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10 elements of good practice

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COMMISSION STAFF WORKING DOCUMENT

**GUIDE ON DEALING WITH INNOVATIVE SOLUTIONS IN PUBLIC
PROCUREMENT**

10 elements of good practice

This guide is an indicative document of the Commission services and cannot be considered binding to this institution in any way. It should also be noted that the guide is subject to the evolution of Commission practice and case-law of the Court of Justice.

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INTRODUCTION

The Aho Report suggested that if Europe cannot offer innovation-friendly markets for the creative outputs of its business, then these will go elsewhere.¹ It called upon governments to “use public procurement to drive demand for innovative goods, while at the same time improving the level of public services.” The 2006 Spring Council thereupon called for a broad-based innovation strategy, including the promotion and diffusion of eco-innovations. To respond to these concerns, the Commission presented two strategic documents in the autumn 2006, outlining a number of priority actions for innovation policy in the EU: the Communication on “Putting knowledge into practice: a broad-based innovation strategy for the EU”, which outlined a number of actions², and the Communication to the Lahti Informal European Council on “An innovation-friendly, modern Europe³. Public procurement as an instrument for innovation was also treated in the Commission Communication “More Research and Innovation - Investing for Growth and Employment: A Common Approach”⁴.

This guide focuses on public procurement as part of a broader innovation strategy and explains how public procurement can motivate innovation. It complements previous and ongoing efforts to promote environmental technologies through public procurement procedures.⁵ Further actions will follow in order to address the still unexploited opportunities in Europe for procurement of R&D services, where benefits and costs are shared between the public authorities and the suppliers (i.e. pre-commercial procurement). In this context, it is important to note that procurement policy alone is not sufficient to encourage a wider uptake of innovation. Other framework conditions need to be in place. To have the greatest impact, then, public procurement for innovation needs to be part of a general innovation policy. What is needed is a system providing for education, for research, for finance, for knowledge transfer and support for small business, for intellectual property management and for a high quality regulatory environment.

Public procurement can support the uptake of innovative products, works and services when intelligently used. In this sense, it helps establishing more favourable conditions for the creation of new markets, in particular in areas of public interest. This guide therefore helps to identify how governments can facilitate competitive market demand for innovation. One example is the kind of product and service innovation made possible by the development of secure electronic means of communication between government and citizens.

Governments can secure the best available solution in the marketplace and encourage innovation at the same time. For example, by using clear and robust output specifications, government purchasers can leave companies the room to propose innovative solutions. This gives firms strong incentives to maximise the efficiency and performance of the products and

¹ See http://ec.europa.eu/invest-in-research/action/2006_ahogroup_en.htm

² COM (2006) 502 final

³ COM (2006) 589

⁴ COM (2005) 488

⁵ The Commission had already identified the potential of public procurement for encouraging the market uptake of environmental technologies in its Environmental Technologies Action Plan (COM (2004) 38 final), and proposed to investigate the possibilities for promoting environmental technologies through public procurement procedures. A handbook on environmental public procurement, entitled *Buying Green!*, has been published. Future initiatives include the proposal of a Communication on Green public procurement, proposing voluntary targets and tools for EU-wide uptake of GPP.

services they offer, which in the end should benefit the public. The issue of how to encourage innovation through public procurement therefore comes down to how to do procurement in such a way as to encourage and get innovative solutions. The search for possible solutions should be organized in an open and transparent manner, using electronic means for quick and structured information provision, giving information, for example, on potential business opportunities and specific calls for tenders.

Applying the rules of the procurement framework correctly and making use of the flexibility they offer will make it possible to achieve more innovative solutions. The new procurement Directives offers more opportunities for government purchasers to use innovation-oriented tendering. However, the key obstacles to innovation stimulating public procurement, such as risk aversion, flow not from the legal framework but rather from organisational issues and the lack of practical experience and expertise that need to be and can be addressed directly. However, it should be emphasized that issues of organisation as proposed in this document should be dealt with strictly within the legal framework of public procurement directives, other Community legislation and the jurisprudence of the Court of Justice.

This guide provides supportive elements for decision makers who want to develop and implement a public procurement policy that promotes innovation. It builds upon concrete examples that have been identified by practitioners and widely discussed with public and private experts⁶. They reflect the current state of information on public procurement practices within the EU Member States that need to be adapted to national and local conditions by the relevant authorities at that level and to be implemented accordingly. In this respect, this guide should be considered only as a first step towards more favourable conditions for innovation through public procurement, requiring a continuous exchange of practical experience and full political commitment.

