

# **Evaluation of the IÖB-Toolbox funding programme**

Executive Summary

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**Table of Contents**

**Summary and Conclusions .....4**  
Concept and implementation ..... 4  
Achievement of objectives and impacts ..... 6  
Conclusion and possible courses of action..... 9

# Summary and Conclusions

This Executive Summary contains the main results and conclusions from the evaluation of the IÖB-Toolbox funding programme.

The IÖB<sup>1</sup>-Toolbox aims to enable Austrian public procurers to design and conduct IÖB-Challenges as an innovative instrument for market exploration (Prepare module) on the one hand and to carry out public procurement of innovative solutions on the other (Transfer module). By creating incentives for public procurers to conduct more innovative procurements, the visibility of Public Procurement Promoting Innovation (PPPI) and the number and quality of innovative procurement projects should be increased. Furthermore, “showcase projects” or “good practices” should result from this. The procurement and use of innovative solutions is expected to have a positive impact on the public sector (demand side) and on Austrian companies (supply side).

This evaluation builds on the 2021 interim evaluation<sup>2</sup> of the funding programme and examines the overall concept and implementation of the IÖB-Toolbox since its launch in 2019. In addition to the implementation of the programme, the evaluation puts emphasis on the contributions to the achievement of the objectives and the initial impacts of the programme. The focal point of the evaluation is the funding period 2021. For this purpose, a document analysis, expert interviews as well as a so-called “envisioning exercise” were carried out, surveys were conducted among the funding recipients in the Transfer module and their suppliers, and case studies were completed.

## Concept and implementation

The IÖB-Toolbox funding programme was launched in 2018 and has been continuously developed in recent years in response to high demand and the desire to continue the programme. Initially financed by the Nationalstiftung<sup>3</sup> (1st phase, 2019–2020), the IÖB-Toolbox

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<sup>1</sup> IÖB stands for „Innovationsfördernde öffentliche Beschaffung“, which translates to „Public Procurement Promoting Innovation (PPPI)“.

<sup>2</sup> Streicher, Jürgen und Breiffuss-Loidl, Marija und Ploder, Michael und Buchinger, Eva (2021): Zwischenevaluierung des Förderprogramms IÖB-Toolbox. Technischer Bericht. Wien/Graz.

<sup>3</sup> <https://www.stiftung-fte.at/>

has been continued since 2021 by Austria Wirtschaftsservice Gesellschaft mbH (aws) and endowed with funds from the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK; 2nd phase, 2021). In the special programme guideline on the IÖB-Toolbox, which heralded the second phase, the needs and challenges of PPPI were comprehensively presented and justified. The changes compared to the first phase mainly concerned the role of the BMK (appointed the jury, responsible for the funding decision) and the composition of the jury (new experts, more women). A positive aspect to be highlighted is that the objectives and impact goals were specified in more detail in the programme guideline, such as the focus on projects with expected contributions to environmental and climate protection, the conservation of natural resources, and digitalisation in the public sector. This has increased and strengthened the relatedness to the criteria used for project evaluations set out in the guideline, which are otherwise easily comprehensible and understandable. For the purpose of programme evaluation, impact indicators were defined.

Since the beginning of 2022, the funding programme has been realised on the basis of the so called „Finanzierungsvereinbarung“(FinV) between the BMK and aws (3rd phase, FinV 2022–2023). An important feature is the multi-year term, which should enable a longer-term perspective. The legal basis for state aid is the AWS T&I guideline, with an expanded scope and associated indicators anchored in the aws as well as a fixed thematic focus. The aws is now in charge of the majority of operational activities, which refers to appointing the jury and making funding decisions. With aws, the programme implementation is in the hands of a long-standing IÖB competence center, experienced in the assessment of innovations.

From the very beginning, the programme implementation has benefited from an experienced and well-established team consisting of the PPPI-relevant ministries BMK and the Federal Ministry of Labour and Economy (BMAW), the aws and the PPPI Service Center. The cooperation has been described as close and productive by all participants. Programme monitoring is carried out by the aws within the framework of funding statistics. Reporting was streamlined in 2022 with the start of the third phase. Regular exchange (jour fixe), which takes place several times a year and is usually attended by the BMK and the aws as well as the BMAW and the PPPI Service Center, has already become a permanent feature. Here, the status of programme implementation and related measures and activities are discussed. The programme is an integral part of the intermediation work and activities of the PPPI Service Center. Furthermore, the aws carries out accompanying measures to strengthen impact.

The topics and contents of the approved projects strongly reflect the focus of the funding programme on environmental and climate protection, the conservation of natural resources and digitalisation in the public sector. Numerous projects address aspects of sustainability and their implementation (“Green Technologies“) and use sustainable, digital supporting technologies (“Internet of Things“). The broad spectrum ranges from procurement with the aim of optimising energy supply and environmental compatibility to the design and expansion of citizen services, the development of automated, digital workflows and processes in various areas. A side effect of the large number of projects is the comprehensive insight into the trends and topics of public procurement.

