

*Strategic public
procurement
20-11-2007*

Agenda

- Definition
- Conditions
- UK example
- Conclusion

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Strategic public procurement

- Preliminary definition (Edler, c.s.)
- Strategic public procurement is procurement used consciously to achieve sectoral or cross sectoral policy aims more efficiently and more effectively, which - ideally - results in a shift in market behaviour.

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Examples

- Cross sectoral:
 - Industrial policy
 - innovation policy
 - social sustainability policy (e.g. aiming at the exclusion of child labour).

- Sectoral
 - Transport
 - Defense

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Conditions

- Political commitment is necessary
- Centralized coordination is vital
- Combined with other policy instruments:
 - State aid (subsidy)
 - Tax measures

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Procurement typologies

- Hommen
- Direct procurement : intrinsic needs
- Cooperative procurement: congeneric needs
- Catalytic procurement: extrinsic needs

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Interaction market

- Demand side behaviour:
 - Code of conduct
 - Sectoral level (agreement with supply side)
 - Branche level (e.g. VNG)
 - CA level (e.g. municipality) (Succhi di Frutta (C-496/99 P, - 72, 73 -))

- Supply side behaviour:
 - Code of conduct
 - Sectoral level (agreement with demand side)
 - Branche level
 - Company level

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CoC sectoral level (Netherlands)

- Netherlands, May 2007 Ministry of Ec. Affairs & ICT-Office
- De overheid als opdrachtgeefster zal datgene doen wat in redelijkheid van haar kan worden gevraagd om leveranciers een juist en volledig beeld te geven van haar eisen en wensen ten aanzien van de af te nemen producten en/of diensten en van de context waarbinnen deze producten en/of diensten gebruikt gaan worden.
- De leverancier als opdrachtnemer zal datgene doen wat in redelijkheid van hem kan worden verlangd om zich een juist en volledig beeld te vormen van de eisen en wensen van opdrachtgeefster ten aanzien van de af te nemen producten en/of diensten en van de context waarbinnen deze producten en/of diensten gebruikt gaan worden.

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CoC sectoral level (Netherlands)

- Demand side:
 - Obligation to inform

- Supply side:
 - Obligation to investigate & inform & warn
 - Hof Den Haag 15-03-2007 (Transvision)
 - Hof Den Haag 13-09-2007 (G4S)

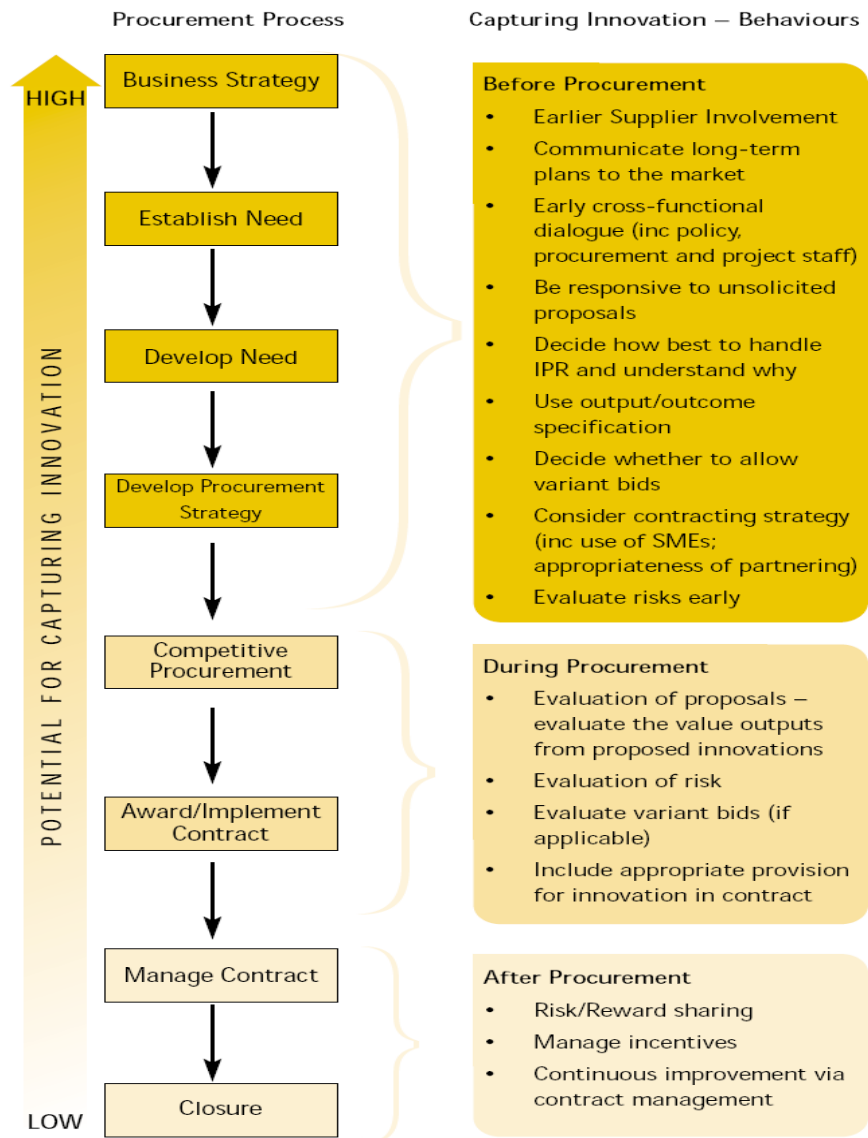
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UK Public Procurement & innovation