The Pro INNO Europe initiative offers further scope for implementing this guide, for example by creating a network of excellence between practitioners, sharing experiences and creating common services.⁷ In that context, the topics treated in the guide may be further developed and also promoted through the development of a user friendly web site. In addition, the STEPPIN network on standards in procurement under Europe INNOVA will identify how governments can stimulate innovation by making reference to standards in their tenders.⁸ More of such practical steps are needed to fully exploit the possibilities of public procurement to contribute to achieving the objectives of innovation as part of the growth and jobs strategy.

1. **ACT AS AN 'INTELLIGENT' CUSTOMER**

Successful public procurement for innovation requires government purchasers to be intelligent customers who plan what they will need to buy, and how to buy it. Communicating long-term plans to the market, to both existing and potential suppliers, gives the market time to react and develop solutions to the defined need. Implementing new government policy on

⁶ These examples are mainly derived from a study executed by the Fraunhofer Institute and from discussions with public and private experts in two workshops. See http://cordis.europa.eu/innovation-policy/studies/gen_study13.htm The presentations of the workshops are available at <http://ec.europa.eu/enterprise/innovation/conference/index.htm> and http://trendchart.cordis.lu/ws_paper.cfm?ID=13

⁷ See <http://www.proinno-europa.eu>

⁸ See <http://www.europe-innova.org>

increased waste-recycling, for example, could require a factory upgrade. Timely communication of plans to the marketplace can take many forms, including organising open days for potential bidders, publishing annual public procurement plans⁹ and providing information directly via government websites. For reasons of transparency and competition, any information given to stakeholders would naturally have to be made equally available to all interested parties.

Handling the public procurement of innovative solutions requires intelligent organisation, and well-trained staff with a multitude of skills. These include good procurement skills, but also skills in project management and contract management. A purchaser needs access to technological knowledge to draw up specifications, evaluate proposals and follow through and learn from the purchasing process. The need for such skills will be most evident when an innovative acquisition requires organisational change. Incentives for purchasers to be well trained can easily be provided (e.g. training allowances).

To properly fulfil its function in the policy cycle and to be able to deal with innovative offers, the procurement function needs to be well embedded in the organisation. This applies to all forms of organisation, be they centralised or decentralised or with a separate procurement agency. Strong communication between procurement personnel, financial planners and policy makers is essential. Early communication of policy needs and budget availability enables procurement personnel to plan accordingly.

Pooling of resources between governments within and between Member States can also help achieve economies of scale to develop technologically demanding solutions. This option would need to be given special consideration when interoperability of technologies is an issue. There is no single best practice in terms of organisation. Many models can support public procurement for innovation. Provided a good network exists, economies of scale and innovative features can be exploited in a decentralised system, through co-operation and coordination, just as well as in a centralised system. Framework contracts¹⁰, for example, are one way of pooling the buying power of different purchasing bodies.

What to do:

- Inform the market of your plans as early as possible
- Create a professional public procurement function capable of handling innovation

Example - Electronic file management system procurement

The Austrian government started thinking about introducing an electronic file-management system in 2001. In its 2003 Government declaration it announced an e-Government-Offensive aimed at creating a modern, service-oriented public service. As electronic file-management is a necessary condition for a comprehensive e-government approach, digitalizing both the front-office communication with citizens and the back-office communication within ministries was a high priority.

⁹ See Article 41 of Directive 2004/17/EC and Article 35 of Directive 2004/18/EC

¹⁰ See Article 14 of Directive 2004/17/EC and Article 32 of Directive 2004/18/EC.

A centralised procurement procedure was used, in order to include all federal ministries and ensure standardisation. About 8,500 users in all the Federal ministries were covered, with the Federal Chancellery giving a lead. Each ministry delegated technical and organisational experts to ensure that relevant actors were involved. The Central Federal Procurement Agency BBG provided the procurement expertise. With the help of timely preparation and of effective organisation of the process, the job was done on time.

2. CONSULT THE MARKET BEFORE TENDERING

Like any other buyer, government ought to identify, via the technical dialogue or by other means, what is actually available on the market, before deciding whether and what to buy. Defining the objectives and requirements is an essential first step in the public procurement process. It determines whether potential bidders can make innovative proposals. Needs should already have been identified before discussions are held with the market, so that potential suppliers can be targeted. Discussions will normally reveal whether the requirements can be met and whether there are enough potential suppliers for effective competition.

