

Initiative Public Procurement Promoting Innovation in Austria (PPPI Initiative)

 Innovation image

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Organisation: Federal Ministry of Science, Research and Economy (BMFWF) & Federal Ministry for Transport, Innovation and Technology (BMVIT)

Country: Austria

Level of government: Central government

Sector: General public services

Type: Financial Resources

Launched in: 2011

Link to the innovation's website

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Description

Austria has been developing the initiative 'Public Procurement Promoting Innovation (PPPI)' according to the international shift towards demand-side policies.

The PPPI initiative as public sector innovation includes:

- PPPI Action Plan & Governance (2011/12→)
- Amendment of procurement law (2013)
- PPPI Service network (2013→)
- Grants for Pre-Commercial public Procurement of R&D (PCP) (2011→)
- Grants for commercial Public Procurement of Innovation (PPI) (2014→)
- PPPI Online brokerage (2015→)
- PPPI Monitoring & evaluation (2014→)

The basis of the PPPI initiative is provided by the PPPI Action Plan which is well embedded. First, the Action Plan is linked to the 'Austrian Strategy for Research, Technology and Innovation'. Second, its formulation is the result of a participatory PPPI Strategy Process, involving all relevant Austrian stakeholders (>90). Third, its content and realization is politically legitimized by government decision.

The PPPI Strategy Process as well as the implementation of the PPPI Action Plan have been cooperatively supervised by the Ministry of Science, Research and Economy (BMWFW) and the Ministry for Transport, Innovation and Technology (BMVIT); supported by the Austrian Procurement Agency (BBG) and the Austrian Institute of Technology (AIT). For empirical evidence concerning activities and achievements see the '2013/14 Report on Innovation Procurement' of 2015.

<http://www.bmwfw.gv.at/Innovation/InnovationsUndTechnologiepolitik/Seiten/Beschaffung.aspx>

https://www.bmvit.gv.at/innovation/forschungspolitik/innovationsfoerdernde_beschaffung.html

http://www.ioeb.at/fileadmin/ioeb/dateiliste/dokumente/Downloads___Links/IOEB_Jahresbericht_2013-2014_final.pdf

Why the innovation was developed

- Public procurement promoting innovation (PPPI) is seen as an important demand-side instrument. It is included in the EU strategy 'Europe 2020' as well as in national strategies such as the Austrian national 'RTI Strategy' - all somehow inspired by US 'Small Business Innovation Research (SBIR)' program.
 - Boosting innovation through demand-side measures is not a new approach. Policies such as technology based standards, innovation-oriented regulation, and innovation procurement have been used in the transport, energy, and defence sectors, among others.
 - The recent increase in interest in this issue is based on two considerations. On the one hand, demand-side policies are expected to be less expensive than supply-side policies, such as direct and indirect government funding of public and private research and development (R&D), and provision of risk capital and research infrastructure.
 - On the other hand, demand-side policies are expected to be effective in orienting innovation towards societal challenges such as health, inclusion, safety & security, and sustainability.
 - At present, hopes are high that demand-side policies can provide a powerful lever. However, it would be misleading to see this as moving away from supply-side policies. Instead, it is important that demand-side and supply-side policies are integrated in an appropriate overall policy mix.
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Objectives

Improve access, Improve service quality

- "The aim of the Austrian government, together with the other territorial authorities (provinces, municipalities) and all parties concerned, in exploiting the large procurement volumes (about 40 billion Euro p. a. in Austria) is twofold: to encourage industry to deliver innovative goods/services on the one hand, and to supply public bodies and citizens with advanced and (eco-)efficient goods/services on the other. Although there exists already some experience with the promotion of innovation through public procurement in Austria (the Austrian action plan illustrates respective good practices), it is the aim to broaden these experiences."
 - STRATEGIC DIMENSION ("soft law"): Political commitment to the introduction of innovation related procurement plans in public entities and dedication of budgets; integration of innovation needs of public procurers in existing programmes.
 - OPERATIVE DIMENSION (state aid & procurement): Establishment of PPPI service centres to provide tailored support; establishment of specific incentives stimulating innovation procurement; initialising PPPI pilots.
 - LEGISLATIVE DIMENSION ("hard law"): Amending procurement law to include innovation as an explicit issue.
 - IMPACT DIMENSION: Establishment of innovation procurement monitoring and benchmark systems.
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Main beneficiaries

