



Ministry of Economic Affairs
and Employment of Finland

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THE PUBLIC PROCUREMENT AS AN INSTRUMENT IN IMPLEMENTING SOCIETY'S IMPORTANT DEVELOPMENT OBJECTIVES

**– Action plan for increasing the use of innovative public procurement,
developing services and promoting sustainable growth**

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Innovative public procurement – an instrument for impact, renewal and growth

In order to increase the volume of innovative public procurement to 10% of all procurements, not only a broad commitment of the central and local government sectors to using procurement to develop new solutions but also changes in the management and resource allocation of procurements and improved skills will be required.

Innovative public procurement refers to the acquisition of a new or significantly improved product or service that improves public service productivity, quality, sustainability and/or impact.¹ For example, innovative public procurement can be used to promote the development of low-emission technologies, introduce new digital solutions that improve social and health services, and speed up the development of business models for the circular economy. At the same time, the public sector encourages companies to engage in R&D and innovation, speeds up the scaling up of new solutions and supports business growth. By purchasing new solutions widely, the public sector can promote the development of a reference market and exports. Increasing the volume of innovative public procurement will have a positive impact on attaining the Government Programme target of raising R&D and innovation investments to 4 per cent of GDP by 2030.

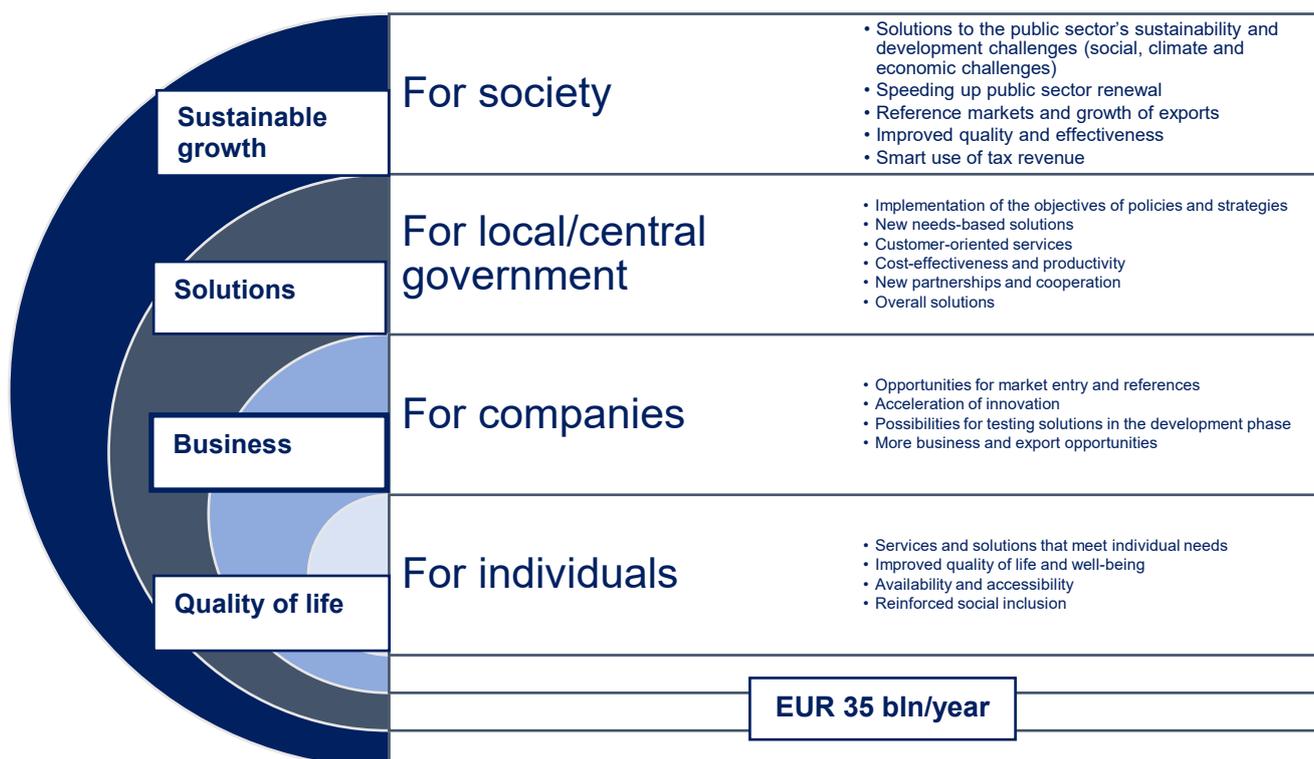
Climate change, digitalisation and data utilisation are today significant drivers of change that impact on the economy, society and innovation on the global scale. They are also highly relevant to the public sector, whose actions can guide the change in the desired direction. Procuring innovations and sustainable solutions contributes to the sustainability of public finances, productivity, and achievement of employment targets. The impacts of the Covid-19 pandemic on society and the economy challenge the public sector in many ways. Innovative public procurement offers means for preventing and reducing harmful societal impacts and grasping longer-term opportunities arising from exceptional situation.

