

Evaluation of the implementation of the Action Plan on
Public Procurement Promoting Innovation
in Austria
Synthesis Report

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This study was conducted on behalf of the Austrian Federal Ministry for Digital and Economic Affairs (BMDW) and the Austrian Federal Ministry for Transport, Innovation and Technology (BMVIT).

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1. Background and objectives

Public procurement, i.e. public organisations and enterprises purchasing goods and services, accounts for an average of 12 % of the GDP of all OECD countries (EU: 14 %) and 29 % of all government spending. Based on this fact alone, the potential importance of public procurement with regard to impacts it could (help to) create becomes obvious.

Against this background and in relation to the changing nature of innovation policies away from purely supply-oriented approaches, countries started to shift towards introducing and including demand-oriented approaches such as public procurement for/of innovation but also tax incentives, standardisation, lead-market approaches etc. With regard to the former, it is important to differentiate between innovation procurement and innovative procurement. Innovation procurement (the Austrian umbrella term “Public Procurement Promoting Innovation” includes PPI - Public Procurement of Innovative solutions - as well as PCP - Pre-Commercial Procurement) is on the rise also in Europe as an innovation policy tool because knowledge and innovation are widely accepted as the main forces behind socioeconomic prosperity. However, public budgets are more and more restricted, which increases the potential value of public procurement for innovation policy since these budgets are available nevertheless. Regardless of different national set-ups or framework conditions, innovation procurement can be and is an essential tool for innovation and other policies to contribute to the achievement of a variety of different goals. Furthermore, innovation procurement is a key element of the modernisation of the public sector and its services.

Based on the national RTI strategy, the Austrian Federal Ministry for Digital and Economic Affairs (BMDW) and the Austrian Federal Ministry for Transport, Innovation and Technology (BMVIT) developed the “Action Plan on Public Procurement Promoting Innovation in Austria” (PPPI Action Plan) in cooperation with the Austrian Institute of Technology (AIT), the Federal Procurement Agency (BBG) as well as a wide variety of stakeholders. Since its publication in 2012, Austria is one of only nine OECD countries that have a dedicated national PPPI Action Plan including plans and milestones with regard to its implementation.

Therefore, the main objective of the present evaluation was to investigate the state of the implementation processes and the achievement of milestones, to what extent the institutional setting and the governance system in place support an efficient implementation and allow the two ministries to assume a position of leadership.

2. Methodologies

The evaluation at hand followed the general approach of methodological triangulation, i.e. combining different qualitative and quantitative methodologies as well as information sources in order to deliver a sound knowledge basis for developing policy recommendations. Different issues were addressed through the following methodologies.

The starting point of the evaluation was an analysis of documents and data relevant in the context of the PPPI initiative. Next to the actual PPPI Action Plan were the public and internal annual reports compiled by the PPPI Service Center. For a more in-depth analysis as well as to examine and test the preliminary results of the document- and data-based analysis, the authors conducted 18 partially structured interviews with representatives of organisations crucial to the conceptualisation, design and implementation of the PPPI Action Plan. In addition, 10 interviews were conducted with public organisations active in procurement, which in the past participated in either the PPPI project competition, the challenges or the consulting services of the PPPI Service Center.

In order to cover the services of the PPPI Service Center with regard to their effects, the authors carried out two online surveys with participants of PPPI-related events and trainings.

The international comparison was based on the analysis of documents and literature as well as telephone interviews with representatives of organisations involved in PPPI and experts. The countries were selected in coordination with the clients based on the countries' relevance as best practice examples.

Furthermore, the clients and the PPPI Service Center as well as the authors jointly conducted three workshops. The first functioned as a kick-off meeting discussing and finalising the evaluation questions. A second workshop focussed on the development of an intervention rationale of the PPPI Action Plan finalising a jointly agreed order of the overall mission, the respective strategic objectives, operational objectives, activities and actions. During a third and final workshop, the clients and authors discussed the preliminary results of all work packages preparing the development of final policy recommendations.

3. Intervention logic of the PPPI Action Plan

In order to conduct the evaluation of the PPPI Action Plan and its implementation anchored in an up-to-date reference framework, it was necessary to discuss, understand and retrace the reality of the PPPI Action Plan, the changes made to the Action Plan itself and the different interpretations of the leitmotifs informing the interactions with and implementation of the Action Plan. This discussion took place during a

workshop attended by the clients and representatives of the PPPI Service Center. Based on a preliminary logic chart, i.e. a visual representation of the strategy's mission, objectives, activities etc. this workshop prepared the ground for analysing and assessing the state of the Action Plan's implementation.