Businesses, Civil Society, General population, Other

- First, firms benefit from an advanced demand. It stimulates their innovation efforts, strengthens their competitiveness and gives them the opportunity for 'reference applications'.
 - Second, public entities benefit from the supply of better goods/services. It enables them to enhance their efficiency (improved organizational processes, cost reduction) as well as their effectivity (better services for citizens).
 - Third, citizens benefit from better public services and eventually from reduced costs of public administration.
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Existing similar practices

See for an European overview the “ERAC Opinion on Innovation Procurement” and for the US the Small Business Innovation Research (SBIR) program (links below)

In other countries' public administrations

See for an European overview the “ERAC Opinion on Innovation Procurement” and for the US the Small Business Innovation Research (SBIR) program

See for an European overview the “ERAC Opinion on Innovation Procurement” and for the US the Small Business Innovation Research (SBIR) program (links below)

https://era.gv.at/object/document/2176/attach/ERAC_Opinion_ST01209_EN15.pdf

<https://www.sbir.gov/about/about-sbir>

http://www.consilium.europa.eu/register/en/content/out/?&typ=ENTRY&i=LD&DOC_ID=ST-1209-2015-INIT

Results

Efficiency

- The PPPI initiative covers meanwhile a broad range of various cases. Efficiency Case: 'Austrian Mint' and its new environmentally friendly wastewater recycling system
 - 97% reduction in use of fresh water;
 - cost reduction in disposal of remaining waste because of easier collection and re-usability;
 - cost reduction in operations because of savings in energy, supplies and working hours.
 - <http://www.ioeb.at/ueber-ioeb-und-die-servicestelle/news/news-detail/public-procurement-of-innovation-award-2015-goes-to/>
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Service quality

Accessibility:

Responsiveness:

Reliability:

Development

Design

n/a

Testing

- Design of the initiative in the framework of a 'policy lab' (stakeholder participation, gamification methods, feedback-loops etc.).
 - Pilots for pre-commercial procurement were conducted.
 - PPPI awareness activities were conducted and several exchange and networking formats (from small interactive learning workshops to big 'good practice' events) were tested and developed in a step-by-step approach.
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Implementation

Tools used:

- PPPI Action Plan & Governance (2011/12→)
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Resources used:

- n/a
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Partnerships

Various Partners

Academics and Research Bodies, Civil Society, Other Public Sector, Private sector

Ministry of Science, Research and Economy (BMFWF) & Ministry for Transport, Innovation and Technology (BMVIT) & Federal Procurement Agency (BBG) & Austrian Institute of Technology (AIT)

Process owners were (and still are) cooperatively the Ministry of Science, Research and Economy (BMFWF, previously BMWFJ) and the Ministry for

Transport, Innovation and Technology (BMVIT) on the basis of a PPPI governmental agreement.

Lessons Learned

Lessons Learned

- The most significant challenge in implementing the PPPI Action Plan is the mobilization of the procurers. Procurers respond only slowly because procurement of innovation initially• requires more time (and money) compared to standard procurements,• requires a procurement strategy together with the involvement and commitment of the (top)management of the procuring organization, and• requires the acceptance of some risk respectively uncertainty (i.e. risk of innovation failure).
 - To overcome these obstacles, • stakeholder participation,• procurer empowerment and • the offering of service/support have been used in all stages - starting from the strategy process (which resulted in the Austrian PPPI Action Plan) to the various implementation stages. Concerning PCP, the biggest challenge was the IPR-agreement between procurer and industry. In the PCP-pilot we managed step-by-step to address procurers and industries needs appropriately and found an acceptable solution for all parties involved.
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Conditions for success

- stakeholder participation is one of the keys for the general acceptance of PPPI policy
 - embedding/linking in/to the national innovation strategy and overall political commitment for PPPI is important
 - empowerment works but requires time and financing
 - an appropriate policy mix is necessary (i.e. range of instruments from awareness to programs and services to financial incentives)
 - an evidence based approach (monitoring, evaluation) is important
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