Finland has worked to create preconditions and incentives for innovation procurement for a number of years. Prime Minister Sipilä's Government (2015–2018) set the target for innovation procurement at five per cent. KEINO Competence Centre for Sustainable and Innovative Public Procurement (3/2018-5/2021) (KEINO) was established to support the attainment of this target. Its activities have already produced many positive experiences and results over a short period of time. In addition, funding for promoting innovation procurement was allocated to Business Finland for 2018–2019. In 2018, KEINO measured the volume of innovation procurement in Finland for the first time by means of a survey, which found that the proportion of innovation procurements at that time was five per cent.

A wide range of positive impacts at different levels of society are pursued with innovative public procurement

The total value of public procurement is approx. EUR 35 billion a year in Finland. Of this amount, municipalities and joint municipal authorities account for around two thirds, or approximately EUR 23 billion, and the central government for one third, or approx. EUR 12 billion. Public procurement represents 15% of Finland's GDP. It is vital that this economically significant segment of public sector activity is also used as a means of accelerating society's and the economy's development towards sustainable growth.

¹ Valovirta et al. 2017: Public procurement of innovation – definition, opportunities and measurement. The Government.



Government Programme objectives

Chapter 3.4 of the Government Programme, Dynamic and thriving Finland, sets as a strategic goal that Finland will be known as a front runner in technological advances, innovative procurement and the culture of experimentation. Public procurement can help in making technological advances, and can also serve more broadly to drive sustainable development, innovation and life-cycle thinking. Innovative public procurement is seen as a means to drive the achievement of societal development objectives, including social, climate and sustainability targets, and support public sector renewal.

Objectives and measures of the Government Programme:

1. Action will be taken to increase innovative procurement and thereby to improve services, generate growth and enable the creation of a reference market.
2. Innovative procurement will account for 10 per cent of all public procurement by the end of the parliamentary term. The fulfilment of this objective will be monitored annually.
3. The Government's joint objectives and concrete policies will be agreed on, and ministries will increase their cooperation at the practical level.
4. Public procurement will be used as a means to drive the achievement of social, climate and sustainability targets.
5. Training and best practices will be used to build up skills in contracting entities.
6. Opportunities for spreading the risk involved in innovative procurement by measures such as setting up risk funds will be explored.

The Government Programme also contains a number of sector-specific and other detailed objectives and measures concerning public procurement.

A precondition for achieving the Government Programme objectives is that innovation procurement is actively used to attain important societal development objectives and to accelerate a systemic change by developing new solutions in cooperation with companies, thus creating business opportunities. Significant societal development objectives are common to the local and central government sectors, even if various actors, industries and sectors have different means of achieving them, as well as different baseline situations and levels of ambition. The essential question is how the public sector can translate higher-level objectives into innovation procurement.

New solutions and technologies often require long-term development work, and companies need a clear perspective of what the demand for new solutions will be like in order to make investment decisions. A clear message from the public sector indicating that it is committed to procuring new solutions will encourage companies to invest in RD&I and also make the necessary decisions to invest in production.

Developing the measurement and monitoring of innovative public procurement is important in order to assess the effectiveness of policy measures and individual procurements and to enable learning. Demonstrating effectiveness and impact is a productive way of promoting the use of innovative public procurement.

This action plan was prepared in cooperation with ministries and other stakeholders. Lessons learned and experiences gained from earlier development efforts, the state of play work carried out while drawing up the National Public Procurement Strategy, and other national and international reports have been used to support the drafting of this plan.

Change as a goal and cross-cutting procurement objectives

Each municipality, joint municipal authority and central government actor is a major driver of change in the transition towards a developing and sustainable society. In efforts to promote innovative public procurement, organisations' long-term engagement with change and concrete actions that support it are important. Contracting entities should carry out a systematic and critical assessment of their activities and procurements, ensuring that they encourage cooperation and the development and deployment of new solutions. In terms of impact, important is how innovatively local and central government sector carry out their strategically most significant procurements.

A precondition for bringing about this change is that the central government, municipalities and joint municipal authorities:

- undertake to use innovation procurement as a means of attaining strategic objectives and impact
- make the necessary changes to the management and resource allocation of procurements
- improve their skills and capabilities related to innovative public procurement
- set concrete and measurable targets and monitor their attainment
- promote cooperation with companies as well as strategic partnerships and experiments (between the central and local government sectors, between local governments, and with companies and research organisations).