Thus, the main mission of the Action Plan is the demand-oriented stimulation of innovations in addition to more commonly used supply-oriented approaches. Thereby, the PPPI Action Plan contributes to an increase of the effectiveness of (public) investments in R&D activities and the modernisation of the public sector and its services. On a strategic level, the PPPI Action Plan aims to increase the share of those purchasing volumes of public procurement activities used for the support of innovation through procuring newly developed goods or services, acting as launch customers or by supporting the market penetration or diffusion of innovations.

Both the mission and the strategic objectives are translated into the following operative objectives directly linked to activities:

- Political backing and clear signals from the political system with regard to the overall relevance of and commitment to PPPI
- Coordination of PPPI activities of the Federal Government
- Creating awareness, communication of the benefits
- Establishing a dialogue between public consumers and suppliers
- Qualifying public procurers to implement PPPI
- (Acceleration of the) Use of new (innovative) approaches to PPPI
- Monitoring and benchmarking

These objectives already mirror the essential working areas that are implemented through a variety of actions and activities.

Most elements of the PPPI Action Plan are still included in the updated intervention logic. Adding to its conceptual point of departure, the current state of implementing the Action Plan as discussed and developed during the aforementioned workshop managed to determine and disclose the links between objectives and activities, which were missing from the original document. At the level of objectives and leit-motifs, the up-to-date version of the intervention rationale and implementation is still very much in line with its conceptual basis. What has been added over the last couple of years is the goal to use PPPI as leverage for (public) R&D expenditures including funding for R&D.

Despite a persistent awareness of the potential role of SMEs in increasing levels of innovation activities and their relevance as suppliers in public procurement, the goal of lowering the (legal) demands for participating in public procurement activities for SMEs is no longer explicitly mentioned in the intervention logic. Also no longer included is the idea of creating a dedicated guarantee programme under the roof of

the Austria Wirtschaftsservice aws (the Austrian Federal promotional bank) after an examination of its potential use and benefits.

An essential topic of the PPPI Action Plan were the rather risk averse attitudes of public servants and their corresponding difficulties with handling the inherent risks of PPPI activities. Following the challenges faced in triggering behavioural changes, the protagonists shifted the focus towards trainings and establishing new (legal and administrative) processes.

In general, the original understanding of monitoring the progress achieved in both the quantitative and qualitative dimension remained intact but the implementation of the PPPI Action Plan required a conscious departure from the idea of an all-encompassing impact orientation. However, this decision follows the challenges of measuring the impact of PPPI, which are primarily based on the difficulties of gathering detailed information on public procurement activities in general and building a comprehensive database of PPPI projects, volumes etc. Consequently, there is currently no exhaustive information on the impacts of the PPPI Action Plan and its implementation beyond the somewhat limited information the PPPI Service Center has on projects it is involved in.

4. State of the implementation of the PPPI Action Plan

With regard to the activities defined as part of the original PPPI Action Plan, most of these activities are fully or largely implemented. Especially those at the operative and legal levels are implemented to the full extent. The monitoring and benchmarking activities changed compared to the conceptual point of departure and are – despite the persistent challenges – much more sophisticated. It includes a variety of activities ranging from the participation in international benchmarking, the so called mutual learning exercise, the annual PPPI Service Center's progress reports to building and maintaining a database of good practice examples. The monitoring of measurable effects on procurement volumes used for innovation has been tested as part of a pilot survey conducted by Statistics Austria and produced essential stimuli for the advancement of the measurement of impacts. However, due to the challenges with regard to capturing the impacts achieved there is currently no systematic monitoring taking place.

At the strategic level the activities planned have been largely implemented. The necessary political backing exists and is expressed in numerous strategic documents. However, the backing has not yet reached a sufficient level. Strategic plans on how to implement PPPI in different public sector organisations and especially ministries do not exist but a number of preparatory actions took place, there are dedicated consulting services being offered and their implementation seems – at least medium term – conceivable. Consequently, a systematic dedication of procurement budgets

for the purpose of PPPI activities is only observable in part and primarily in the context of PPPI pilot projects. Strategically it is also important to note that the two main funding agencies in Austria – the Federal Research Promotion Agency, FFG and the Federal promotion bank, aws – actively participate in PPPI activities including using their function as an interface between the political and economic system. However, there is still room for improvement in that regard.

In sum, the activities and actions defined and outlined in the original PPPI Action Plan are implemented or being implemented for the most part. Limitations in terms of their implementation are most common wherever the governance (i.e. the ability of the most active stakeholders to enforce PPPI) does not allow the two ministries responsible to govern actively or where limits in financial and personnel-related capacities restrict their effectiveness.

