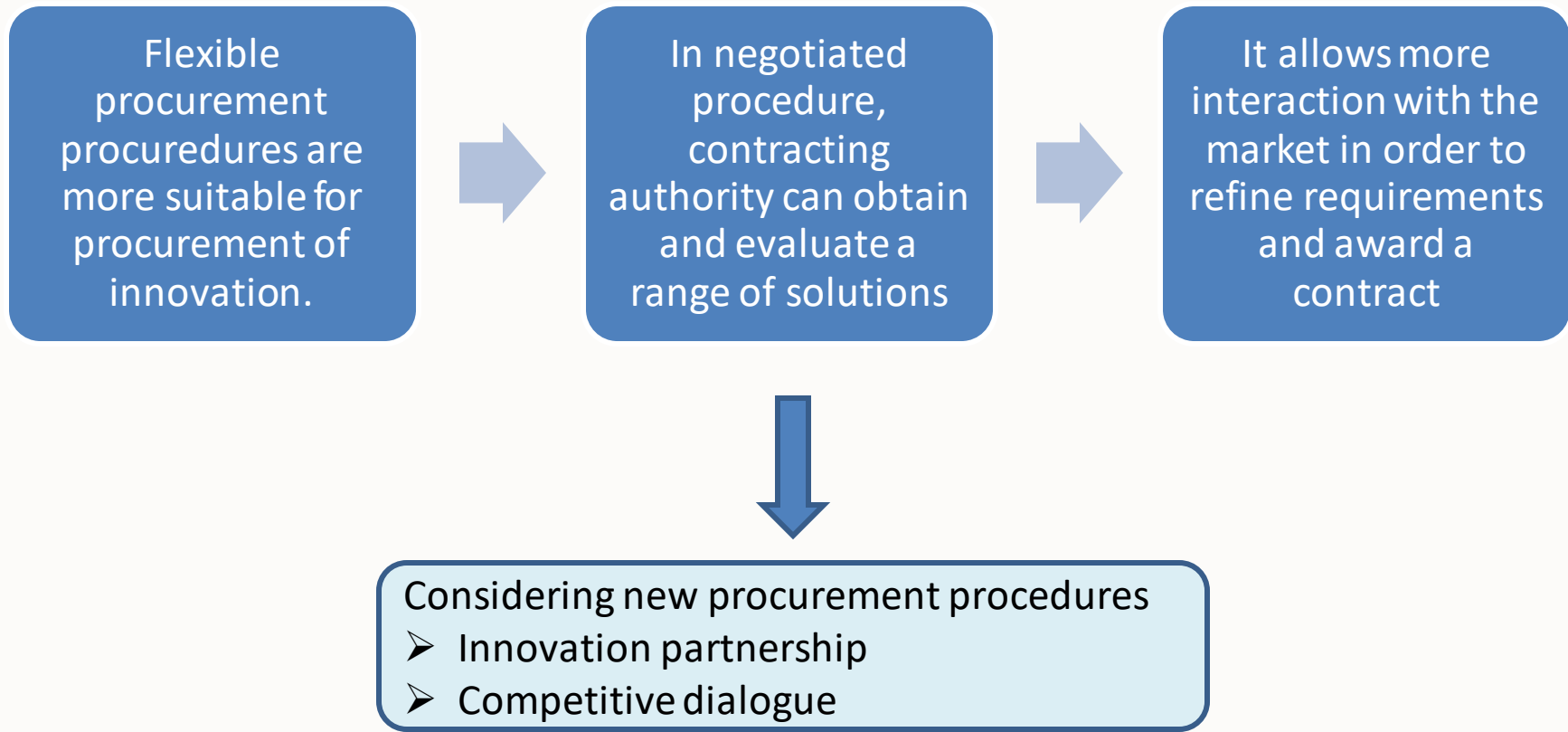
Article 21 of PPL

Negotiated procedure can be used where;
the procurement is of a character requiring a research and development process, and not subject to mass production
due to specific and complex characteristics of the works, goods or services to be procured, it is not possible to define the technical and financial aspects clearly

- First of all, the tenderers who are accepted as qualified according to selection criteria in procurement documents shall submit their initial proposals, which do not include prices, on aspects such as technical details and realization methods of the contract that is subject matter of the tender.
- The tender commission shall discuss with each tenderer on the best methods and solutions to meet the needs of the contracting authority.
- After the clarification of the conditions as a result of the technical discussion, the tenderers who have demonstrated their capacity and capability to meet all these conditions shall be asked to submit their offers including the tender price based on a reviewed and clarified technical specifications.

Legal Framework

Negotiated Procedure with Publication of a Contract Notice



Legal Framework

Technical Specifications

Article 10 of PPL

«The technical criteria for the goods, services and works to be procured shall be specified in the technical specifications, which constitute an integral part of the procurement documents. The specified technical criteria shall aim efficiency and functionality, shall not consist of elements impeding competition and shall ensure equal opportunity for all tenderers»

- Technical specifications should be drafted in a way to leave room for suppliers to offer new solutions
- Functional or performance based specifications which focuses on the results to be achieved allow more scope for innovative offers than prescriptive specifications
- Market research is necessary to draft a technical specification that promotes innovative products

Legal Framework

Award of Contract

Article 40 of the PPL

- The economically most advantageous tender is determined solely on the basis of price or both the price and the non-price factors such as operation and maintenance costs, cost effectiveness, productivity, quality and technical value. In tender proceedings where the economically most advantageous tender shall be determined by taking into account the non-price factors in addition to the price, the monetary values or relative weights of these factors shall be specified in procurement documents

- Using the contract award criteria, contracting authority can focus on factors other than the initial purchase price and this can promote innovative solutions

Article 27 of the PPL

- Whether variants are allowed and how they are evaluated shall be indicated in the tender document

- Allowing variants is another tool to attract innovative solutions as it allows alternative solutions to be considered in the evaluation of tenders

Participation of SMEs

- Ensuring access of SMEs to public procurement market is an important aspect of innovation procurement

e-procurement

Electronic access to procurement opportunities and electronic submission of bids in some procedures

Lots

Division of large contracts into lots

Selection Criteria

Proportionate selection criteria that does not impede competition

Less red tape

Less documentary burden to facilitate participation

Examples



Smart traffic control system- Municipality of Mersin

Cameras in the junction detect the number of cars in each direction and manage traffic lights accordingly. The amount of time that cars spend waiting at red light is reduced significantly.



Smart Remote Monitored Bins - Municipality of Sivas Waste Management

Sensors show if the bin is empty or filled so as to customize the waste collection schedule
low staff and fuel costs – cleaner city

Procurement of Innovation

Advantages

Concerns

Better public service

New suppliers and more competition

Creation of new jobs and investment

Smarter use of public money


Uncertainty on the outcome

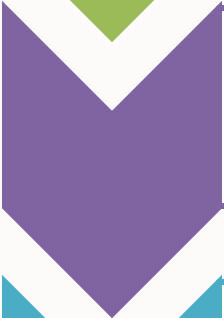
Shortage of administrative capacity


Conclusion and Recommendations (Experiences)



- 
- Strategic use of public procurement for innovation helps to improve public service

- 
- High level political commitment is necessary to successfully implement public procurement for innovation.

- 
- Building up capacity and skills in public sector is crucial to conduct procurement for innovation.

- 
- Coordination between public institutions and communication between public-private sector helps to boost innovation through public procurement.



THANKS