Carbon neutrality, digitalisation of services and processes, and utilisation of data

Today's key drivers of change, or the goal of carbon neutrality, digitalisation of services and processes, and data utilisation, are having a cross-cutting effect on almost all sectors of society and the economy and thus also on the public sector and procurement. While innovative public procurement can be used to implement digitalisation and data solutions and attain sustainability targets in different fields, it can also generate significant multiplier effects because of systemic changes. Identifying and grasping these opportunities is the key. These cross-cutting objectives are associated with significant opportunities for innovation and cooperation.

Carbon neutral Finland 2035

Promoting the Government's goal of a carbon neutral Finland in 2035 by means of innovative public procurement means more comprehensive solutions through which a wider impact and systemic change can be achieved. An example of this is managing an entire municipality's energy consumption by means of digital applications; the procurement not only brings a significant improvement for the municipality but also has a societal impact.

Procurement can be used to promote carbon neutrality by reducing the consumption of energy and materials over the life cycle of a product, service or building and by providing an incentive for the development and deployment of new clean and smart solutions. New digital solutions combined with other technologies contribute to improving steering, promoting smart energy use, and increasing the availability of verified life cycle information.

When discussing carbon neutrality targets, it is essential to understand the extent to which the achievement of such targets can be influenced through procurements in each sector. To do so, identifying the procurements that generate the largest emissions and, on this basis, specifying sector-specific targets are in key role. A precondition for this is analysing the initial situation when planning the procurement. Even rough carbon footprint data on each product group can help to prioritise activities and target them at the areas where the highest emissions are generated and which thus have potential for reducing emissions. Public procurement is always linked to other policy instruments, and the potential of influencing the market varies from case to case.

Digitalisation of services and processes

The objective of digitalisation in the public sector is providing customer-oriented and more effective services of a higher quality. Digital solutions play a key role in achieving the sustainability objectives set for the economy and the environment.

Digital economy technologies (the Internet, artificial intelligence, virtual reality technologies, robotics, blockchain technology, big data and data analytics as well as platform and software solutions) enable the introduction of entirely new types of products, services and operating models in the public sector. For example, various Enterprise resource planning (ERP) systems can be used to digitalise processes ranging from waste management to cultural production.

Data utilisation

Our society increasingly relies on data, and services underpinned by data. The public sector is a major collector and user of data. Data is also a key source and driver of innovation activities. By increasing the efficiency of and facilitating its production, analysis and utilisation, we can increase the value of data, improve the quality of services and create new business opportunities. While artificial intelligence opens up extensive possibilities for analysing and using data, it also sets new requirements for data utilisation. Platform and interface solutions that enable the collection, processing and utilisation of data play an important role in innovation activities.

National-level solutions as an instrument of systemic change and the promotion of business ecosystems

Using public procurement to develop national-level solutions instead of purchasing individual solutions plays a key role in the effectiveness and impact of procurement as well as incentives provided for companies. The development of such overall solutions also creates a reference market that attracts international interest and promotes the evolution of business ecosystems.

In order for such overall solutions of national and international importance to develop and emerge, a significant first customer, such as the public sector, is often needed. National-level overall solutions can also promote systemic change. Systemic change refers to a simultaneous change in operating models, structures and their interactions, leading to significantly improved well-being and sustainable development.

For example, overall solutions refer to co-creation of structures, definitions and operating models that lay the foundation for (digital) ERP systems. The characteristics of an overall solution include interoperability and common interfaces. These factors further enable servicification, ecosystem management and marketplaces creation.

A precondition for promoting national overall solutions is that the public sector is a significant customer as well as able and willing to support the development of new overall solutions and markets. They often involve a higher risk than an individual procurement, require the introduction of new operating models, and in some cases may also necessitate regulatory changes. Their added value comes from more effective and impactful public services. For companies, overall solutions create larger markets that are more interesting than an individual procurement and provide incentives for R&D and innovation.

An individual organisation may not have the vision, expertise, resources, possibilities or motivation to create and promote national-level solutions. Another challenge lies in the fact that creating national solutions often means crossing sectoral boundaries. The benefits and costs of such procurements may additionally be divided between both central and local government, and the actors may not be willing to pay for benefits obtained by someone else.

When developing national-solutions, identifying, developing and pooling needs between contracting entities, regions and business life is essential. The role of ministries and central agencies is to help perceive the big picture and to identify innovation needs. These needs can be identified in national strategy and programme processes, which include the National Artificial Intelligence Programme Aurora AI, the Strategic programme to promote a circular economy, Green Deals, the Medium-term Climate Change Policy Plan, the National Growth Programme for the Transport Sector, the Health Sector Growth Strategy for Research and Innovation, and the ecosystem agreements with cities.

