Measurement, Evaluation and Monitoring of Innovation-enhancing Procurement

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1.- Rationale

• Widely recognized potential of innovation enhancing procurement (IEP):
  
  • **Lack of evidence** to form a basis for policy-making.

  • **Limited practical experience** on the potential of IEP and the main **barriers** for its effective implementation.

  • Partly due to the **unavailability** of an structured **conceptual basis** that can form the basis for the creation and **data gathering**.

  • Some partial trials include: Innobaromenter Survey, the Community Innovation Survey, and the Public Sector Innovation Scoreboard.
1.- Rationale

- Evidence from some countries having started to monitor and assess their IEP activities (e.g. Netherlands, UK, Austria).
  - Far from having consolidated a common strategic framework for the practice of IEP, at the European, national and regional levels.
  - No evidence on the organizational barriers and routines that can prevent or lead to capacity building in public bodies, nor on the financial needs and incentives required for an efficient implementation of IEP initiatives.
  - Also far from being in a sound context in terms of evaluation and monitoring, both methodologically and empirically.
2.- The Aim

- **Overarching goals:**
  - To create a **conceptual framework** that allows to start **gathering data** on IEP so as to set the basis for a comprehensive evaluation of procurement initiatives enhancing innovation.
  - To provide a basis for possible new **indicators** on the various dimensions and factors influencing the effectiveness of IEP.
2.- The Aim

- Other **partial** goals:

  - Set the **scope of innovation** (e.g. new for which entity? company, procurer, market national/international, end-user/citizen?), which is related to the typology of innovation procurement.
  
  - Discuss the key **dimensions** of the procurement process that need **to be monitored** and **assessed** (e.g. functional procurement orientation, barriers and routines that prevent/lead to capacity building, financial resources, types of innovation-enhancing procurement implemented, etc.).
  
  - **Specify** the orientation of the **indicators** that will help to measure the above key elements (quantitative/qualitative), and provide a **definition** for each of these indicators (e.g. number of innovative procurements, monetary value of innovation procurement, etc.)
  
  - Provide **examples** that illustrate the usefulness of the indicators provided.
3.- Evaluation

**Summative evaluation**
- Aim at measuring a programme’s performance.
- They are concerned with the measurement of the effects of the policy in both, the recipients of the programme and the wider economy.
- It is mainly focused on the effects of the programme.
- The results of this type of evaluation will be directed to implement a more effective scheme.

**Formative evaluation**
- Used as a learning procedure for policy makers.
- Aim to incorporate that learning into the implementation of the programme.
- Is an on-going evaluation and collects data during the entire programme’s life cycle.
- Uses a more qualitative approaches, including the use of case studies.
- Focuses on the analysis of how policy change inputs into outputs.
- The results are used to improve the administration of the programme.
3.- Evaluation

- **Input additionality**
  - It is a measure of the resources invested in order to obtain an output.
  - It means that the beneficiaries of a policy should add as many resources to the process as they are receiving.

- **Output additionality**
  - It is a measurement of the outputs obtained from the public intervention.
  - These outputs must be related to the outputs from the IEP process.

- **Behavioural additionality**
  - It refers to the policy impacts on organizational behaviour and processes.
  - For example, changes in collaborative patterns, promoting public bodies to take risks that they would not have taken otherwise, to change their requirement setting procedures, award criteria, etc.
4.- Key Dimensions

- Dimensions to consider in the conceptual and empirical frameworks:

- A) Input additionality
  - **Size** of the procurement units and the suppliers.
  - Level of the procurement unit.
4.- Key Dimensions

- Dimensions to consider in the conceptual and empirical frameworks:

  B) Output additionality
  - **Grand challenge** mitigation (i.e. extent to which results meet these goals).
  - Innovation as an output or as a by-product? Differences depending on contracting authorities?
  - Market transformation: technological development, market development,
  - **Boundaries** between implementation, aim satisfaction, and impact (i.e. spillovers).
  - Should diffusion activities also be included in the study of the impact?
  - Types of impact:
    - Impact of public procurement on market uptake and private demand (catalytic effect)
    - Impact of supplier innovation on public service improvement
    - Impact of public procurement on firm innovation
    - Impact on capacity to purchase innovative solutions
    - Impact on market creation and market structure
    - Impact on development and diffusion of innovation
4.- Key Dimensions

- Dimensions to consider in the conceptual and empirical frameworks:
  - **C) Behavioural additionality**
    - Degree of *sophistication* of the public demand (national, regional, local).
    - *Anchoring* of local firms.
    - Development of new *capabilities* and *learning* in the public sector.
    - The role of *conversations* (as a means to foster learning).
    - Methods for market *engagement* (e.g. information request on procurement portal, targeted information requests, one-to-one negotiations, market analyses, previous R&D projects, seminars, etc.)
    - Functional vs technical *specifications*.
    - Degree of *standardization* of procurement procedures.
    - *Award* criteria.
    - Risks and barriers for *implementation*.
    - Risks and barriers for *participation*.
4.- Key Dimensions

- Dimensions to consider in the conceptual and empirical frameworks:
- **C) Behavioural additionality**
  - Minimum and maximum number of participants (i.e. competition).
  - Tenders submitted for 1 lot, various lots, or all lots.
4.- Key Dimensions

- Other dimensions to consider in the conceptual and empirical frameworks:
  - Which is the group to be monitored? procurement officers, project managers, companies...
  - Trade-off between innovation and cost-efficiency logics.
  - Which other policy instruments is PPI more prone to interact with? (i.e. in an instrument mix)
  - Which are other determinants that may influence the policy setting and the results achieved through IEP?
5.- TOPICS for the WORLD-CAFÉ

- Key topics received during the ERAC consultation:
  - Measuring the **economic impact** of IEP in the public sector & its deployment; how might that impact be demonstrated and communicated.
  - Exploring experiences around introducing less tangible **criteria** to procurement activities (e.g. driving start-up activity, economic impact, potential societal gains as opposed to simple cost savings).
  - **Educating** Public sector bodies (at all levels) around potential impacts of IEP (e.g. embedding processes systematically and consistently, what mechanisms are being used elsewhere that would help make this happen - This might include the political and administrative ‘top-down’ requirements, What is the experience of others, etc.).
  - The role of **consortia** building (i.e. bundles of companies) and ensuring **dialogue** between procurers and suppliers to understand one another’s key **requirements** (and specific issues and pressures).
  - How should **public bodies** be **incentivised** (including financially) to undertake such activities (e.g co-funding projects and what are the issues around deadweight).
6.- Discussion