Still, with regard to the PPPI Action Plan as a whole the foundation for a systematic use of PPPI has been laid. However, the insufficient political backing resulting – among other things – in a lack of dedicated and formalised access points for a coordination of PPPI activities and in the still missing development of strategic PPPI plans, severely limits the overall effectiveness. It should be noted that this is only partially caused by the stakeholders and their approach to the implementation processes but rather linked to the considerable efforts necessary to affect attitudes and creating appropriate framework conditions especially in the face of aforementioned limitations of resources.

5. PPPI Service Center

The PPPI Service Center entered into operation in September 2013 and is operated under the organisational roof of the BBG (the Austrian Federal Procurement Agency) on behalf of the two ministries responsible for the implementation of the PPPI Action Plan. Its services cover three main objectives: raising awareness for PPPI, matching public procurers and potential suppliers of innovative solutions, and increasing the overall share of procurement budgets used for PPPI. In order to achieve these objectives, the PPPI Service Center uses a variety of different activities. The main objectives – though not defined or quantified – are nevertheless used as indicators for the Service Center's effectiveness.

Raising awareness for PPPI is furthermore broken down into two objectives: increasing the name recognition of PPPI and the visibility of the PPPI Service Center itself. Activities related to that are measured using a set of indicators such as the number of individual representatives listed in the contact database of the PPPI Service Center, registered users of their online platform, unique users of their website, number of participants in trainings etc. The visibility of the PPPI Service Center is measured in the number of its own events, the participations in events organised by others, consulting services conducted as well as the number of good practice examples

listed in the database. The effects created through the activities associated with the objective of raising the awareness are numerous but also heterogeneous. Ideally – and in some cases actually – the efforts led to the initiation of procurement projects and publishing challenges. In sum, the effects cannot be systemised. The efforts of the PPPI Service Center are most effective with regard to structuring procurement processes including preparatory actions such as market exploitation. However, there are public organisations with PPPI already firmly established and organisation-specific rules and routines in place. Here, the PPPI Service Center cannot produce immediate added value. However, even in these cases, the PPPI Service Center still can and does play an essential role as support to the organisations.

The Service Center's events are predominantly disseminating information about the PPPI initiative, (legal) framework conditions for PPPI and the services provided by the Service Center. Participants of these events have seen and reported significant improvement of their knowledge, which is not surprising as this has been their main motivation to participate in the first place. However, there is almost no impact of events on the likelihood of an organisation actually conducting PPPI projects. Furthermore, a major challenge for the PPPI Service Center is to reach organisations and individuals who are not already interested or even active in PPPI. Thus, the conscious decision to design the events as a low-threshold entry point still works but is not very effective.

PPPI-related trainings are a cornerstone of the services provided by the PPPI Service Center and play a crucial role in enabling public procurers and public consumers as one of the main objectives of the overall PPPI Action Plan. Currently, the PPPI Service Center offers a basic and an advanced seminar for PPPI and sustainable procurement in cooperation with the Federal Academy of Public Administration and the Service Center for sustainable procurement. In addition, there is a workshop to disseminate information and knowledge about the coming procurement instrument "innovation partnership" and its use. Who uses these and other trainings, in which numbers, cannot be identified clearly based on the information provided through the monitoring of the Service Center. However, the motivation for participation seems to focus on getting to know examples of good practice and obtaining basic information and knowledge about how to handle PPPI projects.

Those services that were designed to cause or at least aid in the cooperation of stakeholders in tangible PPPI activities (i.e. preparing and executing PPPI projects) are summarised under the second main objective "matching public procurers and potential suppliers of innovative solutions". They predominantly contain activities in relation to pilot projects and the PPPI online platform www.innovationspartnerschaft.at including the two instruments "Challenges" and "Marketplace Innovation". The former provide a comprehensible added value compared to directly tendering whenever there are uncertainties with regard to the costs and handling of PPPI projects. Without the support provided by the PPPI Service Center as part of the Challenges, the PPPI projects would have been either severely delayed or much more costly. Customers especially emphasise the possibility to discuss their own approach

to PPPI with the staff of the PPPI Service Center and to gain an outside view on their own procurement activities, which is apparently relevant for all services and is not limited to consultancy services. With regard to the impacts created through the Challenges and the Marketplace Innovation in terms of the number and volume of procurement processes, the PPPI Service Center has only limited information. This is because there is no obligation to report PPPI projects initiated through the PPPI online platform to the Service Center. Furthermore, the time lag between publishing information that can lead to the initiation of a PPPI project and its implementation and budgetary visibility can be substantial (up to two years).