Of central government actors, Hansel Oy, Government ICT Centre Valtori and Senate Properties play a key role in promoting national overall solutions and innovation objectives. For example, Hansel Oy puts out for tender extensive framework arrangements, which are utilised especially by central government actors but also local governments. The choices that support innovation objectives are already made during the preparation stage of the tendering process, and it is thus important that innovation objectives are given a more prominent role in centrally tendered services.

DigiFinland Oy (SoteDigi Oy) is a national organisation that develops digital solutions for the public administration. Its special mission is to develop and support the development and deployment of national digital services that improve productivity and effectiveness in social and healthcare, rescue services and other sectors. The company also promotes ICT integration and interoperability in public administration, management by information, customer-oriented and cost-effective services and digitalisation of the future. DigiFinland Oy may play an important part in promoting national overall solutions, in particular in the social and healthcare sector in the future.

Packages of measures

The measures set out in this action plan will implement Government Programme objectives and provide better preconditions for making ambitious innovation procurements and increasing their volume to 10% during the parliamentary term.

The plan also implements one of the eight visions of the National Public Procurement Strategy, which was drawn up as part of the Procurement Finland action plan: “*Innovations are procured to solve challenges, and experimental and innovation-friendly procurements are made*”.

The packages of measures comprised in the action plan:

- A.) Promoting innovation procurement by developing cooperation, structures and operating models**
- B.) Improving skills and management related to procurement and developing cooperation with companies (KEINO Competence Centre)**

A) Promoting innovation procurement by developing cooperation, structures and operating models

The preconditions for increasing the volume of innovation procurements and using them to achieve societal development objectives include not only improving skills and strategic management related to sustainable and innovative public procurement but also more cooperation, common national structures and more effective operating models.

The local government sector has a significant role in promoting innovative public procurement both in terms of its economic volume and the effectiveness of such activities. Local government procurements have direct impacts on residents' daily lives, ability to function and well-being. Procurements also have impacts on the vitality of municipalities and can be used to support their industrial policy objectives.

1. Implementing innovative public procurement objectives set out in the National Public Procurement Strategy through a government resolution (Ministries)

The National Public Procurement Strategy contains the following objectives for promoting innovations:

1. A public sector that acts boldly and has a development-friendly mentality uses innovative public procurement to solve development challenges
2. Creating preconditions for cooperation and interaction between the public sector and companies and promoting the evolution of an innovation-friendly market
3. Achieving effectiveness through innovative public procurement. Increasing the volume of innovative public procurement to 10% of all procurements

Measures:

- The Government commits to the objectives of the National Public Procurement Strategy, including those related to innovation procurement, in a government resolution. The resolution will be prepared under the leadership of the Ministry of Finance in summer 2020.
- The concrete objectives and actions of innovative public procurement will be included in action plans prepared by the ministries for their administrative branches. To support this work, a participatory process will be launched with the support of KEINO Competence Centre and the Prime Minister's Office to define concrete and measurable targets for promoting sustainable development and innovations. A group tasked to promote innovations, which will be established to implement the National Public Procurement Strategy, will also be utilised.
- The procurements and skills of centralised contracting entities will be harnessed as a driver of change. Discussions with Hansel Oy, Government ICT Centre Valtori and Senate Properties will be launched in autumn 2020 to ensure that innovation objectives are included in centralised procurements and framework agreements.
- To be noted in the preparation of the ministries' action plans:
 - using a variety of policy instruments (procurement strategies, policy strategies, performance management, resolutions as well as government aid and other guidelines)
 - the requisite changes in the management and resource allocation of procurement
 - improving skills related to innovative public procurement
 - setting concrete and measurable targets and monitoring their achievement (the monitoring may, for example, focus on the volume of sustainable and innovative procurements, increase in the skills level and the effectiveness of completed procurements)
 - using innovative public procurement and stepping up cooperation, especially in cross-cutting areas common to all administrative branches (carbon neutrality target, digitalisation of services and processes, utilisation of data)
 - increasing cooperation with companies and making use of strategic partnerships and experiments
 - developing different risk management tools and incentives

2. Developing and putting on a permanent footing KEINO's work to improve skills and management related to procurement (KEINO 2.0) (Ministry of Economic Affairs and Employment, Ministry of the Environment, Ministry of Finance, other ministries)

A central platform for promoting innovative public procurement is KEINO, whose main tasks include improving skills and the strategic management of procurements, stepping up cooperation with companies, and developing measurement and monitoring. In line with the work plan for its current third operating period, KEINO is already implementing many of the measures listed in this action plan. The services provided by KEINO are available to both local and central government actors.

The current decisions secure funding for KEINO Competence Centre until May 2021. A decision on further funding for KEINO is a precondition for implementing the measures of this action plan on the proposed scale. KEINO will also be leveraged in the implementation of the National Public Procurement Strategy.

