Sweden

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

Sweden does not have a specific procurement for innovation action plan. Instead, procurement for innovation is embedded into the National Public Procurement Strategy (2016). The public procurement strategy is mostly directed to governmental agencies since regional and local levels of government are independent in Sweden. The strategy does however give guidance on a wide variety of procurement for innovation aspects to national, regional and local levels of government as well as suppliers. It was also embedded into the Swedish innovation strategy (2012). Some regions, county councils and larger municipalities also include procurement for innovation in their strategies on development, innovation and procurement. Other elements supporting procurement for innovation have been included in other policy documents, such as smart industry the strategy for new industrialisation, where promotion of procurement for innovation is included in the action plan. Since regional and local levels of government have a high level of independency in Sweden, many of the strategic decisions to pursue procurement for innovation are taken at the regional or local level. Some regions, county councils and larger municipalities include procurement for innovation in their strategies for innovation and public procurement. The National Agency for Public Procurement, together with Sweden’s innovation Agency VINNOVA and other agencies, defined the scope for procurement for innovation, including new definitions corresponding to the definitions used by the European Commission and in line with ERAC definitions. That means that Sweden includes procurements that open up the possibility for suppliers to submit tenders with innovative solutions.

Implementation

The following institutions are the main agencies supporting Sweden’s procurement for innovation efforts:

- The National Agency for Public Procurement took over all responsibility for providing support regarding public procurement from the Swedish Competition Authority in September 2015. The agency provides support, guidance and information on all aspects of procurement for innovation under its general procurement support activities. The agency provides guidelines, collects and disseminates good examples, and provides methodological support to specific procurement for innovation projects. The agency also reaches out to other authorities/organisations in Sweden as well as internationally.

- VINNOVA - Sweden’s Innovation Agency offers financing possibilities to contracting authorities that wish to procure innovation. Target groups are municipalities, county councils, regions, central government authorities and other contracting authorities. Lessons learned from the supported projects are gathered jointly by VINNOVA and the National Agency for Public Procurement. The two
agencies have also signed a mutual agreement to co-operate and find synergies in the area of procurement for innovation. Financing for procurement for innovation was first made available by VINNOVA in 2011.

- The Swedish Energy Agency has initiated, co-founded and participated in nearly 60 different technology procurements (catalytic procurement), with the aim of accelerating the development of energy-efficient products in the early 1990s. These activities are on-going and expanding. The energy agency has co-operated with VINNOVA on public technology and procurement for innovation related to environment technology since 2012.

- The Swedish Transport Administration analyses where in its operations it can use procurement for innovation to support development of effective processes and technologies since 2012. The analysis is based on previous procurements, and will result in a plan for increased procurement for innovation within the Transport Administration. The long-term aim is to increase efficiency and usefulness within the Administration’s operations and thereby contribute to an economically efficient and long-term sustainable transport system.

- The Swedish Association of Local Authorities and Regions (SALAR) is both an employers’ organisation and an organisation that represents and advocates for local government in Sweden. All of Sweden’s municipalities, county councils and regions are members of SALAR. SALAR performs activities to encourage procurement for innovation among its members, such as publishing inspirational material and leading knowledge development. Currently, SALAR is researching areas for future action involving buyer’s groups.

The following activities are considered particularly useful in Sweden.

**Policy**

In 2014, several central government authorities were tasked (via appropriation directions) to analyse their need for development and innovation within their areas of responsibility. The authorities were also asked to identify possible ways to solve these needs, including procurement for innovation. Results were reported in the beginning of 2015. The measure has led to authorities gaining a deeper understanding of the possibilities of procurement for innovation.

**Programmes/financial instruments**

1. VINNOVA launched a programme to finance procurements of innovation in 2011. The aim was to encourage Swedish contracting authorities to perform procurements of innovation and gain experience. Up until now, some 35 projects have been financed, mostly pre-studies and pre-commercial procurements, and knowledge about procurement of innovation in Sweden has increased. The most important element is a specification which requires the contracting authorities to perform the procurements themselves (VINNOVA does not do it on their behalf). This encourages learning within the organisations. In addition, authorities are required to contribute at least half of the project costs themselves. This means that the projects are needs-driven. The managers of all projects have an opportunity to meet and learn from each other, which ensures mutual learning and dissemination. This project highlighted how external financing consultants can accelerate the
process. While such financing consultants are valuable as project managers or experts, it is vital that the project is grounded within the contracting agency and that the agency’s employees (including procurers and development personnel) contribute substantial efforts.

