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

Procurement for innovation has been a priority of the current government since 2013 and was formulated in the government platform. Implementation is the responsibilities of the ministries and agencies. The previous government had a separate action plan (2013). This action plan was voted and approved by parliament as a measure in a white paper.

There is no stand-alone procurement for innovation action plan. The agency for Public Management and eGovernance (Difi) and the National Programme for Supplier Development have developed a national method for procurement of innovation. The method gives public purchasers a systematic approach when conducting procurement for innovations. The method encourages extensive dialogue with the market. Procurement for innovation in Norway is to a large extent associated with this method. Several public organisations conduct pre-commercial procurements. EU definitions such as PPI and PCP therefore serve as useful terms of reference although concrete national schemes might have slightly difference delineations of terms.

Implementation

Specific actions: The Ministry of Trade, Industry and the Fisheries is responsible for formulating policy in this field at national level, but a number of ministries, agencies and municipalities have been developing their own initiatives and implementation is distributed. This combination of both central and decentral policy formulation is likely to continue. A number of general schemes originate in the ministries. Specific projects tend to originate in the relevant agencies (first and foremost, agencies responsible for infrastructure in healthcare).

A working group has been established in order clarify roles, co-ordinate actions and to make it easier for public purchasers to find orientation among agencies supporting procurement for innovations. The working group consists of representatives from Innovation Norway, Difi, The Research council and the Supplier development programme. The agency for Public Management and eGovernance (Difi) has a special assignment in order to assist the governments work in renewing the public sector. One of the tasks is to help agencies and authorities to set up solid public procurement procedures. Difi gives guidance and courses in regards to procurement for innovations based on the method developed by Difi/Supplier Development programme, as well as EU methods (i.e. pre-commercial procurements).

There is also co-operation between industry and the public sector about policy development, for instance through the National Programme for Supplier Development. In addition there are co-operation at the Nordic Level, through sector specific programmes in for instance healthcare and building.

* OECD Survey Part I submitted by Eivind Lorentzen, Specialist Director, Norwegian Ministry of Trade, Industry / Department of Research and Innovation.
Best practice:

- The Innovation Norway’s Research and Development Programme “Industrial and Public Research and Development Contracts” (IRD/PRD) is a strategic support programme for the industry and public sector. The award-winning financial instrument is set up to stimulate user-driven innovation based on a binding agreement between a public sector entity and innovative Norwegian SMEs. The objective is to support development of new solutions and more innovative procurement. (Annual support to PRD projects approximately EUR 8 million and approximately 60 projects).

- The “National Programme for Supplier Development” is intended to encourage innovation and creativity within public procurement through concrete procurement for innovation projects, method development and competence building activities. The programme has five-year duration period and started in 2010. It will be continued. The Confederation of Norwegian Business, NHO, and Local government interest- and employer organisations KS are the initiators to the programme which is implemented with a partnership of national innovators, state enterprises, greater local councils and the business sector. The programme is supported by the ministries.

- The National Programme for Supplier Development has conducted about 40 pilots (procurements of innovation) based on the national method for procurement for innovation. The pilots have been systematically evaluated and experiences are communicated to Difi in order to further develop the method.

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

The main challenge in Norway is moving from good cases to general practice. There are two aspects to this challenge:

- improving procurement practice in general so that it becomes more innovation enhancing
- spreading specific innovations resulting from innovative procurement processes to the relevant public users, i.e. improving the uptake of resulting innovations.

In order to overcome these obstacles Norway highlights the following areas for change:

- Public procurement must to a larger extent be considered as strategic tool to manage and to improve the public sector.
- General competence on how to conduct procurement for innovation must increase.

**Key lessons learned**

A number of programmes and agencies are addressing the challenges mentioned above, reflected in an increasing number of procurement for innovations in Norway. However, a lesson learned so far is that it takes time to implement policies for procurement for innovation.
**Measurement and impact assessment**

There are several partial evaluation exercises, but no overall quantified targets nor a general evaluation encompassing all policy measures. The following partial assessments are relevant:

- Difi and the Supplier Development Programme have conducted two surveys on procurement for innovations. PWC conducts an annual sourcing survey with trends and findings from both private and public procurement. Innovation is one component in this study.

- The IRD/PRD programme: In addition to annual customer surveys, the programme is being externally evaluated every fifth year. Latest evaluation in 2012.

- BI, Norwegian Business School, conducted in 2013 an in-depth study of the long term value creation based on the IRD/PRD projects.

There has no target been quantified yet for procurement for innovation; however, impact assessments, evaluation studies and studies of state of play are used.
This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d’exploitation du droit de copie (CFC) at contact@cfcopies.com.