- Coordinated by the Office of Government Commerce (OGC)
- OGC has in 2004 drawn the attention to the fact that public technology procurement can boost the growth of innovative companies in the UK via the publication
Capturing Innovation

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Schematic: Capturing Innovation through the procurement cycle



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UK public procurement policy

- Public Procurement Policy overview
- Competing in the Global Economy- The innovation challenge (2003)
- Capturing Innovation (2004)
- Transforming Government Procurement (2007)
- UK Government's Sustainable Procurement Action Plan (2007)
- Finding and Procuring Innovative Solutions (2006)

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Link between procurement and UK technology strategy

- The Technology Strategy Board : the new TSB was set up on July 1 by the Department for Innovation, Universities & Skills (DIUS). DIUS will be responsible for driving forward the Government's long-term vision to make Britain one of the best places in the world for science, research and innovation, and to deliver the ambition of a world class skills base.
 - Objectives with reference to Public Technology Procurement
 - Delivering the strategy with reference to the
 - Innovation Platforms

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UK innovation platforms

- Innovation Platforms are a new way of working for Government and business. Each focusing on a specific area of opportunity, innovation platforms are designed to:
 - address major policy and societal challenges
 - bring together Government stakeholders and funders
 - engage with business and the research community to identify appropriate action
 - align policy, regulation and government procurement in support of innovative solutions.
- Through this approach, Innovation Platforms aim to deliver a step change in UK performance, in the quality of public services and the ability of UK businesses to provide solutions for the global marketplace.
- Three Innovation Platforms have been launched by the Technology Strategy Board to date, focusing on Intelligent Transport Systems, Network Security and Low Carbon Vehicles

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Procurement Preparation

- Identification and statement of needs/outcomes expressed in a business case
- Preliminary check of markets:
 - Monitor recent and future developments in the markets through:
 - The Foresight Programme
 - The Innovation Platforms
 - The Knowledge Transfer Networks
 - Public/Private Reference Groups(PPRG's): facilitating supply side consultation before new policies are implemented
 - Horizon scanning: is to systematically examine potential threats, opportunities and likely future developments in markets
 - Via a patent search

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Procurement Preparation

- Market Sounding:
 - via a web-based portal to attract innovative solutions or via an EU Prior Information Notice (PIN) or a combination of both
 - Concept Viability: service provided by Intellect, a leading trade body for the ICT industry, in order to maximise the benefits from the customer-supplier relationship to test the do-ability of ideas at an early stage.

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Procurement approaches

- The Competitive Dialogue Procedure: which allows scope for developing the final specification with input from suppliers
- Design Contests: which awards prizes (which may include award of a service contract) for the best design solution to a requirement;
- Pre-commercial Procurement, under development as a process to use R&D contracts to progress solutions;
- Forward Commitment Procurement, being piloted in the environmental technologies sector as a demonstration of the effectiveness of identifying and stating needs early, and the possible means of following a procurement process with the award of a contract to procure once a new solution has been fully proven

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UK Road pricing systems

- Publication: "Managing our roads" (2003): DfT's key long-term strategy document for the next 20-30 years
- UK Road Pricing feasibility study (pub. 2004) set the context for the DfT's policy development in this area.
- May 2006 speech: A demonstrations project was announced by the Secretary of State
- Prior information notice (143685-2006) was issued to industry with reference to an invitation document on a web portal
- In May 2007 industry has been invited via two notices (122181-2007 and 122182-2007) in the OJEU to bid for, and run, different elements of demonstrations: demonstrations foreseen in Spring 2008
- In July 2007 the UK Technology Programme of DTI made £7M of public funding available for collaborative R&D projects such that the more innovative outputs could be shown to the service providers during the Demonstrations Project.

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Conclusion

- Strategic procurement can be an useful policy instrument
- Long term political commitment is a pre requisite
- Just a few successful examples in the EU

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Thank you

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