2. The catalytic procurements of the Swedish Energy Agency have a history back to early 1990. The Energy Agency does not perform procurements itself, but finances and facilitates buyers groups with common needs within specific areas (for example owners of housing or office buildings). Buyers groups can be comprised of both contracting authorities and private companies. There is evidence to suggest that the initiative constitutes best practice, as good effects have been demonstrated on many of the more than 60 procurements of technology that has been performed since early 1990. Buyers groups may be of particular importance in counties such as Sweden, where there are many small, but independent, contracting authorities.

3. The National Agency for Public Procurement launched in the beginning of 2016 a programme with the aim to develop public procurement with regards to innovation and dialogue with the market. The programme will run until 2019 and focus mostly on support for the phase before procurement for innovation: identifying and analysing needs as well as early dialogue with the market. The Programme have three different focus areas: a) methodological support to specific procurement for innovation projects; b) Collect and disseminate knowledge in form of guidelines and good examples; c) facilitate networking and experience sharing among contracting authorities.

Best practice stand-alone cases

Experiences and lessons learned from cases have been identified as a good way to both motivate and support contracting authorities. This aims at both motivating authorities to learn about procurement for innovation, as well as implement it. The National Agency for Public Procurement has identified examples and lessons learned from procurement for innovation projects, as well as identifying what kind of support is required in order to assist the contracting authorities to apply procurement for innovation in future.

Challenges, risks and solutions to overcome obstacles

Procurement for innovation policy and initiatives in Sweden must take into account the fragmented demand of Sweden’s independent regional and local contracting authorities, which represent the bulk of the public demand in Sweden. This gives rise to two challenges:

- Swedish regional and local public organisations cannot be ordered to use procurement for innovation. Policy measures must focus on encouraging contracting authorities to consider procurement for innovation as a means to improving their performance of public services (both short and long term).

- Some contracting authorities are too small to be able to undertake procurement for innovation. Therefore, policies need to provide solutions for co-ordinating similar demand in separate organisations (e.g. through buyers groups, as does the Swedish Energy Agency).
Another challenge is encouraging contracting authorities to define their challenges and procurement needs in a strategic context.

Even with needs and challenges identified, verified, prioritised and co-ordinated, obstacles remain for widespread use of procurement for innovation. These obstacles include perceived legal obstacles and risks (real and imagined), lack of governance and management, myopic focus and lack of time, attitudes and habits within the public administration and inflexible funding schemes. Sweden has overcome these obstacles partly, but not completely. A lot still remains to be done.

Key lessons learned

One lesson learned is that the implementation of procurement for innovation is a slow process that can only be implemented gradually. Procurement for innovation must be based on providing real benefits for contracting authorities. Policy makers can take this into account by setting up initiatives to increase knowledge on procurement for innovation practice, provide guidance and offer financing opportunities.

Measurement and impact assessment

Sweden does not yet have a system to measure the collective impact of procurement for innovation-related actions, but the country does use evaluation tools to measure results, outcomes and impacts of individual procurement for innovation initiatives. These are followed up by the authorities/organisations in charge of the respective initiative, sometimes in co-operation with other bodies such as the Swedish Agency for Growth Policy Analysis. Since most of the initiatives are fairly recent (with the exception of the Swedish Energy Agency), these activities mainly concern specific cases.

There is no quantified target for procurement for innovation on a national level, due to statistical difficulties. It can be questioned whether a quantified national target is useful in the Swedish case, given that the vast majority of public procurements are carried out by independent regional and local bodies, which would not be bound by a national target. Sub-dividing an overall target would be complicated. Aside from quantitative targets, introducing qualitative targets may currently be equally or more important than quantitative. “Soft” measures to increase knowledge and co-ordinating demand for procurement for innovation are deemed more effective at this point. However, this may change in the future.