Finland*

**Strategic framework, stand-alone action plan and scope for procurement for innovation policy**

There is no stand-alone procurement for innovation action plan in Finland; however, the country has an overall national strategic framework with objectives. The implementation takes place through various sectors and sector strategies. This allows ownership and taking into account sector specific characteristics and demands.

In 2008, the promotion of public procurement of innovation and pre-commercial procurement was recognised as an innovation policy objective in the national innovation strategy. In 2010, Finland issued the Action Plan for Demand and User-Driven Innovation which further elaborated the strategic framework for procurement for innovation. Since then, procurement for innovation tool has been included in several policy documents (mostly for specific sectors such as health, ICT, cities, energy, etc.).

The government programme 2015-19 includes for the first time a numerical target 5%, for innovative public procurement. This target is a strong encouragement to conduct procurement for innovation. The scope for procurement for innovation policy is wide; it encompasses both PPI and PCP. The focus is on PPI since it is seen to offer wider possibilities. There are no specific definitions, but the implementation of the EU Procurement Directives is underway and it will clarify the procurement processes for innovation.

A dedicated helpdesk gives advice and consultancy to public procurers around sustainable and cleantech procurements. The helpdesk gives advice to public procurers through all stages of the procurement process, offers tools and guidelines, suggests criteria to be used in procurement, and collects best practices.

Tekes Smart Procurement Programme is a horizontal programme covering strategic areas of Tekes with most promising future business opportunities encouraging PPI and PCP in various sectors and provides earmarked funding for public procurement units. The project runs from 2013 to 2016. In 2009, Tekes launched a Financial Instrument for Public Procurement, which provides funding for innovative solutions.

The most important goal is of the Tekes programme and funding to create opportunities for SMEs; secondly, the goal is to create innovative solutions to public sector challenges. Tekes funds the planning of public contracts, covering 50% of total project costs. In addition to funding, Tekes fosters networking and co-operation. Tekes has also initiated national training for innovative public procurement for 15 largest cities in 2015 and all 20 health districts in 2016.

**Implementation**

Two examples of projects conducted under the umbrella of Finland’s national framework are:

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1. The Ely Centre for Southwest Finland - Flood risk warning system

This project aimed at improving a flood-risk management system, including the prediction of floods, damage estimates, and decision making support. The project was structured as a product pilot and seen, with the aim of promoting innovations. The supplier, in close co-operation with the buyer, developed a new solution. The supplier was aware of the pilot-nature, and that the provided results would not need to be fully ready for scaling up. The company carried the responsibility for the product development work, but the buyer was actively involved, commenting and supporting the development work, as a result of which a pilot solution was created.

For the buyer, this process created a new solution for a significant need. A comparable result would not have been achieved in a traditional way. The supplier company appreciated the opportunity to develop a product interactively with the buyer. This considerably strengthened the understanding of customer requirements and improved the end result. In addition, the company benefitted from new contacts, which help when attempting to enter international markets.

2. The Järvenpää Mestariasunnot oy Zero Energy Building

Järvenpää’s zero energy project Jampankivi nursing facility consists of two renovated houses and a new building. The new nursing home built in 2011 was constructed in accordance with the building regulations coming into effect in 2020. On an annual level, the renewable energy that is produced by the zero energy building and can be transmitted to energy networks equals the amount of non-renewable energy that the building consumes.

During the design stage of the project, efforts were directed towards co-operation with the researchers in the field, technology companies, material suppliers, designers and subcontractors in order to come up with the best comprehensive solutions for life cycle costs. Different groups (users, buyers, supplier companies) benefited. The project has provided references for the suppliers of product parts targeting multi-storey zero energy buildings. The building costs of a zero energy building are about 15% more than those of a normal building, but it is estimated that this extra cost can be recovered in about ten years’ time thanks to inexpensive maintenance costs.

Challenges, risks and solutions to overcome obstacles

The following main challenges were identified:

- Time and resources are needed to raise awareness, given that PPI/PCP is new to the public sector. The learning process required for change is a long process.

- New types of skills, working methods and attitude in general in the public sector are required.

- Procurement for innovation means higher risk (financial, technological, political and societal) and there is lack of skills and tools to manage that risk.

Policy and management level support are often key issues when introducing new procurement practices. Financial support plays a role but even more important is learning of new skills. It takes time to adapt to new practices. This is underlined in Finland where public procurement system is quite fragment (e.g. more than 300 municipalities are
responsible for the majority of public procurement volume, including health and social services.

**Key lessons learned**

Change takes time and requires both bottom-up and top-down measures.

**Measurement and impact assessment**

The Finnish government has launched a study to tackle the measurement issues around innovative public procurement. This will help to monitor the use of procurement for innovation and encourage more public procures to use it in the development of public services.