

Forum on Procurement for Innovation



5 October 2016

**OECD Conference Centre
Room 4**

Paris, France

Directorate for Public Governance and Territorial Development



Public Procurement can boost productivity

Public procurement represents a big part of a country's economy and offers an enormous potential market for innovative products and services. It is also more and more recognised as a **strategic instrument** for achieving secondary policy objectives such as sustainable growth, support of small and medium-sized enterprises (SMEs) or **innovation**.

The commitment under the 2015 OECD Recommendation on Public Procurement emphasizes the need to balance the potential benefits of these policies with achieving value for money.

Innovation has long been a policy goal in itself, and a strong driver of productivity and growth, while public procurement is one of the largest sources of demand. In that sense, **the Forum will explore how countries could use public procurement** to develop innovative products and services and achieve other policy objectives, in order to boost productivity.

Public procurement for innovation refers to procurement policies and initiatives to stimulate innovative solutions for public service delivery.

Public Procurement's big share of the economy

12% of GDP in OECD countries
29% of total government expenditures

Source: OECD 2015, Government at a Glance

14% of GDP in the EU

Source: European Commission 2016, DG Growth

Sub-national level in public investment

134,000 sub-national governments across the OECD are responsible for:

59% of public investment

40% of total government expenditures

Source: OECD 2015, Policy Shaping and Policy Making: the Governance of Inclusive Growth

The key role the local level can play

Apart from the designing role played by the central level, **subnational governments also contribute massively to public investment** and are responsible for a significant portion of a government's expenditures.

Countries and participants will share the way effective strategies in public procurement for innovation at the local level might enhance the impact of innovation policies and ensure a coherent approach across the territories.

This Forum also promotes policy exchange on the growing use of strategic public procurement to foster innovation practices. It will review the challenges both national and sub-national governments face and explore options to drive innovation and create market conditions, thereby reversing roles between the public and the private sector.

This high-level debate will build upon the experience of governments that have created effective enabling environments where the use of procurement for innovation promotes new forms of cross-border and cross-sector collaboration.

The **results of the OECD Survey on Strategic Innovation Procurement**, launched in the second half of 2015 in collaboration with the Secretariat of the European Research Area and Innovation Committee (ERAC), will support an evidence-based debate **on the main challenges and good practice cases**. The good practice cases are linked to the Observatory of Public Sector Innovation (OPSI) platform, an initiative between OECD and the European Commission. At the same time, the OECD will introduce its new **Framework on Strategic Use of Procurement for Innovation**, built upon the survey results.

Given the interactions and mutual benefits in linking policies, the Forum will also focus on two complementary policy objectives that can be achieved in combination with procurement for innovation: the **support of SMEs** and **sustainable procurement**.

For questions concerning the Forum on Procurement for Innovation please contact Anne Müngersdorff (Anne.Muengersdorff@oecd.org). Please direct questions regarding practical arrangements to Anaísa Goncalves (Anaísa.Goncalves@oecd.org).

09:30-10:00 *Welcome coffee - Room CC 4*

10:00- 10:35 **Welcoming Remarks and Keynote Speech**

Angel Gurría, OECD Secretary-General

Peter Žiga, Minister of Economy, Slovak Republic holding the Presidency of the Council of the European Union

Keynote Speech: Boosting Innovation through Public Procurement

Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, European Commission

10:35-12:00 **Session 1 – High-level Debate: Boosting Innovation through Public Procurement**

This plenary session focuses on the strategy behind the use of public procurement for innovation across its governance settings and the policy-making cycle.

Scaling up procurement for innovation requires a strong enabling environment, supported by dynamic dialogues among policy makers, ministers in charge, purchasers, suppliers and other stakeholders involved. The strategic use of procurement allows governments to tap into the high potential of innovation and combine productivity gains and user satisfaction.

To successfully meet complex challenges and manage society's changing expectations, governments should integrate the strategic use of procurement for innovation into the overall course of their growth policies. Some countries have already identified such actions that help attain more value for money, for example by shifting the focus of procurement from cost compliance to value creation.

This session will address the following challenges:

- How can effective public governance help to boost innovation through public procurement?
- How to overcome the difficulties that come with developing a long-term vision to achieve progress?
- How can non-governmental stakeholders influence procurement for innovation strategies to ensure these are balanced with procurement primary objectives?
- How can procurement for innovation impact Inclusive Growth?

Moderation

Rolf Alter, Director, Public Governance and Territorial Development, OECD

Panel

Dag Strømsnes, Chief Procurement Officer, Agency for Public Management and eGovernment (Difi), Norway

John Sheridan, Chief Technology Officer and Chief Procurement Officer, Government of Australia

Yongsuk Jang, Director of the Global Policy Research Center and Senior Research Fellow, Science and Technology Policy Institute (STePI), Korea

Vice chair to the OECD Committee of Science and Technology Policy (CSTP)

12:00-13:30 *Lunch*

In this session countries will share their experience in implementing strategies and action plans for using public procurement strategically as a mean to improve the efficiency and quality of the public sector, with innovative products and services. They will also present impact assessment methodologies.