Technical dialogue makes it possible to broach the views of the market before starting the tendering process. If contracting authorities want to achieve broad market coverage, they could publish¹¹ their intentions to start a technical dialogue. Wide and timely publication is of the essence. It gives the market the opportunity to better understand the problem to be addressed and to offer optimum solutions. To ensure transparency, any information provided by government during the technical dialogue would need to be circulated to any potential bidder. To allay any concerns of suppliers that sensitive information might be disclosed to other parties, government can provide an assurance of confidentiality, stating that this kind of information will not be disclosed.

It should be noted, however, that the initial consultation of the market (e.g. a potential technical dialogue), would have to be done under the condition that the seeking or accepting of advice does not have the effect of precluding or distorting competition.¹²

What to do:

- Identify innovative solutions on the market
- Inform market players of your needs and discuss ways of meeting them

Example - Innovative Telecommunication Equipment

The German city of Heidelberg was planning to replace an old telecommunication system with a new Voice Over Internet Protocol system in 2003. The system was to integrate voice and data streams - a technologically demanding integration of technologies, at that time.

¹¹ It should be noted that a possible publication does not replace any requirement under the public procurement directives to publicize once the procurement procedure has started.

¹² See Recital 15 of Directive 2004/17/EC and recital 8 of 2004/18/EC as to technical dialogue.

Before the tender was issued, the city purchasers acquired in-depth knowledge of the market. To this end, an international market survey was conducted to identify potential technologies and suppliers. The procurement team organised workshops with all the major providers, setting out its potential future requirements and learning more about the competencies and future developments of the companies. For the suppliers, a confidentiality clause was signed by the city, to ensure that no sensitive market and technology information was disclosed to competitors. This process was also important for potential suppliers to get to know the technological context of the project.

3. INVOLVE KEY STAKEHOLDERS THROUGHOUT THE PROCESS

It is important to ensure the active participation of all internal key stakeholders, throughout the procurement lifecycle. In particular the users of the service, technical experts and legal advisors should be involved. An early dialogue between these stakeholders is essential. Ensuring that future contract managers have an input into the specification of requirements, for example, helps ensure successful delivery, since the contract managers will ultimately be responsible for ensuring that the outputs are delivered by the successful supplier.

Involving the users in the procurement process helps to get a clear definition of requirements and facilitates successful implementation. It is obviously important to determine whether users are prepared to use a new solution. If they are unprepared or unwilling to adopt and to adapt to new ways of working, a change-management or skills-enhancement programme may be called for, if the process is not to fail at the implementation phase. Thus, stimulation of innovation may require investment in organisational cultures and training.

What to do:

- Identify key internal stakeholders
- Secure their involvement and participation

Example - Human Resource Management System

Four UK government departments decided to join forces in procuring a replacement for their Human Resource management system. This required robust planning and preparation for the procurement. As part of the preparatory work, procurers conducted a stakeholder analysis to ensure that the right stakeholders were identified and that the level of input required from them was defined.

All internal stakeholders contributed throughout the procurement lifecycle of the project, from initial identification of needs, through the drafting of the specification of requirements up to the implementation of the selected solution. Planning for the involvement of key stakeholders ensured that the joint procurement operation was run on time and to budget and delivered the required level of quality.

4. LET THE MARKET PROPOSE CREATIVE SOLUTIONS

To get innovative solutions companies need to be able to offer them under the tendering conditions. By not prescribing the solution, but instead specifying government's need by

reference to performance or functional requirements and by accepting variant bids, suppliers are given the opportunity to propose innovative solutions. So the way in which the technical specifications are drawn up determines the variety and quality of the offers.

If the authorities do not give contractors the freedom to supply innovative solutions, there is no way the market will be able to serve their needs in the best possible manner. Using a too high a degree of technical detail in the requirements, for example, usually prevents companies from submitting innovative proposals, as there is no room to propose these. However, the specifications must of course be precise enough to permit the award of the contract in accordance with the rules governing the procedures. Careful thought would also have to be given to how tenderers can prove their technical ability, especially if they offer an innovative solution that might work differently from standard products. Laying down overly restrictive selection criteria could already exclude young, innovative enterprises.

A design contest¹³ can be a powerful means of developing and testing new ideas. It gives firms plenty of room to come up with solutions, making optimum use of the market's creativity. This procedure can be used for all types of services, supply and works contracts, such as a building construction, developing a transport plan or even a communication plan. Contracting authorities can award the contract directly to whoever comes up with the best idea. This makes it attractive for companies to bring their innovative ideas forward.

