



Procuring innovation in the public sector

Bottlenecks identified, solutions in sight

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TODAY



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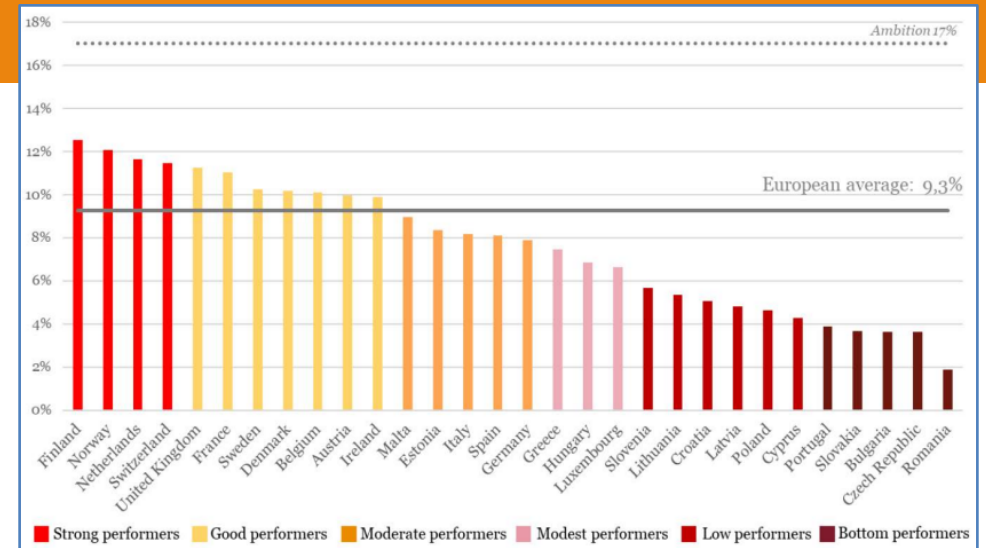
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Dutch public procurement competence centre
(part of Ministry Economic Affairs and Climate policy)

INTRODUCTION

There is plenty of potential for innovation procurement, but it is not yet fully exploited.

The procurement budget of the Dutch government is estimated at **100 billion euros per year** in 2022 (Prof. Fredo Schotanus, 2022).



Bron: EU Commissie Benchmark Study, 2021

- Deploying the volume in a future-oriented manner, by being a **launching customer**, can be a powerful stimulus for innovation

DUTCH WORKING GROUP

- In December 2020: in cooperation with RWS (executive agency of Ministry of Infra)
 - > Well-attended mini-lecture by **Mazzucato** (approx. 450 participants) on the role of public clients in innovation
- The Mazzucato argues that the public sector is an **important driver for innovation in accelerating transitions**.

The Dutch Working Group consists of experts in the field of innovation procurement. These include scientists and representatives of various public contracting authorities.

Question from the Ministry

What kind of bottlenecks are experienced in practice when procuring innovation?

REPORT

This resulted in a wide range of bottlenecks, clustered by six themes:

- Political / Policy / Administrative
- Organizational
- Financial
- Mindset
- Knowledge and skills
- Legal



REPORT



Political / Policy / Administrative

- > Unclear innovation agendas

Organizational

- > Compartmentalization within organizations (fragmentation and coordination between departments)
- > Place of the procurement department

Financial

- > Long term projects & High(er) risks
- > Multi-year budgets are missing
- > First costs, then benefits

Mindset

- > Conservative character ('innovation unfriendly') of the organization / public sector

Knowledge and skills

- > Inexperience with innovation
- > Unfamiliarity with instruments

Legal

- > Which rules apply, so tendency to be on the safe side
- > Definition of innovation
- > Scope (estimation of budget) of the tender

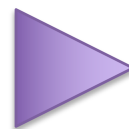


TAKE AWAYS > RECOMMENDATIONS



Primary points of attention

- 1) Governments often insufficiently **recognize the potential** of innovation procurement.
- 2) Governments often define (for themselves) **an innovation agenda that is too generic**, and a strategy for innovation procurement is missing.
- 3) Governments do not always want to **face the costs and risks** as a launching customer and wait until innovations have proven themselves elsewhere.



The Dutch working group has a number of **recommendations** to the Ministry and to governments in general:

- A. Draw up a strategic action plan for innovation procurement, in line with the innovation agenda / missions
- B. Provide information and support about procuring innovation
- C. Seek more cooperation with each other + connect initiatives that have already been put into practice

A CLOSER LOOK AT RECOMMENDATIONS



- A. Draw up a strategic action plan for innovation procurement, in line with the innovation agenda / missions
 - > **Appropriate resources** (budget & capacity) are essential, according to EU Commission
 - > With agenda and action plan, attention can be generated from management and civil service clients (recognition of potential to procure innovation)

- Opportunity: positive approach to a certain (organizational) target number, as an ambition
 - > Not for monitoring purpose, but for **promoting innovation**
 - > Can lead to a focus on tackling issues / missions
 - > Identify where there is a need for innovation, the domains/categories in which innovation can be very useful
 - > Example: after previous Dutch coalition agreement, RWS (executive agency of Ministry of Infra) aimed and set up 9 launching customer projects / programs

A CLOSER LOOK AT RECOMMENDATIONS



- B. Provide information and support regarding innovation procurement
 - > Appoint (Knowledge) Ambassadors
 - > Risk-avoiding behavior of directors and civil servants; motivate and stimulate in a positive way

- C. Seek more cooperation with each other + connect initiatives that have already been put into practice
 - > Also look for cooperation on policy level
 - > Project transcending explorations ('projectoverstijgende verkenningen')



CURRENT DEVELOPMENTS

Minister Economic Affairs and Climate wants to be a driving force.

We'll have conversations with other governments and stakeholders in the coming period:

- to map out an approach with measures to boost public procurement of innovation.
- promote cooperation in the field of public procurement of innovation between governments.

What is needed to take steps in this direction, and what support is desirable in your opinion?



QUESTIONS?

Website

- www.pianoo.nl
- www.pianoo.nl/innovatie

Report (in Dutch): [Innovatie inkopen in publieke sector](#)



Please don't hesitate to reach out!

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