Demand for the funding programme, especially the Transfer module, is high. The funds have been regularly exhausted in recent years. At the same time, the quality of submissions has also increased, according to aws observations. With regard to the Prepare module, the module is relying on external advisors to inform interested parties in their customer network about its possibilities and requirements and to identify suitable project ideas. However, only a small number of advisors are actively engaged in such acquisition activities. It seems that the level of awareness of the funding programme among potential funding recipients is still relatively low.

A challenge slowing down the flow of information between the aws and the PPPI Service Center concerns data protection. The inclusion of corresponding addenda in the funding agreements (2nd phase, 2021) has partially solved this issue. In addition, the PPPI Service Center could benefit from an improved overall view of the funded and non-funded projects in order to adapt its advisory activities. With regard to the Transfer module, potential for development is identified in the evaluation and decision-making criteria on the basis of which the jury makes its decision. The small number of Prepare projects, which cannot only be explained by the limited acquisition activities of the advisory network, raises questions about the strengths and weaknesses of the Prepare module.

## **Achievement of objectives and impacts**

The sample of public procurers in the Transfer module that was realised with the survey is distributed evenly between those who have already used the innovative solution or are about to do so, and others who are still at the beginning of procurement or in the process of implementing it. As expected, the procurers who were approved for a project in an early phase of the funding programme have already been using the solution for some time. Those

who only recently participated in the funding programme are still at the beginning or are in the process of implementing the project. Of the five projects in the Prepare module included in the evaluation, the Challenge led to the commissioning of a supplier in two cases.

The procurers became aware of the funding in particular through the activities and the provision of information by the aws and the PPPI Service Center (Transfer module). While private consultants play a decisive role in the Prepare module, the importance of this group seems to have declined compared to the interim evaluation. Suppliers emphasise the role of public tenders, but also the announcements on the IÖB innovation platform<sup>4</sup>. Besides, being directly contacted by customers as well as discussions with public sector actors were also crucial.

The motivation to participate in the funding programme is based on the view that it (Transfer module) fits well in terms of content and that the planned implementation can thus be designed in a meaningful way. Further incentives are the high (expected) funding rate and the assumption that the funding can avert risks and enable innovative projects in an open-ended process. According to the respondents, the project or procurement could have been carried out only in a few cases without the funding in the Transfer module. The funding programme is considered to have added considerable value with regard to the realisation of the projects and procurements on the actual scale, and in some cases, it is even likely to have provided the impetus for initiating the respective project or procurement in the first place. Most of the Prepare beneficiaries stated that without the funding, the market exploration could have been implemented much less efficiently and quickly.

According to the survey among public procurers, the objectives that were or are being pursued with the funded innovative solution in the Transfer module have either already been achieved in full or to a large extent. In particular, those projects that received funding in the first programme phase were able to achieve their goals to a much greater extent than is the case with projects from phases 2 and 3. Overall, there were only minor deviations from project plans in the course of procurement. A few difficulties arose unexpectedly in the Transfer module during the integration, use or operation of the innovative solution. According to Transfer participants, various aspects were helpful in this regard, such as the possibility of extending the funding period, careful preparation or good communication and coordination among the participants – which was basically confirmed by the suppliers. In the case of Prepare projects, due to the format, various aspects and details of the solution

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<sup>4</sup> <https://www.ioeb-innovationsplattform.at/>

sought only became clear in the course of the Challenge. It was unanimously confirmed that the funded consultation in the context of Prepare funding ultimately made the Challenge possible. Based on their positive experience, the participating public procurers are considering to conduct more Challenges.

Overall, the aspects of the funding procedure and the funding management were positively assessed. The public procurers were comparatively less satisfied with the transparency of the selection/evaluation process in the Transfer module. While in the opinion of some respondents there is no need for improvement, other feedback mentions simplifications in administration, the possibility of a longer funding period and clearer definitions of eligibility. Applicants with approved projects that were not carried out for various reasons see potential for improvement in communication regarding the funding amount/own contribution, in changing the procurement constellation when several procurers participate in the same project, in extending the project duration and with regard to the use of intermediaries as multipliers.

Various projects have contributed to an increase in awareness and understanding of the procurement of innovative solutions in the organisation and have helped to improve the awareness/image of the organisation and its offers and services. In addition, in 25 % of the cases, the quality of the offer or service for users has already been improved. In particular, project proposals have made an important contribution to (i) sustainability and environmental compatibility, (ii) increasing the attractiveness of national and regional locations, and (iii) increasing the efficiency of the public sector. On the one hand, the suppliers report an increased sensibility and understanding for research and development as well as innovation in the company. On the other hand, many of the suppliers have already been able to present the project at events and increase their visibility in the public sector. As was already the case in the interim evaluation of 2021, the values for the impact indicators targeted in the special guidelines of 2021 were achieved or exceeded.