The third main objective (“increasing the share of procurement budgets used for PPPI”) is of special importance since it is identical with the overall objective of the PPPI Action Plan as a whole. However, there is also no (i.e. no quantitative) definition of the objective. Still, the Service Center records the volume of PPPI projects initiated, the volume of PPPI projects the Service Center was/is involved in, and the financial volume of innovative solutions purchased by public procurers that are included in the Marketplace Innovation.

Altogether, these activities related to actual PPPI projects are especially important and effective despite the challenges discussed above. The PPPI Service Center is able to pick up ideas and transfer these ideas into the preparation and execution of PPPI projects using their network of private companies and communication channels. Furthermore, the Challenges drastically reduce the search costs for public procurers and hence, increase the likelihood of successful PPPI projects. However, public procurers tend to have their own networks of potential suppliers, had in some cases experience with PPPI or have to adhere to other procurement requirements, which somewhat limits the effectiveness and added value of the PPPI Service Center’s involvement.

The pre-existing assessment that the contribution to raising the awareness for PPPI in general as well as for the PPPI Action Plan and the qualification activities offered were highly successful – especially against the backdrop of limited resources – is still valid. Also still valid is the notion that triggering actual PPPI projects is much more difficult and not a prevalent result. It is important to note though that this is at least partially due to the necessary focus on knowledge dissemination. Furthermore, the existing offer of services linked to specific PPPI projects were not as high in demand as foreseen. The main reason behind this is the non-existence of any obligations to include PPPI in public procurement activities.

6. PPPI Service Network and PPPI Council

The PPPI Service Network consists of so-called PPPI competence centers (the Austrian Federal promotion banks, the Austrian Research Promotion Agency FFG, the Federal Real Estate Company BIG, the Austrian Energy Agency AEA and the Austrian Association for Transport and Infrastructure GSV) and PPPI contact points (the Austrian Federal Economic Chamber WKO, the Expert Conference on “Public Procurement within the Federal Provinces”, the Federation of Austrian Industries IV and the City of Vienna). The network primarily exists to incorporate its members’ expertise and sector-specific competences into the implementation of the PPPI Action Plan. In addition, the PPPI contact points are expected to contribute to the visibility of PPPI in general, of the Service Center and its services while also introducing concerns from their respective fields of action. However, there is no clear division of labour, i.e. the roles individual organisations play within the network are partially defined by these organisations themselves and primarily follow their own mission and agenda. Basic aspects of their contribution are to some extent determined in framework agreements. The two ministries in charge finance activities linked to the tasks mentioned there. However, not all members of the Service Network have a framework or other written agreement.

Apart from that, the division of tasks beyond what is included in any agreements is also only implicit. Members of the PPPI Service Network sometimes undertake the task of executing parts of the implementation, acting as partners of the PPPI Service Center for the organisation of events or conducting their own events, workshops etc. in order to produce knowledge and information to be fed back into the network. Furthermore, they resume individual tasks – e.g. develop a new PPPI instrument “R&D innovation partnership” (by FFG), initiate Challenges or even actual PPPI projects. Despite their very heterogeneous relation to PPPI and the PPPI initiative, they all act as propagators and knowledge/information hubs in their individual fields of action.

In order to coordinate the Service Network and allow for a more formalised cooperation, a PPPI Council was established, consisting of representatives of the two ministries responsible, the PPPI Service Center, the competence centers and contact points. During their meetings, the members of the PPPI Council discuss their individual and overall activities in place to achieve the objectives of the PPPI Action Plan. Consequently, the PPPI Council is predominantly consulting the PPPI initiative but also acts as a discussion platform and provides access to the PPPI initiative as well as acting as a safeguard to the active participation of the different organisations represented. There is no formal agreement that would function as the basis for decisions that be binding to its members. However, this follows the active decision to rely on self-organisation rather than any form of top-down management principles, abstaining from establishing more formal relations in order to allow for an open discussion of ideas.

The Service Network in its current form is in accordance with the basic ideas of the PPPI Action Plan. It manages to bring together organisations that function as multipliers, gatekeepers and key protagonists to engage in an open exchange of information and ideas. The network and the PPPI Council are shaped by a pluralistic understanding of its members as equal partners with only partially fixed roles and tasks. Consequently, especially those organisations not in way or form bound to the PPPI initiative by formal agreements have defined parts of their role themselves. Furthermore, the absence of any direct management or even steering of the Service Network by the two ministries responsible for the PPPI initiative is following the necessity and reality of organisations cooperating to achieve a common goal in the face of a lack of hierarchical powers. Due to this, there are diverging levels of commitments and action that are highest and most prominent in those areas each of the members covers with regard to PPPI as a whole. Therefore, the contributions to the objectives of the PPPI Action Plan and effectiveness of the PPPI Service Network therein is strongly affected by non-binding and often not at all explicit agreements or understandings most visibly expressed in terms of the resources provided.

