



## IMPLEMENTING SMART SPECIALISATION IN ENERGY THROUGH INNOVATION PROCUREMENT

09/10/2019 Brussels, EWRC 2019

Event website here: <https://s3platform.jrc.ec.europa.eu/-/implementing-smart-specialisation-in-energy-through-innovation-procurement>



### Session summary and conclusions

How to turn innovative public procurement from an underused option to a powerful boost for innovation in energy?

This question was discussed in a workshop organised as part of the European Week of Regions and Cities 2019, by the [Smart Specialisation Platform on Energy \(S3PEnergy\)](#), a joint initiative of DG REGIO, DG ENER and JRC.

By developing a forward-looking innovation procurement strategy, public procurers can drive the R&D and deployment of innovative energy solutions from the demand side. In line with the Energy Union strategy, innovation procurement can be used as tool to facilitate a quick, clean energy transition, and at the same time create opportunities for local companies.

The **main aim** of the workshop was to help public authorities, procurers, policymakers, researchers and other stakeholders **harness the power of innovation procurement to support the implementation of their Smart Specialisation Strategies (S3) in Energy**.

Representatives from different regions and organisations presented interesting examples of innovation procurement initiatives carried out across Europe with ESIF, in the context of smart specialisation. They explained in details the activities carried out, the methodology followed, the obstacles encountered, the lessons learnt, and the support or tools they make available for others.

Some 40 participants from various organisations attended the workshop: mainly EU, national, regional or local public administrations (fund managers, public buyers, S3 practitioners, etc.), but also researchers, members of civil associations and enterprise organisations.



**A brief summary of the presentations are provided below:**

**(1)** Ákos Szépvölgyi, Managing Director of the Central Transdanubian Regional Innovation Agency, Hungary, presented the experiences of the **PPI2Innovate project**. The objective of this Interreg project is to boost the usage of PPI in Central Europe. The specific objectives are: to develop transnational Smart PPI2Innovate Tool; to facilitate a sustainable Network of Competence Centres for PPI; to implement pilots PPI projects to prove the concept of PPI2Innovate Tools and to strengthen the knowledge capacity inside all Competence Centres.

Three specific tools have been developed: Smart ICT, Health and Energy. These tools are available online, in several languages, customised according the specific legal frameworks of the different countries involved.<sup>1</sup>

The Energy tool provides practical examples of PPI projects (in Energy in mobility, Smart grids, Data handling, Public heating, Public lighting) and offers detailed guidelines for public procurers on the implementation of PPI in energy. Specific successful examples of projects, co-financed by structural funds (in PT and IT) were showcased during the session.

**(2)** Piet Desiere and An Schrijvers, from the Department of Economy, Science & Innovation of the Government of Flanders (BE) presented the Flemish **Programme for Innovation Procurement (PIP)**, launched in 2016 and currently planned until 2023. Its yearly budget is of 5 M€. With the PIP, the Government of Flanders aims to use its substantial purchasing power (more than 30 to 40 billion annually) strategically as a catalyst for innovation. PIP is embedded in innovation policy and related agencies.

The aim of PIP is to convince every Flemish policy maker, public manager and purchaser in the broader public sector of the added value of innovation procurement. PIP's goal is to make innovation procurement a structural tool for optimising the functioning of the public sector and its services, and for achieving forward-looking policy objectives.

Similarly as for the S3, PIP needs work to be done in close cooperation with private companies, research centres, civil society financial organisations and all relevant public administrations. In doing so, the PIP contributes to a high-performing public administration, more competitive companies and solutions for societal needs.

Although PIP has no thematic restrictions (it works on a bottom-up project formulation – need driven), 6 out of 68 projects focused specifically on Energy Transition, supporting thus the implementation of the Flemish S3 in energy. Many other projects are also related to energy digitalisation projects. Some

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<sup>1</sup> [www.interreg-central.eu/PPI2Innovate](http://www.interreg-central.eu/PPI2Innovate)



of those cases were presented to the audience, e.g.: Acceleration energy transition by small and medium wind turbines; Sustainable street lights, etc. All details are available online<sup>2</sup>.

PPI is a promising instrument but further European support is required. Co-financing seems also crucial to compensate for the risks taken by the regional administration.

**(3) Rafael Hirt, Officer Sustainable Economy and Procurement at ICLEI, Local Governments for Sustainability**, informed the audience about useful support initiatives and tools ICLEI can offer to public buyers.

ICLEI - Local Governments for Sustainability is a global network of more than 1.750 local and regional governments committed to sustainable urban development. They provide training or capacity building workshops for procurement and policy making staff; undertake research and provide methodological support for cutting-edge sustainable procurement strategy; support project coordination and proposal writing; and assist in the implementation phase of the procurement cycle.

Several key initiatives, led by ICLEI, to exchange and learn from best practice examples on innovation procurement in Europe were presented:

- the **Procura+ Network**<sup>3</sup> is a network of more than 40 EU public authorities and regions that connect, exchange and act on sustainable and innovation procurement.
- the **Innovation Procurement Platform**<sup>4</sup> brings together all the latest news, events and information on the legal frameworks and policy support around innovation public procurement.
- the **Procurement Forum**<sup>5</sup> provides a dedicated space for procurers, from across EU and beyond, to communicate and exchange on innovation procurement, acting as an online hub to share questions and solutions.
- the **Procure2Innovate**<sup>6</sup> project –the European Network of Competence Centres for Innovation Procurement– aims to improve institutional support for public procurers implementing innovation procurement in a range of sectors.