What to do

- Give companies room to propose ideas and be open for alternatives
- Ask for a solution, do not prescribe it

Example - Variable Message Signs

The English Highway Agency tendered for the development and installation of new variable message signs on motorways in 2001. Their purpose is to provide information to drivers on advisable speed, lane availability and the like. The old signs had very limited flexibility on the messages they could display.

Contrary to earlier tenders, the Agency used an output specification and allowed industry to apply new technology in their proposed solutions. The use of an output specification allowed the suppliers to continue to develop their product. This resulted in reducing the cost over time – for example one supplier developed a better front face. The result was a sign of a type not previously seen, capable of generating graphics as well as text. As a result, the Highway Agency acquired a good and innovative product. The company went on to win a Queen's Award for Enterprise in Innovation and sold to new markets in the Netherlands and Russia.

5. SEEK VALUE FOR MONEY, NOT JUST THE LOWEST PRICE

Innovation can lead to lower cost, but it is usually linked to better quality. To accommodate both criteria, one can choose to award the most economically advantageous tender (MEAT). This makes it possible to take into account whole-life costs, and other important elements such as the quality and technical merit of the offer. MEAT award procedures mean that a

¹³ See Articles 60-66 of Directive 2004/17/EC and Articles 66-74 of Directive 2004/18/EC.

whole range of criteria can be taken into account when evaluating the proposals¹⁴ making it possible to award the optimal combination of whole-life costs and quality considerations, in relation to the price. For example, cheaper but less energy-efficient IT equipment would increase energy costs and thereby the running costs making the whole-life cost higher.

Purchasers normally include price conditions, but they could also include other components which make up the total lifetime costs of the purchase. The lifetime costs can be influenced by such conditions as maintenance patterns, including potential down-time; reliability; life-time maintenance costs; and of course, timeliness of provision. The product with the lowest purchase price will therefore not always prove to be the cheapest, the most advantageous, or the most innovative, when all these conditions are taken into account.

When using qualitative award criteria to foster innovation, it is important to be clear on how to evaluate proposals against these criteria. A fair comparison of bids requires a skilful evaluation committee. New innovative solutions are especially difficult to compare. In most cases this will require a mix of experts, including lawyers and technical specialists. The tender evaluators should be trained in how to assess complete compliance especially with the innovative tender requirements, and how to give marks or points in a fair, objective and pre-determined way.

What to do

- Decide which cost and quality aspects to take into account
- Decide on criteria to reflect these aspects

Example - New energy-efficient Lighting Systems

The German city of Hamburg wanted to combine anti-climate change measures with economic efficiency by buying energy-efficient lighting systems. The criteria focused not just on the purchase price but also on the technical merit, after-sales service and the running costs as well. The new solution resulted in an energy saving per office space of 60%. This standard solution was a modification of existing systems and the suppliers and service providers had to invest in innovative activities in order to meet special needs.

As the purchase meant high initial investment costs and only long-term cost efficiency the cost-benefit ratio was extremely important. The costs were calculated across the whole life cycle of the product, with cost defined as initial price plus installation and maintenance, and the benefits calculated from the energy savings. At the time of purchase the price of energy was relatively low. However, the expected increase in economic efficiency was analysed and proven, even in a scenario of declining energy prices, to ensure that there would be a long-term effect to justify the investment. The higher the energy prices, the bigger the return.

6. TAKE ADVANTAGE OF ELECTRONIC MEANS

Electronic means can greatly support and strengthen the processes identified throughout this guide. Websites can provide quick and structured information to companies on such things as potential business opportunities and specific calls for tenders, as well as more general

¹⁴ See Article 55 of Directive 2004/17/EC and Article 53 of Directive 2004/18/EC

information on the buyer and the context of public procurement. During a technical dialogue they can help generate a wide interest and response and ensure good, uniform information provision to all interested parties. In short, transaction and communication costs for companies and government alike can be reduced by using electronic means to disseminate, collect and process information including electronic submission of offers, during the procurement process.

Electronic means offer many opportunities, but would have to be used correctly.¹⁵ It is desirable that the instrument and procedure be appropriate to the objective at hand, in the digital world as much as in the physical environment. Tools and systems deployed in e-procurement must be generally available, non-discriminatory and interoperable with those in general use so as not to exclude any bidder. Moreover, electronic processes often require more standardisation as a pre-requisite for automated data transmission. Groups of commodities, for example, that are often identified in the private sector as being suitable for electronic purchasing, are characterized by the fact that they are off-the-shelf products which are commonly used and generally available on the market, thus ensuring interoperability at European level. Careful thought would therefore need to be given to how the use of electronic means might impact on the public procurement of innovative solutions.

