MLE Innovation Procurement

Kick off meeting

Topic C: Financial and other enabling incentives and resources for innovation- enhancing procurement

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Topic C: Financial and other enabling incentives and resources

Definitions

- **Financial**: money matters and transactions
- **Enabling**: to make able; give power, means, competence, or ability to; authorize; make possible or easy:
- **Incentives**:
  - A thing that motivates or encourages someone to do something.
  - Something that incites or tends to incite to action or greater effort
  - A payment or concession to stimulate greater output or investment.
- **Resources**:
  A source of supply, support, or aid, especially one that can be readily drawn upon when needed.
Topic C: Financial and other enabling incentives and resources

• “Functional regular procurement has the absolutely largest potential of enhancing innovations” (Edquist 2015. 2017)

• Public procurement accounts for 15-20% of GDP – 2 trillion Euros.

• Innovation-enhancing procurement is the mobilisation of existing procurement spend to allow, and therefore enable, innovation

• That is - making the most of existing spend:
  • National procurement spend,
  • European investment e.g. structural funds
  • The procurement of R&D is a different subject

• This has not historically been the role of public procurement so this shift needs enabling, incentivising and resourcing (and hence financing)
Topic C: Financial and other enabling incentives and resources

• This view is supported by most authorities. E.g.

• OECD “Almost 80% of responding countries take measures to support innovation procurement”

• OECD support framework for the use of public procurement for innovation includes “Dedicate sufficient budgets, funds and other financial incentives”

• ERAC recommendation "Provide financial incentives for contracting authorities to undertake innovation procurement, in the form of grants or loans.

• Member States and EC have both provided finance so experience and learning exists. One of the first tasks is to capture this experience.
Topic C: Financial and other enabling incentives and resources

1. Overview of experience

• What financial measures have been taken to mobilise, enable, resource and/or incentivise innovation-enhancing procurement?
  • Direct: related to the purchase (part-finance, loans, grants, insurance etc. ?)
  • Indirect: related to enabling and supporting (training, informing, supporting, policy initiatives, regulations, targets...etc. ..? .)

• How were they financed, level of spend, who agreed budgets, who holds budgets, within a policy framework, over what timeframe, consistency of effort, regulation etc.?

• What are the best sources of information?
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2. Review of existing member state evaluations

- Have any evaluations taken place?
- Who carried them out? What were the metrics used?
- Findings?
  - Which financial incentives have been most / least effective?
  - Which financial enablers have been most / least effective?
  - Any learning?
  - Any conclusions reached?
3. Review of EC financing and incentives

- What EC financing and incentives exist?
- Any review or evaluations?
  - Input from EC required

- Member State experience of EC financing and incentives:
  - Cohesion Policy,
  - Smart Specialisation,
  - Structural Funds,
  - H2020

- To what extent are demand-side procurement measures enabled and supported directly and in-directly via EC funds?
Topic C: Financial and other enabling incentives and resources

4. Identification of financial and other enabling incentives and resources

• Sections 1 – 3
  • Understanding the current picture of finance for incentivising, enabling and resourcing innovation-enhancing procurement
  • What has been learnt from the experience to date?

• Analysis – where are the gaps, what are the challenges, what seems to be most / least effective? How does this vary across Member States?

• Section 4
  • Taxonomy of measures and how they can be effectively deployed in support of the overall framework.
Topic C: Financial and other enabling incentives

World Café – Topic C

• What have been the most successful financial enabling measures in your experience?
• What have been the least successful financial enabling measures in your experience?
• What financial enabling measures would you like to see taken forward, at either member state or EC level?
• Are there gaps and / or opportunities that are being missed for demand-side procurement measures?
• What other sources exist for gathering this information?