The SMART SPP (Innovation through Sustainable Procurement) **Guide “Driving energy efficient innovation through procurement”** was also presented. This guide is aimed at assisting public authorities in becoming "innovation-friendly" - that is achieving the most innovative, energy efficient solutions within their procurement actions, particularly through increased dialogue with suppliers and producers.

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<sup>2</sup> [www.innovatieveoverheidsopdrachten.be](http://www.innovatieveoverheidsopdrachten.be)

<sup>3</sup> <http://www.procuraplus.org/>

<sup>4</sup> <http://innovation-procurement.org/>

<sup>5</sup> <https://procurement-forum.eu/>

<sup>6</sup> <http://procure2innovate.eu/>



(4) Ivan Šimić, Managing Director of Regional Energy Agency North presented the experiences of PPI in small Mediterranean municipalities carried out in the frame of the **Prominent MED project**.

The main goals of the project are to support innovation in the Mediterranean area by using PPI (4 pilot projects) and to test relevance of PPI to the needs and challenges of small and medium municipalities.

The Public Procurement Directive (2014) was transposed to all countries, so the legal framework is there but national legal frameworks are often more strict than the Directive, making procedures to implement innovation procurement even more challenging.

Innovation procurement is often not seen yet as a strategic tool by the decision-making level and other departments. It requires long-term planning, which is particularly challenging for local authorities. In addition, the internal capacities can be quite limited, both in terms of staff available and in terms of expertise. A good example from Croatia was mentioned. In Croatia, they acquired some mentoring from an expert from UK.

The partners of the Prominent MED project showed evidence that there is a crucial need for the small and medium administration to learn from others, particularly to know about the details from other experiences and cases studies. Market engagement is also key in the process of defining innovation procurements.

### **Conclusions:**

The **main lessons learnt**, for both public procurers and policy makers, mentioned by the different speakers about the use of innovation procurement can be summarised as follows:

- Innovation procurement has proven to be an excellent way to accelerate local economy and support better public services.
- “Think Big - Start Small” approach: As in the context of S3, Innovation procurement requires long-term planning and an ecosystem development along the quadruple helix. This should be included in a long term energy strategy and innovation agenda.
- Continuous cooperation, pooling of resources and mutual trust are needed along the procurement cycle. Energy is a particularly complex topic, involving many stakeholders (including many different administrations) and requires special effort.
- Non-standard procurement takes more time and internal decisions' procedures within public governments are long. The mind set within the administration should be changed and procurement should be seen as a strategic tool and not as a burden.
- Innovation procurement comes with some risk for public buyers. There is a clear need of a firm financial commitment and incentives rewarding those willing to take risks.
- From the idea to the innovative solution: a good approach for project definition and selection is key. The needs' identification is one of the most crucial part.



- The market should be engaged before the tender. A good knowledge of the available R&I solutions is required.
- In energy, it is not as much about technological innovation but about business/finance & ROI/process innovation.
- New administrative capacities and skills are needed. To ensure success along the procurement cycle, technical assistance and supporting networks can be used (e.g. ICLEI's Procura+ Network, PPI2Innovate Competence Centres, MED PPI Network, etc.).

## Take away message

Public Innovative Procurement (PPI) is a promising tool to enhance public administration performance, support innovative companies and find solutions for societal needs.

A pro-innovation procurement approach could support the implementation of S3. Especially in a sector such as energy, where the public sector is a key source of demand, PPI could influence the market towards innovative and sustainable energy-related products/services.

PPI remains challenging but the speakers showcased several successful experiences and informed about many supporting tools, networks and guidance documents.

## Quotes from speakers

Piet Desiere (Government of Flanders): *"PPI is a promising instrument to come to solve societal needs, but further European support is required"*

Rafael Hirt (ICLEI - Local Governments for Sustainability): *"The [Procura+ Network](#), the [Innovation Procurement Platform](#) and the [Procurement Forum](#) offer useful support to public buyers to exchange and learn from best practice examples on innovation procurement in Europe."*

Ivan Šimić (Managing Director of Regional Energy Agency North): *"Innovation procurement is a great tool for public authorities, getting innovative solutions that meet their needs, and also to support entrepreneurs. It comes with some risks; policy makers need to develop instruments that would ensure a serious uptake of innovation procurement."*

An Schrijvers (Government of Flanders): *"It takes much energy to carry out successful projects on sustainable energy. A firm commitment of all partners (public, private, civil, academic and financial) is needed. Advice and support on innovation procurement can definitely contribute, but co-financing seems crucial to compensate for the risks taken."*

Ákos Szépvölgyi (Central Transdanubian Regional Innovation Agency, Hungary; PPI2Innovate project): *"The keystone for successful territorial development is cooperation. It can be efficiently accelerated by PPI."*