When preparing the operating model for KEINO 2.0, attention will be paid to the strategic nature, effectiveness and flexibility of the activities and streamlining of the funding model. Synergies with the Centre of Expertise for Impact Investing will also be utilised. Models for impact investing enable the development of new, effective solutions for both the public sector and companies with the support of private capital.

Measures:

- Preparing the operating model for KEINO 2.0. In this work, attention will be paid to the strategic nature, impact and flexibility of the activities and streamlining the funding model.

3. Using the national strategy processes to pool market demand, promote national overall solutions and create a reference market (Ministry of Economic Affairs and Employment, other ministries)

A precondition for promoting national overall solutions is that the public sector is a significant customer as well as able and willing to support the development of new overall solutions and markets. When developing overall solutions, identifying, developing and pooling needs between contracting entities, regions and businesses is essential. Needs and opportunities for innovation can be identified in national strategy and programme processes.

Measures:

- In cooperation with the National Artificial Intelligence Programme Aurora AI, formulating concrete measures for using innovative public procurement in the development of Aurora AI service ecosystems (Ministry of Finance and Ministry of Economic Affairs and Employment)
- Including innovative public procurement in the cities' ecosystem agreements as one of the instruments for developing innovation ecosystems and enhancing the effectiveness of R&D and innovation activities. A particular objective is using cities' major future investments as development platforms for innovations. (Ministry of Economic Affairs and Employment and the cities)
- The updated roadmap of the Health Sector Growth Strategy (2020–2023) contains the measure of using innovation public procurement to achieve health sector objectives. The Finnish social and healthcare service system is seen as an important development environment and reference for Finnish innovations. Together with the stakeholders implementing the roadmap, identifying relevant areas and responsible

actors and preparing targeted measures in cooperation with KEINO Competence Centre. (Ministry of Economic Affairs and Employment, Ministry of Social Affairs and Health)

- Identifying concrete possibilities for working together with other parties (including the Strategic programme to promote a circular economy, sectoral roadmaps for a low-carbon society, the National Growth Programme for the Transport Sector, impact investment projects coordinated by the Centre of Expertise for Impact Investing etc.).

4. Developing the measurement of innovation procurements' volume (KEINO)

Developing the measurement and monitoring of innovation procurement is important in order to assess the effectiveness of policy measures and to enable learning.

- Conducting a survey on the volume of innovation procurements in 2020. The first survey was carried out in autumn 2018. Complementing the surveys of both years with an in-depth analysis of innovation procurements.
- Setting up a continuous automated survey for contracting entities which report that innovation perspectives were taken into account in the procurement when drawing up a contract notice for Hilma public procurement website. This survey will complement and add detail to the information on what innovativeness means in the procurements in question.

5. Investigating the possibilities of sharing the risk involved in innovation procurement, for example by setting up risk funds (Ministry of Economic Affairs and Employment, Ministry of Finance, Ministry of the Environment in cooperation with other ministries)

Procuring new solutions is associated with many types of uncertainties, and the initial investment often also is larger than when procuring solutions and technologies already in the market. This may be an obstacle to purchasing new solutions, which different risk-sharing mechanisms may help to reduce.

Measures:

- Commissioning a study on methods for sharing the risk of innovation procurements
- Investigating the possibilities of using the climate fund, which is under preparation, for sharing the risks of sustainable procurements, especially those that promote the attainment of the carbon neutrality target

6. Strengthening KEINO's cooperation with the national uniform advisory services for EU programmes in order to make better use of EU funding and networks (Ministry of Economic Affairs and Employment, KEINO)

Innovative public procurement is an instrument for developing better services and promoting not only the realisation of broader societal development objectives but also the R&D& innovation capabilities of companies. Support offered under many EU funding programmes can be used to promote these purposes (including the EU Framework Programme for Research and Innovation Horizon Europe and InvestEU). By integrating KEINO's expertise and the national procurement network with the national uniform advisory services for EU programmes, better use can be made of the funding and networks of EU programmes to promote innovation procurement. This will help spread information on what the EU can offer more widely to experts and procurement organisations in different EU programmes while building up the capabilities of the competence

network for innovation procurement and making it possible for R&D& innovation actors to draw on procurers' competence more extensively.

- Strengthening KEINO's cooperation with the national uniform advisory services for EU programmes in order to make better use of EU funding and networks

B) Improving skills and management related to procurement and developing cooperation with companies (KEINO)

KEINO will develop skills, management and measurement related to sustainable and innovative public procurement as well as operating models and tools to support them for the use of contracting entities, and help contracting entities with using these models and tools.

7. Improving skills and capabilities related to innovative public procurement

Solid and versatile procurement skills are one of the basic prerequisites for innovation procurement. Information and skills related to markets, new solutions and technologies as well as practices and tools for working together with companies, research organisations and other procurement units are also needed.