What to do

- Use electronic means to inform and be informed and enhance efficiency
- Ensure the electronic means you use are well-adapted to your needs

Example - EU-e-procurement portals: TED and SIMAP

The Tenders Electronic Daily- Internet site (TED) provides interested users with access to all public tenders that have to be published EU-wide. Suppliers can search and bid for any government opportunity which is advertised through the portal. Public sector buyers have the opportunity to seek market information in order to plan their procurement. The portal includes tenders at all government levels throughout the EU. (See: <http://ted.europa.eu>.)

The SIMAP site provides background information, links and automatic exchange tools to public purchasers and businesses interested in public procurement opportunities in the European Union. It gives public buyers the online standard forms needed to advertise their tenders and electronic notification tools to submit them to the EU Publications Office for publication on TED. Suppliers can find background information on European public procurement policy and legislation and links to other sites with information about procurement opportunities across the European Union. (See: <http://simap.eu.int/>.)

7. DECIDE HOW TO MANAGE RISKS

Risk is inherent in buying something innovative. It is useful to have a clear policy on how to deal with it. Innovative public procurement may well promise a higher return. But it often

¹⁵ For these conditions see Commission Staff Working Document, Requirements for conducting public procurement using electronic means under the new public procurement Directives 2004/18/EC and 2004/17/EC, SEC(2005) 959.

entails higher risk than buying off the shelf. Risks can differ in scale and impact. Failure may be total, if a supplier is simply unable to deliver; or partial if performance falls below expectations, or delivery is late. Failure can also come from practical difficulties in applying a new solution and integrating it within the organisation.

Where an innovative solution is considered, it is especially important to identify the risks involved, to assess their potential impact on the project, and to assign ownership for the management of these risks. It is desirable to have these steps clearly identified in the decision making process and make them part of the evaluation. Purchasers can ask bidders to include an analysis of the risks in their proposals and how these can be mitigated, with a view to making it easier to judge whether the risks are acceptable. Risk mitigation and contingency plans to respond to the identified risks would then need to be developed. It is particularly important to decide who is best placed to bear and to mitigate a specific risk and to allocate responsibility accordingly. Risks such as changes in policy are better managed by government. Implementation-stage difficulties are more likely to be handled effectively by the suppliers.

What to do:

- Identify and plan for risks
- Designate the risk owner

Example - Electronic Signatures

The Dutch government started looking into the use of Public Key Certificates in 2001. These Certificates allow the use of an electronic signature to validate electronic transactions between citizens and public services, and between public services. The procurement process involved the development, installation and maintenance of an infrastructure for issuing and using these certificates (the standards for the infrastructure had already been developed in the context of the European Electronic Signature Standardisation Initiative). However, the authentication mechanisms of the new infrastructure were, at that time, untested technology. This made reliability the highest priority.

The most significant award criterion was therefore the supplier's proposal to ensure compliance with the required reliability and security goals. The supplier also had to agree to an extensive monitoring mechanism. This included submission of monthly reports with detailed evidence on its compliance, meetings about 2-3 times per year to discuss the status of the infrastructure, and annual audits of the infrastructure by independent auditors. No major failures have been encountered.

8. **USE CONTRACTUAL ARRANGEMENTS TO ENCOURAGE INNOVATION**

Contracts can yield substantial savings and improvements and are therefore important for innovation. They set the scene for the delivery of whatever goods, services or works are being procured. It is therefore desirable that the contract specifies how conditions influencing the price - such as liability and warranties - will be handled.

Contracts can promote further innovative improvements by companies. Incentives could be stipulated in a contract to provide the contracting authority with further innovative improvements. Contracting Authorities can benefit from these improvements as long as they are stipulated in advance in the invitation to tender, and are equal to all potential bidders.

Where innovative goods are developed, intellectual property rights (IPR) may arise and an IPR policy becomes essential. It is useful to decide how best to handle IPR and who should be the holder. If government decides to keep the IPR, it will have to pay the price for exclusive development, as the supplier can not re-use IPR. A supplier who can keep the IPR may consider it to be an investment, a building block for other projects. This would normally be reflected in a lower price for the purchaser.

