Strategic framework, action plan and scope for procurement for innovation policy

The framework of procurement for innovation in France is part of the innovation strategy as a demand-side support tool. The main objective is to support the growth of innovative SMEs by funding the development of their innovations, providing them with access to new markets and quality references. Public procurement is considered a way to increase the public funding of innovation. The innovation policy highlights how public procurement can act as a level for these policy goals.

The development of procurement for innovation has been established as a priority in the 2012 “National Pact for Growth, Competitiveness and Employment”. The pact includes a target to award 2% of public procurement volume (from government, public agencies and hospitals, but excluding defence procurement) to innovative SMEs by 2020. This target approximately represents up to EUR 1.4 billion in additional public funding of innovation. The target has not been achieved yet. Innovation has also been added as a new performance indicator for public procurers.

In this context, the French government uses the following definition of procurement for innovation:

- purchases of products not yet brought to the market, especially when the buyer helped finalise the product specifications in order to attend to an unmet need or bring a new and improved response to an existing need
- R&D procurement designed to foster the emergence of solutions
- purchases of products brought to the market during the previous two years, under the condition that they attend to an unmet need or bring a new response to an existing need.

Concretely, the procurement for innovation policy takes the following form:

- requirement for public institutions to insert a section on innovation in their procurement strategies
- awareness-raising on innovation issues with public procurers
- simplification of the relationship between public purchasers and innovative companies.

Implementation

Since 2012, several actions have been identified and implemented to support public procurement of innovation. These measures were primarily aiming at informing public procurement organisations about innovation, and facilitating the encounter between offer (innovative SMEs) and demand (public institutions). Different ministries are responsible for these actions:

* OECD Survey Part I submitted by David Adolphe, DGE, Administration – Ministry.
• annual roadmap for procurement for innovation, for each ministry and public institution
• “Public procurement innovation” guide, distributed to all public procurers
• online platform to put SMEs in contact with public buyers
• network of procurement for innovation officers in each region to increase the awareness of public stakeholders and SMEs on procurement for innovation issues
• events where innovative SMEs presented their innovative products to public procurers
• training programme on procurement for innovation dedicated to public procurers
• creation of an innovation unit within UGAP (Union des groupements d’achats publics), the central procurement structure for public procurement.

France considered the following among its most successful practices:

• **Creation of an Internet platform**, “Procurement of innovation”: This platform was created by the government to facilitate relationships between ministries, public institutions and innovative SMEs. It enables companies to present their innovative products, to achieve direct contact with public procurers and to clarify the needs of public procurers before drafting the product specifications.

• **Promotional events** on procurement for innovation supported matching procurers’ needs with innovative solutions. This practice is especially interesting with regard to two key aspects: 1) providing innovative companies the opportunity to meet government buyers and discuss their needs for innovative solutions; 2) enabling public buyers to identify new potential suppliers for a public market and clarify the definition of specifications after the meeting.

• **Creation an innovation unit** within UGAP. This new strategy (2014) will have an important impact on the growth of procurement for innovation. This structure has a significant ability to sign contracts for procurement for innovation and has a dedicated team working on this topic. Procurement for innovation through UGAP reduces tendering time and associated risk.

**Challenges, risks and solutions to overcome obstacles**

France encountered the following obstacles in supporting procurement for innovation:

• Raising awareness of public procurers about innovation: Buyers should be able to identify innovative products or services and extend their knowledge on existing or future innovations.

• Reducing the risk aversion of public purchasers on innovative solutions, including the legal risk concerning the qualification of “innovative product”.

• The development of specific training on procurement for innovation as well as future events promoting procurement for innovation will help tackling these challenges.

• Another important challenge will be the development of shared monitoring systems among the buyers so as to measure procurement for innovation.
Key lessons learned

The measures which have been implemented in France’s strategic framework are still too recent to assess. However, one of the main lessons learned is that this policy to support to innovation needs a strong political will to enable procurers to include innovation as a procurement strategy.

Measurement and impact assessment

The Department of State Procurement (Service des Achats de l’Etat - SAE) ensures that public procurements are efficient from an economic standpoint, respect the objectives of sustainable development and social development, and contribute to supporting innovation. Since 2012, the government has given priority to the development of procurement for innovation with a target of 2% of the volume of public procurement awarded to innovative SMEs by 2020. Since 2014, the SAE has included in its procurement performance measurement system an innovation indicator. The indicator relies on two ratios:

- Total amount of procurement for innovation contracts awarded by the department / Total procurement from the Department excluding defence and security.
- Total amount of procurement for innovation contracts awarded by the Department for SMEs / Total procurement of the Department excluding defence and security.

The indicator is reported by the buyer at the time of purchase. For the time being there are no impact assessments, evaluation studies and/or studies of state of play regarding any type of procurement for innovation.