Measures:

To be continued and strengthened

- the activities of KEINO Academy (development programme for effective public procurement) based on the experiences gained of the Academy in 2019 and 2020. The aim is to expand the KEINO Academy activities.
- regional KEINO change agent activities by developing the operating model and coordination to ensure higher effectiveness for the agents in the regions and to improve the provision of information about regional needs to KEINO.
- the preparation of various innovative public procurement practices, method descriptions and practical tools (including roadmaps, playbooks, document templates) for contracting entities and provision of support for their use.
- cooperation with different education providers (universities of applied sciences, universities) with the aim of preparing courses on sustainable and innovative public procurement and integrating them into study modules.

To be launched

- KEINO Academy's second study module (KEINO Academy 2) in autumn 2020
- Thematic KEINO Academies will be prepared as needed in autumn 2020. The first pilot, 'implementing low-carbon procurements', will be launched in autumn 2020. Other possible themes include the circular economy, social and health services and digital services. They will be prepared and implemented in cooperation with ministries, municipalities and other actors.

As part of implementing the National Public Procurement Strategy (Procurement Finland), a number of measures related to improving procurement skills are about to be launched, including a skills mapping exercise using the European Commission's ECF tool and development measures related to basic training and university-level research on procurement. They will complement the measures to be continued and launched as part of implementing this action plan.

Schedule and resources:

The action plan for KEINO Centre's third term extending from March 2020 till May 2021 includes the following actions

- KEINO Academy 2 (under preparation)
- Implementing low-carbon procurements (a thematic KEINO Academy), to be launched in autumn 2020
- KEINO change agent activities in 15 regions (coordination and building up of activities) until December 2020
- Thematic skills development actions (innovative public procurement practices, low-carbon procurement)
- Buyer groups for a specific theme or sector

A decision on further funding for KEINO will be required in order to continue the measures after May 2021 and to launch new ones:

- Preparation of thematic KEINO Academies (to be launched in autumn 2020).

8. Developing new models for cooperation with companies

A precondition for promoting innovation through procurement is closer cooperation between the public sector, companies and research organisations. New cooperation models are needed which bring together the skills and objectives of all parties in order to find the best solution. Procurements can promote not only the business development and growth of individual companies but also the evolution of business ecosystems.

Measures:

To be continued and strengthened

- the development of public-private cooperation as part of KEINO buyer group activities
 - new operating models and practical tools for cooperation with companies
 - the sharing of lessons learned and best practices and the promotion of scalability in solutions
 - support for developing national overall solutions
- the development of new cooperation models for outcomes contracting projects. Outcomes contracting enables new types of risk sharing, incentive and contract models between public sector organisations and companies.

To be launched

- Pilot projects that promote the evolution of regional and national business ecosystems by using innovative public procurement as a co-development platform. The objective is to deploy and scale new solutions and pilot them in an authentic environment in the public sector. The growth portfolio work of the Ministry of Economic Affairs and Employment will be used to identify themes, and implementation will be supported by the ecosystem agreements under preparation.
- Developing data-based methods to match procurers' needs with companies' supply and innovation potential. Completing a pilot project which collates data from different sources (potential suppliers, procurements, and successful companies in tendering processes). Contracting entities can use this data in their procurements, starting from the preparation phase.
- Investigating an operating model that will make it possible to pool public contracting entities' regional innovation needs and bring companies in on producing solutions for them ('innovation broker' function). Examining the possibilities of carrying this out as

an EU project in cooperation with other centres of expertise (the Netherlands, Germany, Austria). Preliminary cooperation was launched in spring 2020.

- Examining companies' needs for developing skills related to innovation procurement.

In addition, the National Public Procurement Strategy contains a number of actions aiming to step up public-private cooperation (among other things, increasing open and proactive communication between contracting entities about future procurement needs, for example in the form of a common electronic platform). Strengthening research on assessing the market impacts of public procurement and market functioning is one of the measures included in the implementation of the National Public Procurement Strategy. These measures support the actions to be launched on the basis of this action plan.

Schedule and resources

- KEINO Competence Centre's action plan for its third term extending from March 2020 till May 2021 includes the following measures:
 - Developing business cooperation as part of KEINO buyer group activities (for example, developing practices and tools)
 - A pilot project on data-based methods (companies' innovation potential) in spring 2020.
- A decision on further funding for KEINO will be required in order to continue the measures after May 2021 and to launch new ones:
 - Launching experimental and pilot projects to promote regional business ecosystems
 - A report on the 'innovation broker' model

9. Developing the measurement of procurement effectiveness

Demonstrating effectiveness and impact is important in promoting innovative public procurement. Contracting entities are more likely to introduce innovative methods and procure innovative solutions in the market if their positive impacts, both financial ones and those affecting customers, can be demonstrated. The needs to measure effectiveness and impact are uniform at the national level, which is why it makes sense to develop the methods together, enabling contracting entities to use these nationally developed models in support of their activities.

