



## Summary

# Innovative and Sustainable Procurement

### Contact

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This report investigates how the Flemish government supports innovative and sustainable procurement and the scope of opportunities for this offered by European legislation. We examine a number of international examples and also consider the position of SMEs.

### European legislation

European Directive 2014/24/EU on public procurement and repealing Directive 2004/18/EC provides for a considerable expansion of the methodology and procedures for aiming for innovation and sustainability in procurement. The Directive must be transposed into law in all Member States by 18 April 2016. In Belgium, its transposition is overseen by a committee on which the social partners also sit. Directive 2004/18/EC laid the foundation for a European programme for innovative procurement, with Member States being encouraged to develop their own innovative and sustainable procurement programmes. The emphasis of the first generation of innovative procurement programmes lies on demand-driven and performance-based procurement, together with opportunities for preceding calls for tenders with pre-competitive research. Directive 2014/24/EU provides for the expansion of methodology and procedures in order to arrive at innovative and sustainable solutions through dialogue and partnerships. The European Commission supports national programmes through an information platform, a website, a database of examples and a series of guides to the methodology and substance of innovative and sustainable procurement. European Directive 2014/24/EU on public procurement and repealing Directive 2004/18/EC provides for a considerable expansion of the methodology and procedures for aiming for innovation and sustainability in procurement. The Directive must be transposed into law in all Member States by 18 April 2016. In Belgium, its transposition is overseen by a committee on which the social partners also sit. Directive 2004/18/EC laid the foundation for a European programme for innovative procurement, with Member States being encouraged to develop their own innovative and sustainable procurement programmes. The emphasis of the first generation of innovative procurement programmes lies on demand-driven and performance-based procurement, together with opportunities for preceding calls for tenders with pre-competitive research. Directive 2014/24/EU provides for the expansion of methodology and procedures in order to arrive at innovative and sustainable solutions through dialogue and partnerships. The European Commission supports national programmes through an information platform, a website, a database of examples and a series of guides to the methodology and substance of innovative and sustainable procurement.

### Flemish programmes

Together with the Netherlands and an international environmental knowledge centre, Flanders belongs to the European Procurement of Innovation Platform and, through its innovative

procurement programme, is one of the pilot countries representing best practice. In Flanders, the innovative procurement programme is implemented horizontally, across all policy areas. The programme and the projects are controlled and supported by a central innovative procurement knowledge centre within the IWT(Agency for Innovation by Science and Technology) and by decentralised coordinators in the various policy areas. The specific projects follow three phases: an information platform on which the issue is clarified, a pre-competitive phase allowing for research and development and ultimately the call for tenders. In Flanders, there are fifteen projects under the innovative procurement programme, but not all projects pass through all three phases. In some cases, an innovation platform is superfluous as the issue is already clearly defined, sometimes a project ends after the innovation platform as the possible solutions are already available on the market or offer too little potential for innovation.

In Flanders, aspects of sustainability are incorporated in action plans overseen by the Public Procurement Department within the Department of Administrative Affairs. The sustainable public procurement team has developed a wide range of tools to support the policy areas, businesses and knowledge centres in their participation in sustainable public procurement. A sustainable procurement taskforce has been set up made up of the main stakeholders and recently expanded to become a sustainable and innovative procurement taskforce. Specific projects mainly involve ecological and life-cycling aspects, for which the most extensive resources and guidance also exist. Product information sheets and standards have been developed, together with framework contracts with potential for innovative and sustainable purchasing. By and large, social and ethical aspects are still being studied, but are tackled in close consultation with the policy areas concerned.

## **International examples offering inspiration**

The international examples mainly involve specific aspects of the policy concerning innovative procurement, with no country representing a model of all aspects. A policy is also primarily best practice once it is adapted to the regional or national context. For three countries, the policy is discussed in greater depth since it can offer inspiration for Flanders for the R&D aspect of innovative procurement. The countries concerned are the USA, the Netherlands and the UK. The last two countries' policies are largely inspired by the far-reaching US SBIR program and manage to downscale the broad scope of the SBIR. Some countries such as the Netherlands opt for separate programmes, on the one hand an innovative purchasing programme (demand and performance-driven with incremental innovation) and on the other hand innovative procurement (through research and development with disruptive innovation).

## **Focus on the role of SMEs**

The European Commission calls for special efforts to increase the participation of SMEs in calls for tender in general and innovative and sustainable procurement in particular. The law does not allow companies to be favoured in calls for tenders, but – in Flanders too – terms may be incorporated in calls for tenders which lower the barriers for SMEs. Since it is difficult in practice to remove all barriers, the involvement of intermediaries to raise awareness among SMEs and support them is highly recommended.

## **Targets and monitoring**

At European level, within the OECD and in several Member States, targets and monitoring are being developed in the area of investment in innovative and sustainable procurement. For

instance, the 'Europe 2020 Flagship Initiative Innovation Union' sets a minimum target of 10 million euros and adds that projects involving joint procurers should be promoted in particular. Measuring the impact at European level and within Member States will be another key aspect in the next few years.

The European Research Area and Innovation Committee (ERAC) has given some indications in a vision document and puts forward several countries as examples: Spain (3% of the budget for innovative procurement), France (aiming for 2% - of the budget for innovative procurement - to be implemented by SMEs by 2020), the Netherlands (target of 2.5% for innovative procurement), the UK (expansion of SBRI – the UK version of the SBIR – into six departments with fixed budgets).

*Verdonck, G. (2015). Innovatief en duurzaam aanbesteden. StIA/SERV, Brussels, July 2015*

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