What to do:

- Include in the contract incentives for further innovative solutions
- Establish a policy on how to handle intellectual property rights

Example - Energy Saving Procurement

The Italian procurement agency CONSIP has adopted a strategy for saving energy in public administrations across the country through energy performance contracts. Suppliers are required to maintain a temperature of 20°C inside buildings such as public offices and schools. Making the suppliers responsible for energy costs encourages them to optimise energy consumption and resource management so as to improve profitability. Services include fuel supply and operation and maintenance of the heating facilities.

One of the selected firms stated that the clause on energy costs had triggered innovations in two main operational areas: first, the modernisation of the energy producing plants, in order to comply with the requirements of the contract and the national regulation; second, further improvement of the performance of the plants and facilitation of monitoring and maintenance operations. These innovations include low-temperature plants and incorporation of burn control, thermo-regulation control and wireless control features.

9. **DEVELOP AN IMPLEMENTATION PLAN**

Even when the contract has been signed, the process has not finished. Time and resources would need to be allocated to managing the contract. Managing contract delivery involves monitoring and evaluation – the results of which can be used to draw lessons for future public procurement procedures, contracts, projects, and policies. Managing a contract well is of pivotal importance when purchasing something innovative. Therefore, it is useful to have a robust contract management regime planned as early as possible in the procurement process,

so that both parties understand their respective obligations. It is desirable for the contract to establish mechanisms for a smooth execution of the assignment and include procedures for addressing and resolving disputes.

Maintaining dialogue with the supplier is important for ensuring continuing innovation during performance. It would be valuable if the contract explicitly provides for this. Providing in the contract for regular meetings and evaluations will, for example, ensure that there is enough information to enable incentives to be applied properly. Moreover, supplier-buyer interaction can be viewed as a learning process for subsequent contracts.

Contract monitoring and evaluation can support future innovation. Ideally they should go beyond contractual objectives, to address consequences for market development, impacts on technological development, and implications for public policy. Clear, precise and meaningful performance indicators would need to be well described in the contract, together with the necessary monitoring instruments. For example, these could include service response time, on-time deliveries, service level and costs. It is desirable for these contractual mechanisms to facilitate organisational learning as well.

What to do:

- Provide for an implementation structure and resources
- Monitor and learn from implementation

Example - Measuring performance

The Regionaal Orgaan Amsterdam (Amsterdam Regional Authority) procured public transport services for the Zaanstreek municipality from a private company. Several objectives were difficult to measure, such as increasing coverage for residents, improving reachability, and securing quality and accessibility of material. Robust monitoring instruments were therefore needed.

The winning company was obliged to provide information on compliance with the set goals. If it failed to meet its obligations, it faced a heavy penalty. The Authority examined the material which was sent in by the company and was also empowered to employ a third party to audit and check the information provided. The contractor was also obliged to provide a substantial amount of information towards the end of the contract about transport in the area, as input for the next call for tenders.

10. LEARN FOR THE FUTURE

It is important to draw lessons for the future from the procurement process. The overall goal of policy evaluation is to assist policy makers in improving their activities and in promoting innovation. It is desirable that lessons learned be well documented and shared among public procurement professionals and managers. A conscious effort would be needed for the organisation to benefit from the experience.

It is very important to evaluate measures designed to boost research and development and innovation through public procurement. Only in this way can policy learning be promoted. It is desirable that policy and practice in relation to public procurement for innovation be

carefully evaluated, considering the full range of costs and benefits, and the results of that evaluation fed back into improved approaches. The involvement of stakeholders in the process is critical. Evaluation provides a forum in which public procurement officials and the supplier community can review the effectiveness of measures to promote innovation.

What to do:

- Become a learning organization on innovation
- Establish evaluation and review procedures to improve knowledge of innovation in procurement procedure

Example – Support for mutual learning

The Dutch central government's procurement agency PIANOo set up an electronic platform for discussion and exchange of information, the PIANOo-desk. The objective was to profit from mutual procurement intelligence. Currently 2000 contracting authorities are registered at all levels of government. Information in the network is accessible to all public procurement practitioners, even the smallest community, online. Sharing experiences is providing a strong stimulus for innovation in procurement. (See www.PIANOo.nl.)

The UK Office of Government Commerce has installed a "Gateway Review," to provide assurance that procurement projects will be successful. The Review looks, for example, at whether the programme is capable of realising the proposed objectives and gives an initial assessment of the programme's likely costs and potential for success. The review teams are made up of independent experienced practitioners, who bring their prior knowledge and skills to bear, to identify the key issues that need to be addressed for the project to succeed. The review criteria are established and publicly available. (See http://www.ogc.gov.uk/what_is_ogc_gateway_review.asp.)