Measures:

To be continued and strengthened

- Developing the measurement of effectiveness and impact of public procurement both at the contracting entity level and by individual procurement (KEINO Academy and outcomes contracting projects coordinated by the Centre of Expertise for Impact Investing).
- Developing, testing and deploying different tools and counters, including Hankintaluotsi ('Procurement Pilot'). Testing it as part of the KEINO Academy. Among other things, the Procurement Pilot helps an organisation to engage stakeholders in the creation of procurement policies, identify the procurement categories/entities/procurements of the greatest strategic importance, compare sustainable and innovative procurement measures, and find solutions suited to its needs.
- Utilisation of the societal benefits modelling concept produced by the Centre of Expertise for Impact Investing (see <https://tem.fi/vaikutusten-hankinnan-suunnittelun-tueksi>).

To be launched

- Creating an innovation potential framework to produce a model for describing and measuring multidimensionally the innovativeness contained in a public procurement at both national level and in a specific organisation.

In the context of measuring procurements, several national actions are being planned as part of the preparation and implementation of the National Public Procurement Strategy. One of the actions already launched is a study produced by the Government's analysis, assessment and research activities which aims to analyse the total volume of public procurement and create a generally accepted, precisely defined and regularly repeated method for calculating the total annual volume. The study will be taken into account in the implementation of this action plan.

Schedule and resources

- KEINO Competence Centre's action plan for its third term extending from March 2020 till May 2021 includes the following measures:
 - Conducting a survey on the volume of innovative public procurements in 2020.
 - Developing and testing the "Procurement Pilot" as part of the KEINO Academy.
 - Innovation potential framework in 2020
- A decision on further funding for KEINO will be required in order to continue the measures after May 2021 and to launch new ones:
 - Decisions on further measures will be made on the basis of pilot projects and studies

10. Developing practical incentives and risk management tools

Procuring new solutions involves a higher risk than with ordinary procurements. From the risk management perspective, the risks should be allocated to the party best able to manage them. Important practical tools for risk management include improved skills, careful planning of the procurement, versatile interaction during the procurement process as well as incentives and sharing of experiences. In many cases, the initial investment is also greater than when procuring solutions and technologies already in the market, and this can be an obstacle to the procurement of new solutions. Different risk-sharing models may help to reduce this obstacle.

Measures:

To be launched

- Two practically oriented studies:
 1. risk sharing tools, operating models and good practices for promoting the use of innovative public procurement
 2. instruments, operating models and good practices for incentives that promote innovative public procurement
- preparing operating models and tools for contracting entities' use based on the studies

Schedule and resources

KEINO Competence Centre's action plan for its third term extending from 1 March 2020 till 31 May 2021 includes the following measures

- studies of risk sharing and incentives 2020.

Required resources (funding and other resources)

The preconditions for implementing the action plan include the commitment of the Government, ministries and administrative branches as well as municipalities and joint municipal authorities, ensuring sufficient resources, and drawing on the other ongoing strategy and programme processes.

The plan will be implemented together with the National Public Procurement Strategy (Procurement Finland), whose preparation is led by the Ministry of Finance and the Association of Finnish Local and Regional Authorities. The strategy will be completed in autumn 2020.

A decision on further funding for KEINO is a precondition for implementing the measures of this action plan on the proposed scale.

Broad-based cooperation with various stakeholders will be required to implement the plan and ensure its effectiveness. Versatile communications is an important means of engaging different stakeholders and increasing the effectiveness of the measures. Both the ministries' and KEINO's communication resources can be utilised for this purpose.

Steering and support for action plan implementation

KEINO Competence Centre's steering group supplemented with other appropriate stakeholders will be used to support action plan implementation.

Monitoring and effectiveness of Government Programme objectives

The Ministry of Economic Affairs and Employment will follow up the action plan's realisation as part of monitoring Government Programme implementation, and the plan will be updated as necessary. The action plan will be implemented in 2020–2023.

Action plan implementation will also be monitored as part of following up the National Public Procurement Strategy (Procurement Finland) to the extent that its objectives and measures are included in the government resolution.

The coronavirus pandemic may have an impact on the implementation schedules.