7. Governance and commitment

The system developed around the (implementation of the) PPPI Action Plan is – as mentioned before – predominantly characterised by its apparent lack of possibilities for an active governance in terms of direct management or even steering. The possibilities to manage directly are limited to the relation between the two ministries and the PPPI Service Center. Currently, there is a service contract in place regulating the tasks of the latter and the financial and other resources provided by the former. It is based on an offer presented by the BBG in response to an official tendering process.

As part of the governance, the PPPI Service Center participates in regular joint meetings with the two ministries including the meetings of the so-called PPPI steering group that includes representatives from higher levels of the ministerial hierarchy. Here, the plans for the Service Center's activities for the coming year are discussed and defined, amongst others. From an outside perspective, it seems obvious that the ministries use instruments that allow them to govern the Service Center directly. However, the nature of the indicators used for monitoring the activities of the latter – despite being recorded and reported – do not fulfil the requirements of a governance tool and are not used as part of the governance.

Beyond that, there are very limited opportunities for governing the PPPI initiative and its protagonists (as a group) directly. The two ministries consciously utilise a much more indirect approach especially through persuasion. Managing individual members of the PPPI Service Network is only possible by developing and enforcing the contracts and agreements. Basic agreements contain the details and distinctions of each individual organisation with regard to their different tasks and roles within the

PPPI initiative. However, they are not binding. Furthermore, the agreements do not cover all (possible) activities and not all of the competence centers have entered into such an agreement. In addition, the relation between the two ministries and the members of the PPPI Service Network are very heterogeneous to begin with, resulting in very different possibilities to provide incentives (financial or otherwise).

An active management or governance of the PPPI Council vis-à-vis the wider context of (potential or actual) protagonists as a quasi-extension of the two ministries is not existent. However, this is due to the constellation of organisations and pre-defined roles and tasks.

Managing and governing the implementation of the PPPI Action Plan is especially difficult with regard to other ministries. The situation is aggravated further because there are currently no centralised and formalised access points to their hierarchies where steering impulses could systematically be placed or oriented towards. Originally, the Action Plan set out to create so-called PPPI coordinators in Federal Ministries to act as access points but they do not exist. Although there is access to the other ministries, the inter-ministerial coordination remains below its potential. Furthermore, it is also hampered by the limitations of resources, which is most visible in the fact that the individuals actively advancing PPPI in Austria cannot focus on the tasks exclusively.

The commitment to the PPPI Action Plan is quite strong among the organisations directly involved but fades the farther away from the Service Network etc. organisations and individuals are. Thus, there is no systematic, action-inducing commitment despite the overall (political) acknowledgement of its relevance. However, even among the organisations showing strong commitment there is evidence of limited impact of said commitment due to the fact that representatives have limited intra-organisational power or access to hierarchies. Thus, their commitment does not translate automatically or even systematically into actual PPPI projects. Outside of the Service Network, the activities of the PPPI initiative tend to reach only those interested in PPPI who clearly and comprehensibly help to entrench PPPI in different organisations but have an even more limited impact on actual procurement processes. Therefore, most protagonists would prefer a more binding approach to PPPI, which would create the necessary impulses or pull-factors to create more opportunities for PPPI.

8. International good practice

Overall, PPPI is well embedded in the strategic design of the Austrian innovation system due to the efforts made in the course of implementing the PPPI Action Plan. Nevertheless, there are lessons to be learned from other countries with regard to their approach to achieving the necessary political backing and embedding innovation procurement deep into their innovation and other policies, particularly from Sweden, Denmark and Estonia.

The main element of the Swedish approach to innovation procurement consists of a very broad yet very deep-reaching commitment based on the recognition of the potential leverage effect innovation procurement can have for – especially but not limited to – innovation policy. To this end, extensive capacities/resources are provided and a very effective legal framework was designed and implemented. Both were also essential to bring the different procuring agencies in Sweden together despite their relative independence from any centralised (procurement) policy and creating the necessary commitment and participation. Furthermore, the government constantly reviews and optimises its current innovation procurement system providing a strong feedback loop between procurers and the political system.

Much like in Sweden, the Danish approach to innovation procurement benefits from a public commitment to innovation procurement as one of the main tools for a cutting-edge innovation policy. Using a broadly defined approach, Denmark manages to include all potential areas of procurement and stakeholders. Furthermore, its implementation focusses on societal demands and challenges thus using innovation procurement as a precise tool for the support of research, development and innovation (policies).

