

# PPPI · POLICY NOTES

## Public Procurement Promoting Innovation in Austria

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## MONITORING & MEASUREMENT OF INNOVATION PROCUREMENT IN AUSTRIA

Eva Buchinger & Andreas Schiefer

**SUMMARY:** Austria has been developing a comprehensive innovation procurement monitoring system. It consists of the continuous reporting obligations of the service network as well as specific actions such as surveys and (interim) evaluations. An overview on monitoring activities, measurement tools and available data will be given.

### CONTEXT OF MONITORING & MEASUREMENT IN AUSTRIA

The “Action Plan on Public Procurement Promoting Innovation PPPI” provides the context for the Austrian monitoring & measurement activities<sup>1</sup>. It reflects the understanding that effective policy making requires robust empirical evidence. The action plan’s chapter on monitoring and benchmarking requests among others a continuous reporting of the outcome of publicly financed support activities, impact analyses and the development of a PPPI metric.

In this text first an overview of the Austrian monitoring system will be given. This is followed by the description of the development of the Austrian PPPI metric and the results of the respective pilot survey.

### MONITORING SYSTEM: OVERVIEW

The Austrian monitoring system currently consists of the four dimensions ‘reporting’, ‘assessing’, ‘measuring’, and ‘learning’.

‘Reporting’ covers activities of the PPPI service

network. Quantitative performance indicators are (i) raising awareness for innovation procurement (number of public authorities participating in a PPPI seminar or arranging an appointment with the PPPI service center); (ii) increasing innovation procurement matchings (number of public authorities starting a challenge – i.e. specifying a need – by using the service network’s online platform and receiving a range of innovative solutions from potential suppliers); (iii) increasing innovation procurement volume (amount of money procured as a follow-up from (i) and (ii)). This quantitative information is accompanied by qualitative information on good practice and progress provided in the form of (iv) a good practice data base<sup>2</sup>, (v) the PPPI reports (bi-annual)<sup>3</sup>, and (vi) the presentations at the PPPI Council meetings (twice a year).

‘Assessing’ means several specific reviews of the work of the PPPI service network (i.e. ‘interim assessments’ of PPPI events, organizational development of the PPPI service network etc.) and a comprehensive evaluation (2017/2018). This evaluation includes the ex-post dimension (i.e. state of the implementation of the PPPI Action Plan 2012-2017 and the achieved impact) as well as the ex-ante dimension (recommendations 2019+ and the expected impact of their implementation), and has beyond that an international perspective (i.e. European benchmarking).

‘Measuring’ includes the development and testing of a PPPI metric focusing on the organizational level of

<sup>1</sup> BMWFJ & BMVIT (2012) Leitkonzept für eine innovationsfördernde öffentliche Beschaffung (IÖB) in Österreich [Austrian action plan on public procurement promoting innovation PPPI]. Wien: Bundesministerium für Wirtschaft, Familie und Jugend & Bundesministerium für Verkehr, Innovation und Technologie.

<sup>2</sup> <http://www.ioeb.at/projektdatenbank/>

<sup>3</sup> BMVIT & BMWFW (2015, 2017) IÖB Jahresbericht 2013/2014 und 2015/2016. [PPPI annual report 2013/2014 and 2015/2016]. Wien: Bundesministerium für Verkehr, Innovation und Technologie & Bundesministerium für Wissenschaft, Forschung und Wirtschaft.

public authorities, the developing and testing of a PPPI metric focusing on the project level, and last but not least the analysis of the data of the Community Innovation Survey (CIS). See for the metric developments the following chapter and for the Austrian CIS results table 1. It is notable that concerning the number of enterprises both intended and non-intended public innovation procurement is more or less equal in Austria.

	%
At least one contract with a public authority	33,6
A contract with a public authority requiring innovation	2,2
A contract with a public authority where innovation was not specifically required as part of the contract, but a consequence	2,5

Note: data between 2012 and 2014; 10+ employees

Question: Did your enterprise undertake any innovation activities as part of a contract to provide goods or services to a public sector organization? (Innovation definition according to the Oslo Manual)

Source: Community Innovation Survey CIS | Statistics Austria

**Table 1: Austrian Enterprises and Innovation Procurement**

'Learning' refers to the policy lab approach of the Austrian PPPI initiative. Co-learning of all involved stakeholders – which is the lab's key element – is supported by accompanying scientific research. The lab approach includes the co-design as well as the co-implementation of all activities, using the reporting, the interim assessments, and the measurement pilots as highly valuable resources<sup>4</sup>.

## INNOVATION PROCUREMENT MEASUREMENT: PILOT SURVEYS

The development and testing of a PPPI metric in Austria consists up to now of two pilot surveys. The first one indicates the share of innovation procurement as part of the total procurement volume on the organizational level of public authorities. It was conducted by Statistics Austria in 2014/2015 by sending questionnaires to public authorities. The second survey is in its planning phase and aims at the identification of innovation procurement at the project level; including the indication of the share of innovation as part of the total project volume as well. The start of its execution is scheduled for December 2017 by integrating respective questions in e-tendering portals.

The design of the metric follows the notion that public authorities can promote innovation in various ways. These various ways were classified according to the 'role' or 'function' of the public authority in the innovation cycle and resulted in the following

<sup>4</sup> See for details of the PPPI policy lab approach, its phases and degree of institutionalization: Buchinger E. (2017) Innovation policy lab to design intervention in public procurement; In: Weber M. (ed.) Innovation, complexity and policy; Frankfurt-New York: Lang (p. 155-171).

distinction used in the questionnaires sent to public authorities.

- Development initiator: Goods or services which have been newly developed for your organization (including R&D services, excluding standard analyses)
- First buyer: Goods or services of which you know that you are the first buyer (supplier or somebody else was development initiator; your organization may provide a reference case for others)
- Diffusion accelerator: Goods or services which are new on the market and new for your organization (your organization may learn from already existing reference case/s)

On the basis of a response rate of more than two thirds in the government sector (68%) Statistics Austria estimates the share of innovation procurement of the total procurement volume as being between 2.3% and 3.3%. This is a conservative estimation which reflects several uncertainties such as the quantification of the total procurement volume (e.g. is real estate purchase procurement? does all intermediate consumption belong to procurement?), the quantification of the innovative part of the procurement volume, and the identification of the administrative unit reporting the respective data (procurement or R&D or budget department?). Unfortunately, sufficient data for public enterprises are not available, but a share in the same range as in the government sector can be assumed.

As part of the second pilot survey – project level & e-tendering portals – the design of the metric will be refined by using the learnings of the first pilot survey.

## OUTLOOK

Austria is still on its way in developing a comprehensive innovation procurement monitoring system. Within the setting of the policy lab approach (i) the learnings so far derived from the reporting, the interim assessments and the metric pilots; and (ii) the forthcoming learnings from the evaluation will provide an excellent basis for the next steps towards optimal monitoring & measurement of innovation procurement.

### Author Affiliation

Eva Buchinger  
AIT Austrian Institute of Technology GmbH  
Donau-City-Strasse 1 | 1220 Vienna | Austria  
eva.buchinger@ait.ac.at | www.ait.ac.at/ioeb

Andreas Schiefer  
Bundesanstalt Statistik Österreich  
Guglgasse 13 | 1110 Wien | Austria  
andreas.schiefer@statistik.gv.at | www.statistik.at

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