The achievement of the quantitative target of 10% set for innovation procurement in the Government Programme will be monitored as follows:

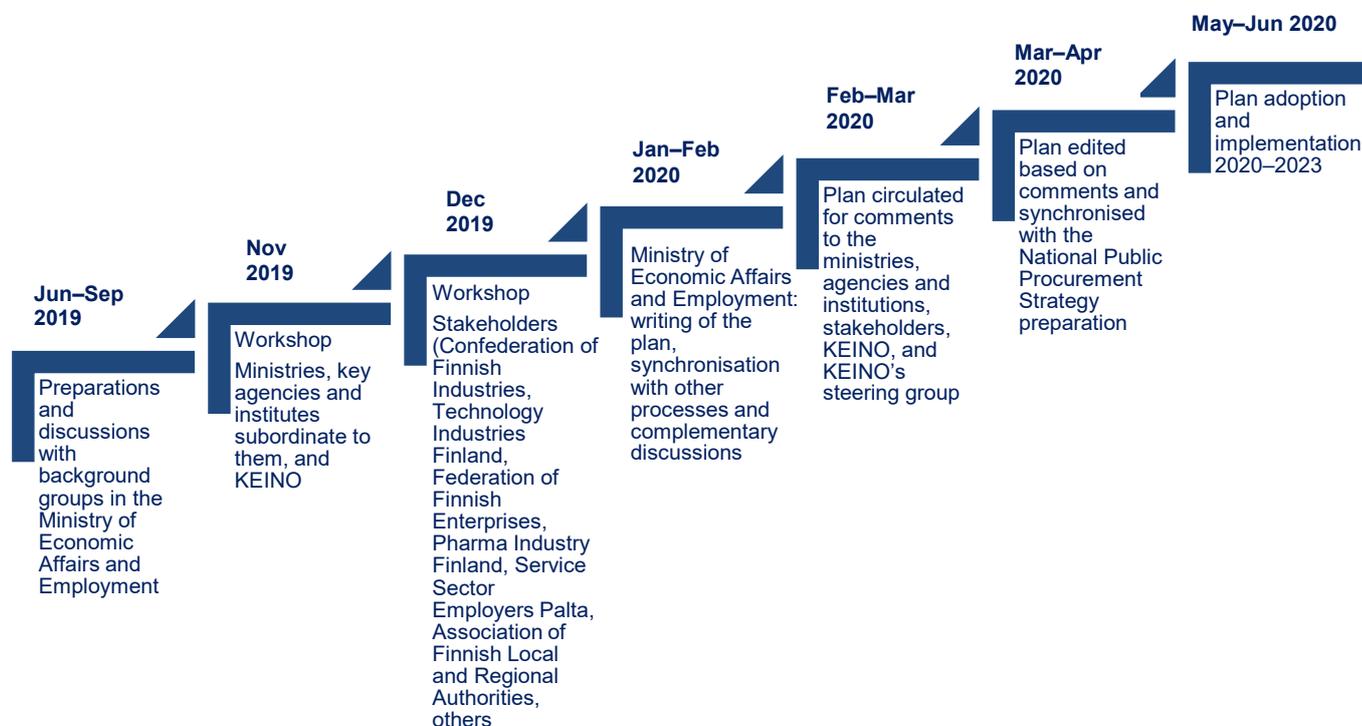
- A survey carried out by KEINO Competence Centre in 2020

a baseline survey was conducted in autumn 2018. The next survey will take place in 2020. Detail will be added to the information on innovation procurement obtained through the survey by means of interviews which will explore, in particular, solutions that are new to the market, or significantly improved.

- HILMA Database
 - following the trend in the number of procurement notices that, according to the contracting entity, include innovativeness. The information on Hilma will be complemented by a questionnaire addressed to the contracting organisation. HILMA data can be reported once a calendar year.

Plan preparation

The plan was prepared under the leadership of the Ministry of Economic Affairs and Employment in cooperation with ministries and stakeholders.



The draft plan was discussed on 29 June 2020 in the Management Group of the Ministry of Economic Affairs and Employment's Innovations and Enterprise Financing Department and, on 27 July 2020, in the Senior Government Officials Management Group of the Ministry. The plan was also discussed by KEINO working committee on 8 May 2020 and KEINO steering group on 6 May 2020.

The action plan was circulated for comments to ministries and other stakeholders between 25 February and 10 March 2020. 18 statements were received. The plan was complemented and detail was added to it on the basis of this feedback.

Background discussions with ministries and stakeholders were conducted during the preparation process (Confederation of Finnish Industries, Technology Industries Finland, Federation of Finnish Enterprises and its Procurement Agents Network, National Audit Office of Finland). Two workshops were also organised in autumn 2019. The participants of the first workshop held on

14 November were key ministries and their subordinate institutions and agencies, the stakeholders of KEINO Competence Centre, and municipal representatives in KEINO's steering group. The second workshop on 5 December was attended by the Confederation of Finnish Industries, the Finnish Technology Industries, the Federation of Finnish Enterprises, Pharma Industries Finland, Service Sector Employers Palta, the Association of Finnish Local and Regional Authorities, and procurement agents/KEINO change agents.