A potential lesson from Estonia referring not to the overall system in place for the implementation of innovation procurement but to a particular element: the innovation procurement Task Force. The Task Force brings Estonian stakeholders together creating a stable and all-encompassing approach for the coordination of innovation procurement activities and allowing for a centralised process of integrating different positions, interests and experiences from the public and private domain into the development of strategic and operative aspects of innovation procurement.

Despite the extensive and successful implementation of the PPPI Action Plan in Austria, there is still need for an increase in operative capacities in the two ministries responsible, the Service Center and the Service Network. In this regard, Sweden, Finland, the Netherlands and Germany provide some lessons for Austria.

Sweden utilises existing agencies that are very close to the operative side of public procurement. Within the abovementioned framework, it is possible to use the expertise of these agencies in procurement, their networks and their access to suppliers without having the need to create a dedicated innovation procurement agency. In

addition, Sweden used a more formalised way of cooperation of a variety of existing agencies that also includes a clear division of labour.

Finland also has a decentralised landscape of public procurement agencies. What makes Finland an example of good practise is their sector- and technology-specific approach to innovation procurement. Furthermore, the national innovation funding agency TEKES implements a funding programme (“Smart Procurement”) that provides financial incentives for public procurers to become involved in innovation procurement by minimising their (financial) risk and additional expenditures.

In the Netherlands, the backbone of their successful implementation of innovation procurement is the PIANOo network bringing together stakeholders and procurers from an also rather decentralised procurement landscape. PIANOo allows for a continuous exchange and transfer of information and knowledge that cumulate in an annual innovation procurement congress.

Building and maintaining a network of stakeholders is also at the centre of Germany’s innovation procurement system. KOINNO, the German Competence Center for Innovative Procurement, brings together large and well-experienced procurement agencies combining their experience and leading to strong commitment to innovation procurement among the most relevant procurement agencies.

With regard to the monitoring of innovation procurement, there is no single system providing lessons for Austria. The Netherlands have an extensive well-elaborated system of monitoring and assessing the impact and actual volume of innovation procurement. However, they too have not found an approach that completely meets the challenges. Many countries active in innovation procurement have used pilot surveys like Austria and all countries are in the process of developing their own system of indicators.

9. PPPI monitoring

Monitoring progress is a major part of the PPPI Action Plan. However, the approach to monitoring as originally planned was always understood as the maximum of what might be achievable. Consequently, not everything built into the PPPI Action Plan was realised. While acknowledging the persisting challenges, activities summarised under the monitoring headline were still at the focus of the implementation of the Action Plan and are embedded in international benchmarking processes by the two ministries that are supported by the Austrian Institute of Technology (AIT).

Furthermore, Statistics Austria conducted a pilot survey aiming for determining the share of PPPI in the overall procurement volume in Austria. While this survey did not manage to overcome the obstacles that exist with regard to measuring procurement volume, it is still considered a success due to the high response rate. Currently, there are efforts to find alternatives to a survey such as using the information available from e-procurement platforms.

The monitoring system also includes the performance and activity-related reports and indicators used to obtain information about the development of the PPPI initiative as a whole and the PPPI Service Center in particular. However, there is room for improvement especially with regard to advancing the indicators used to achieve a more coherent and valid set of indicators as well as with regard to the roll-out of monitoring activities to all members of the PPPI Service Network.

10. Conclusions

Through developing and implementing the PPPI Action Plan, Austria managed to become one of the pioneer countries when it comes to innovation procurement. The PPPI Action Plan and its implementation correctly identified the essential role of raising awareness, changes in attitudes, provision of trainings and support for procuring organisations and these activities are positioned accordingly. The fact that all this requires a long-term perspective and stamina is deeply embedded into the overall concept and actions. Overall, the implementation is quite advanced. Although the use of PPPI is still not as systematic as desired, the main steps of preparing a significant leap into that direction have been made.

The political system's commitment to the overall relevance of PPPI as a policy tool exists and manifests itself in almost all relevant documents, e.g. the current Federal Government's programme. However, the existing governance, incentives and available resources do not keep up with that. Political backing stemming from the overall commitment exists but is not as broad as anticipated and necessary. Among other things, this is most visible in the non-existence of the PPPI coordinators and opportunities for governing/managing PPPI across all ministries (i.e. the lack of PPPI plans). However, it has to be noted that there is still a lot of work to be done with regard to changing attitudes and adapting beneficial framework conditions before coordination etc. can actually perform as planned.