In the case of projects for which funding was approved some time ago, a much higher proportion of the impacts have already been achieved. Approved projects from phase 3, which have just started, expect diverse improvements and effects to occur in the medium and long term. In the case study analysis, the concrete added values became visible, especially with regard to sustainability and environmental protection.



## Conclusion and possible courses of action

The IÖB-Toolbox makes an important contribution to the implementation of the PPPI initiative of BMK and BMAW by increasing both the number and the volume of public procurement projects that promote innovation and, as a result, generate positive effects in governmental (modernisation of public administration), economic (innovation incentives, competitiveness) and social (health, safety, sustainability, etc.) terms. This is also possible because the IÖB-Toolbox is now well embedded in the PPPI service portfolio. The different elements of this portfolio are interlinked – from service elements such as trainings and specific (strategic) consultations of the PPPI Service Center and support and implementation of Challenges (via the PPPI Service Center and Prepare) to the Transfer module and the subsequent public relations work and dissemination of best practice examples. Complementary service elements such as the IÖB-Marketplace<sup>5</sup> and the R&D Innovation Partnership<sup>6</sup> have a supporting effect both for public procurers as providers and for innovative entrepreneurs as consumers.

Overall, the IÖB-Toolbox has proven successful and should be continued. While the programme periods 2019 to 2021 were characterised by adjustments, and the change of programme documents and guidelines sometimes involved uncertainties, also in the communication towards potential applicants, the funding agreement 2022–2023 created continuity and planning security in the medium term. In addition, it also simplified and accelerated administration.

In many cases, the goals that procurers set themselves with the funded project have already been achieved in full or at least in part. In addition, projects from the first phases of the funding programme in particular show a number of effects that have already occurred extensively in connection with procurement. Overall, the programme has achieved its goal of providing incentives for public-sector clients to increase innovation procurement. In numerous projects, contributions to environmental and climate protection, to the conservation of natural resources and to digitalisation in the public sector have been made. The experiences

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<sup>5</sup> Marketplace Innovation: A showcase for innovative companies and their products and services. Solutions for public administration that have been tested for their degree of innovation are presented. (<https://www.ioeb.at/leistungen/fuer-oeffentliche-auftraggeber/ioeb-innovationsplattform>)

<sup>6</sup> Innovation partnerships are specific tendering procedures defined in the Federal Procurement Law for the development and subsequent acquisition of innovative products and services if the existing need cannot be satisfied by solutions already available on the market. The contracting authority can have products, construction or services customised and subsequently acquire them directly from the developer. ([https://www.ffg.at/Beschaffung/FuE\\_Innovationspartnerschaft](https://www.ffg.at/Beschaffung/FuE_Innovationspartnerschaft))

from the case studies show in detail how costs were reduced, savings realised and sustainability ensured. For the Transfer module, it has been shown that the funding had a considerable added value with regard to the realisation of the projects and procurements on the actual scale, as well as providing the impetus for the initiation of some of the projects or the respective procurement in the first place.

The Prepare module is seen as an essential element of the IÖB service portfolio. However, the low interest and the small number of Challenges carried out raise questions about the strengths and weaknesses of this funding instrument. Against this background, a cost-benefit analysis is recommended in order to create a structured and clear basis for decision-making with regard to setting the course for the module. It would make sense to broaden the approach, for example, by addressing new target groups, prioritising certain topic areas or offering selected advisory services (e.g., legal advice, auditing). If Challenges are to be placed on a broader foundation in the future, then the network of advisors supported by the PPPI Service Center would also have to be expanded or strengthened if the current acquisition strategy is to be continued. This community building needs a clear mandate and the related allocation of resources.

With regard to the Transfer module, it should be examined whether the existing project database can be improved concerning the description of the contents (key words, categorisation) and made more accessible across teams, especially between the AWS and PPPI Service Center. Analyses derived from this could help, for example, prior to jury meetings, to get an overview of which topics have already been funded in the past. This overview could be used by the PPPI Service Center to fine-tune its future advisory activities. Development potential is also identified in the evaluation and decision-making criteria on the basis of which the jury makes its decision. Here, it must first be examined whether the criteria need to be adapted with regard to the complexity of the innovation and/or the context of the procurement – which is essentially a strategic question – and, if so, what changes this would entail, for example with regard to formal bases such as a programme document and selection processes based on it.

Finally, improving and increasing the visibility and awareness of PPPI, and thus also of the Toolbox funding programme, continues to be a crucial task of the IÖB initiative. This could be achieved, for example, by expanding cooperation with supra-regional multipliers (e.g., technology/business agencies and municipal associations of the states) and/or local multipliers (e.g., civil engineers, law firms, etc.).

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