The discussion will focus on how to optimise the strategies and overcome the barriers to the use of public procurement for innovation.

The OECD will highlight the key findings from its new report “Procurement for Innovation: Good Practices and Strategies” originated from the OECD Survey on “Strategic Innovation Procurement”, including a *Framework on the Strategic Use of Procurement for Innovation*.

In recent years, countries have become increasingly adept at leveraging the strategic use of procurement for innovation to meet the needs of civil society. Yet, there is still more that countries can do. Often, traditional ways represent hurdles to innovation – a “culture of innovation” is missing, and risk management and monitoring the results remain a challenge.

Based on good practices in OECD and partner countries, the Framework highlights nine areas of action that can be applied in various country contexts and covers the most important aspects that have to be addressed to public procurement for innovation across sectors and levels.

The panel will address the following challenges:

- How can public officials in charge of procurement be better informed and prepared for using procurement to develop innovative projects and how can they be supported by the proper institutional setting to minimise financial risks?
- How to benefit from early stakeholder engagement and from an open market consultation?
- How to overcome barriers and achieve maximum impact?
- How to co-ordinate impact assessment methodologies to effectively measure outcomes?
- Can incentives help to overcome risk aversion in public procurement and inspire an innovation-driven attitude to attain better results in public procurement?
- How are citizens and other users involved in the procurement transformation strategy?

Moderation

John Ivil, General Manager Government Procurement, Ministry of Business, Innovation and Employment, New Zealand

Speakers

Kirsti Vilén, Ministerial Advisor, Ministry of Employment and Economy, Finland

Juan-Manuel Garrido, Deputy Director General, Ministry of Economy and Competitiveness, Spain

Wolfgang Crasemann, Head of Unit, Technology and Innovation Policy, Federal Ministry for Economic Affairs and Energy, Germany

Maria Margarita Zuleta Gonzalez, Director, Colombia Compra Eficiente, Colombian Central Purchasing Body

Anne Müngersdorff, Senior Policy Analyst, Public Procurement Unit, OECD

The two breakout sessions will reflect on one selected strategic field of action, which will demonstrate how much procurement for innovation could be complementary to other policy objectives. The format of the sessions will support interactive exchanges and debate.

In both parallel sessions, participants will discuss methods to effectively combine secondary policy objectives, quantify impact and get more multidisciplinary-oriented to solve problems. Results will be reported in the closing session.

Parallel Session 3 a:
Combining the Policy Objectives of Innovation and Sustainable Green Growth
Room CC 10

- Frameworks for sustainable procurement and green growth are already broadly implemented in the countries, mainly in the environmental sectors. Some initiatives have already integrated policy objectives related to innovation and sustainability into their development process. This session will focus on gains and benefits of the successful combination of “Innovation” and “Sustainable and Green Growth”.

Moderation

Thomas Malmer, Policy Analyst, Strategic Planning on R&D and Innovation, Percipia, Sweden

Speakers

Kumi Kitamori, Head of the Green Growth and Global Relations Division, Environment Directorate, OECD

Sébastien Taupiac, Director in charge of innovation, Union des groupements d'achats publics, French Central Purchasing Body

Oshani Perera, Director, Public Procurement and Infrastructure Finance, International Institute for Sustainable Development, Switzerland

Justyna Pożarowska, Counsellor General, Department of the European Union and International Cooperation, Public Procurement Office, Poland

Parallel Session 3 b:
Combining the Policy Objectives of Innovation and the Development of SMEs
Room CC 4

- This parallel session focuses on how to combine “Innovation” and “SME Support” to make a better use of the innovative potential of SMEs and its impact on inclusive growth.

Moderation

Bertrand Wert, Project Advisor SME Instrument, European Commission, Executive Agency for Small and Medium-sized Enterprises, (EASME)

Speakers

Dominique Guellec, Head of Division, Directorate for Science Technology and Innovation, OECD

Wouter Stolwijk, Director PIANOo, Ministry of Economic Affairs, Netherlands

Christopher Baird, Senior Director, Build Innovation Program Office of Small and Medium Enterprises (SME) Public Works and Government Services, Canada

Maud Garnier Burrelly, Director Policy and Public Affairs, Business and Industry Advisory Committee to the OECD

Sylvain Massip, Director of Innovation, Natural Grass, France

The panels will address the following challenges:

- How to promote and facilitate the combination of secondary policy objectives?
- How to ensure incentives and pilot projects are followed through and how to make better use of good practice examples?
- What actions should be undertaken to leverage synergies between different policy objectives?
- How do procurement platforms support the approach of combining secondary policy objectives?

17:00-18:00

Session 4 – Report from the breakout session and Closing Remarks

After a short report-back with the key findings of the previous two sessions by the moderators, the Forum will conclude with the main outcomes from the day, sharing main conclusions and proposing emerging recommendations for the use of public procurement for innovation.

Dag Strømsnes, LPP Bureau, Chief Procurement Officer, Agency for Public Management and eGovernment (Difi), Norway

Mari Kiviniemi, Deputy Secretary-General, OECD

18:00

Networking Cocktail - Château Room George Marshall

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#p4inn
www.oecd.org/governance/public-procurement.htm