By creating the PPPI Service Center, a one-stop-shop was established that – within its framework conditions such as its mandate and resources – acts as very active and creative part of the PPPI initiative producing crucial results for the initiative and a more systematic use of PPPI through building awareness, dissemination of information, trainings and networking. Its services are well received by users and considered to be helpful and sometimes even essential. Especially with regard to developing and accompanying PPPI projects, the Service Center's activities can be regarded as highly effective in their catalytic function. Especially important is the PPPI project competition that – besides providing a somewhat limited financial incentive – triggered a variety of PPPI activities, the pilot projects (with different levels of involvement of the Service Center) particularly through their use as examples of good practice, and the PPPI online platform innovationspartnerschaft.at including its two main instruments (Challenges and Marketplace Innovation).

The monitoring system is well elaborated and comprehensive in measuring all related activities and the mobilisation of (potential) protagonists. However, the approach to monitoring as originally planned was always understood as the maximum of what might be achievable. Consequently, not everything built into the PPPI Action Plan was realised.

However, the overall impact of all activities under the PPPI initiative lags somewhat behind the original plans. Public procurers and public consumers are still not fully ready to become involved. Partially, attitudes towards public procurement remain deeply rooted in the principle of immediate, short-term cost-effectiveness. At the strategic level, the political commitment is not broad or strong enough to include PPPI in all ministerial strategies and pursue its full implementation. Thus, Austria still lacks a strategic, politically backed impulse to trigger and accelerate the necessary change in attitudes. At the same time, there are not enough pull factors, i.e. any form of obligation for public procurers to use PPPI such as quantitative targets, earmarked budgets, strategic PPPI plans etc. Despite the success already achieved, a systematic use of PPPI remains an exception rather than a rule.

11. Recommendations

Against the backdrop of the abovementioned findings as well as lessons learned from other countries, the evaluation developed recommendations alongside two scenarios. Both are rooted in the conceptual basis of the original PPPI Action Plan, its current intervention rationale, the services of the PPPI Service Center and the existing governance system. The first scenario consists of recommendations aiming for an improvement of the status quo, leaving the existing structures largely intact but at the same time calling for a broader commitment at the strategic level and an advanced operational implementation. The second scenario provides suggestions towards a leap in developing the PPPI initiative in order to achieve a more complete realisation through establishing a new governance and a stronger support from the political system.

The **first scenario** contains the following main recommendations:

PPPI needs to be integrated deeper into the political system. A way to achieve this would be to delegate the responsibility for PPPI across all Federal Ministries at least partially to a higher level of their hierarchies, thus including PPPI in all strategic decisions of the ministries.

The development and implementation of the (strategic) PPPI plans – as included in the Action Plan – is the most crucial step in this scenario. These plans should not only become obligatory for all Federal Ministries and other procuring organisations but also include specific organisation-specific definitions of innovation and PPPI-

related objectives. The development should be done interactively through the cooperation of public consumers and public procurers, and could be accompanied by the PPPI Service Center.

Another important advancement would be achieving (more) cooperation with regard to PPPI-related activities. To this end, it would be essential to revisit another idea already included in the PPPI Action Plan: the appointment of PPPI coordinators (in Federal Ministries). However, deviating from the original idea, these individuals do not necessarily need to be involved in or responsible for public procurement activities but rather involved in activities and decisions relevant for PPPI.

The resources provided to the PPPI Service Center should be expanded, especially since their activities with regard to building awareness and mobilisation of (potential) stakeholders and protagonists will have to continue even though the Service Center – because of the abovementioned introduction of obligatory elements into the PPPI initiative – will focus on activities linked to actual PPPI projects. In order to allow for a more flexible access to and utilisation of these additional resources the PPPI Service Center should be assigned a dedicated budget for external expertise.

Expanding the PPPI Council's and Service Network's function as tools for the advancement of the PPPI initiative as a whole will also be essential. To some extent, the current principle of self-organisation will have to be abandoned to allow for a more coordinated development, which would require a more formalised division of labour. The two ministries should coordinate the definition of roles and tasks with the members of the network/Council. Furthermore, it is advisable to include external national and international experts, thus adding to the expertise already represented and prevent any lock-in effects by continuously providing impulses from outside the Austrian PPPI initiative.

The exchange of information between the PPPI Service Center and the funding agencies about the latter's activities vis-à-vis their beneficiaries is currently not sufficiently systematic. An improvement of communication is especially necessary with regard to the question of how (systematic) beneficiaries learn about the PPPI initiative and the PPPI online platform. Furthermore, there is room for more joint activities such as the coordinated design and implementation of thematically focussed networking events (matching suppliers of innovative solutions with public procurers). The PPPI Service Center could consult public consumers and procurers in defining and formulating their demand in a way that provides a basis for a joint discussion. However, both the PPPI Service Center and the agencies would need the resources to engage in more cooperation. In addition, the funding agencies, or at least one of them, could increase their involvement in the PPPI initiative by assuming the implementation of an extended version of the project competition. Extending the financial resources available would result in a significantly higher number of applications that require resources and experience in handling large-scale application and assessment processes.

As pointed out above, some of the indicators currently in use for monitoring the activities of the PPPI Service Center are not practical. Thus, there is a clear necessity to reduce them to a smaller number leaving only those that are actually valid and relevant, especially abandoning all cumulative indicators. However, if these indicators are limited to only reporting activities, they can still be of value to the PPPI initiative.

The government programme of the current Austrian Federal Government does not only mention PPPI as a policy tool but goes so far as to include a quantitative objective of using 2 % of the procurement volume of “central procurers” (a legal term in Austrian public procurement law) for PPPI. This objective can help to create additional incentives for procurers to reach it and at the same time serve as a momentum to analyse the challenges linked to PPPI. However, the introduction of the 2 % objective should not be used as an obligatory requirement for public procurers and consumers yet. The main reason lies in the persistent challenges with regard to actually record and measure public procurement and PPPI activities.

The newly introduced instrument “innovation partnership” could help to revitalise the ideas behind the instrument pre-commercial procurement (PCP) that currently is not in use in Austria due to its inherent problems (especially regarding IPR agreements). In order to boost the utilisation of the “innovation partnership”, all Federal Ministries should dedicate earmarked budgets for corresponding projects. Through earmarked budgets, the ministries would not only be responsible for such projects – this creating commitment to PPPI in general – but also directly involved in pushing PPPI by developing a department-specific approach. The Austrian Research Promotion Agency could support the implementation of such projects.

The **second scenario** represents an evolutionary leap towards a deeper integration of PPPI in a medium to long-term perspective by changing the governance, diversify the operational tools at hand and increase the (political) support and backing.

The main recommendation under this scenario is to extend the utilisation of PPPI from a mostly innovation policy related tool to other policies (i.e. PPPI as a horizontal policy instrument). This would facilitate reaching the following three major objectives, of which two are directly linked to the objectives of the PPPI Action Plan and initiative itself:

- Improvement of the ability and readiness of public procurers to use innovations to make their services (vis-à-vis the population, enterprises etc.) more effective and efficient.
- Support of different (sector-specific) policies through initiating the development of innovations or creation of lead markets.
- Improvement of the overall innovative dynamic of the economy (innovation policy).

Overall, the steering effects of the PPPI initiative and its protagonists' activities are somewhat limited due to its framework conditions. This needs to change if PPPI is to be used more systematically. Therefore, a recommendation is to develop and implement a PPPI Task Force. This body would have to possess the resources for a comprehensive coordination (across ministries but also including the coordination of activities of the Federal Government and the Federal Provinces) and ways to control the actions of different organisations. A major task of the PPPI Task Force would be the advancement of the PPPI initiative. However, this does not mean abolishing the lead of the two ministries currently in charge or the role of the Service Center as the one-stop-shop for PPPI. Rather than that, the PPPI Task Force will be linked to the two ministries almost as an extension of the current PPPI Council. Thus, the former will still be able to drive the developments, use their knowledge and network in a more or less unchallenged way. Through assuming the coordination, the Task Force would also enable the Service Center to focus on the development and monitoring of PPPI projects, allowing for more specialisation and professionalization. The ministries can also focus on advancing the PPPI initiative, providing momentum to the Task Force and other protagonists as well as serving as the link to (international) learning and benchmarking processes. However, transforming the PPPI Council into a PPPI Task Force will require defining its tasks and resources for coordination.

Introducing elements of obligation into the PPPI initiative is not a new concept but they have not been implemented thus far. However, all protagonists agree that this remains the main leverage to achieve a more systematic use of PPPI. Therefore, it is an essential part of this scenario. The main tool to develop and introduce obligation are the strategic PPPI plans.

As discussed in the first scenario, the 2 % objective is – at least not short-term – practical as a definitive, obligatory requirement. However, its effectiveness could extend beyond enabling an informed discourse and analysis of challenges etc. by reserving 2% of the different organisations' procurement budgets and provide those budgets only for actual PPPI projects. This process will require a close analysis of the implementation processes to understand PPPI and its effectiveness in different policy contexts.

The higher costs and (financial) risks of PPPI compared to "traditional" procurement activities are – at the moment – only recognised and (to a very limited extent) attenuated through the PPPI project competition if a project is actually winning. However, other countries such as Denmark or Finland have shown that there is an increase in effectiveness and impact to be had if supporting public procurers financially is more systematic, i.e. utilising a funding programme. The share of (additional) costs such a programme would provide should be directly linked to the leverage a project potentially provides to the policy goals of the procuring organisation. Furthermore, a risk or venture fund could absorb costs linked to the failure of a PPPI project.

