

INNOVATION PROCUREMENT POLICY (IPP) *CASE STUDY OF THE NETHERLANDS*

May 2019

The set-up and role of the Competence Centre
'PIANOo' within the context of Innovation
Procurement in the Netherlands

CASE STUDY REPORT

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Preface

About the project

This case study was commissioned by the Portuguese National Innovation Agency (ANI). The Portuguese National Innovation Agency (ANI) is a specialized Agency that embodies the growing alignment of the R&D, Innovation and technology-based entrepreneurship policies in the areas of science and economy, with the main function to promote knowledge transfer, in particular through more and better cooperation and coordination between companies and the R&I institutions. Within the area of Policy and Innovation Promotion, since January 2017, ANI has been developing a position strategy for the topic of “Innovation Public Procurement” (IPP).

In January 2018, the European Commission-DG CONNECT (COM) approved the project ‘Procure2Innovate: European network of competence centres for innovation procurement’ (ID 780192), for which ANI will act as a full partner and the only Portuguese entity involved. The project ‘Procure2innovate’ aims at improving institutional support for public procurers of information and communication technologies and other product groups implementing innovation procurement by establishing or expanding competence centres for innovation procurement in ten EU Member States. A consortium of nineteen partners from ten EU member states, engaging five existing competence centres (DE, ES, SE, NL, AT) and five new competence centres (PT, IT, GR, IE, EE) will exchange knowledge and lessons learnt, mapping stakeholders together, analysing the needs of target groups and set up new services (existing competence centres) or implement services in new competence centres.

About the case study

The principle objective of this case study is to take a look at the (organisational) set-up and role of the competence centre PIANOo within the context of the Dutch Innovation Procurement Policy. The case study aims at **(1)** summarizing the Dutch policy framework for IPP, **(2)** mapping the IPP results in the Netherlands, and **(3)** describing how PIANOo features as a competence centre.

The structure of the case study is related to these three topics, each topic is outlined in a chapter. Every chapter starts with the ‘*reasons behind*’ the topic, in other words: *(1)* why did the Netherlands start with Innovation Procurement Policy, *(2)* what is the purpose – and difficulty – of looking at IPP results, and *(3)* why did the Netherlands start with PIANOo as a competence centre. After outlining each of these ways of thinking, each respective chapter pays attention to the questions ‘*how*’ this is done and ‘*what*’ has been done.

The report is, in accordance to the commissioned case study, primarily written as a paper to provide insights to a certain extent and in this sense it is not written with the purpose to be fully complete on each and every sub-aspect which is mentioned in the report. The functional purpose of the report is to serve as a reference work. Additionally, it will give practical insights on top of that. In the event there are any (implicit) opinions expressed in this case study report, then this should be understood as those of the author and do not necessarily reflect the views of any other (unless otherwise stated).

1. Policy framework for Innovation Procurement Policy (IPP)

Introduction

The total procurement volume of the Dutch authorities is approximately 73.3 billion Euros per year¹. Over the past two decades the Dutch policy ambition was to be a smart procurement government which stimulates innovations in order to solve its questions. This chapter provides a summary of the Dutch framework for Innovation Procurement Policy (IPP), and looks how the policy is evolved as well as to where it stands currently.

1.1. When and why did the Netherlands start with Innovation Procurement Policy?

The European Directives on public procurement were introduced in 1992/93. Some years later, research by the Dutch Ministry of Economic Affairs showed that the degree of compliance in the Netherlands was low. It appeared that in the Netherlands the spending was relatively less publicly procured compared to the rest of the European Union.

This was the reason that by the end of 1998 a project group at the Dutch Ministry of Economic Affairs received the instruction to investigate the shortcomings in its compliance with the European Directives on public procurement, and to make proposals to improve this compliance. On the basis of an analysis of the causes, the project group presented in their Discussion Paper² a number of ideas that should improve compliance. From the supply side, the signal was given that the procurement rules were not optimal. However, this was not only about the rules but also about the way *how* public authorities dealt with the procurement rules, i.e. the (rigid) behaviour of the procurers. One of the findings was the fact that contracting authorities looked too much for so-called 'fixed solutions' and offered little scope for innovative concepts.

As a response to this, the Minister of Economic Affairs came up with the very first Action Plan 'Professional procurement and tendering'³ (PIA) at December 1999, focused on the professionalization of procurement and tendering by the government. The overall innovation procurement ambition was rather vaguely formulated⁴, but in the meantime the Minister decided to take action to form networks of procurers for the exchange of knowledge, standardization, benchmarking and the bundling of volumes. Followed by the promise to support the networks with research on the experiences regarding procurement and tenders, to set up a "strategic government procurement" conference, and to boost a program of practice-oriented training courses.

Around that same period, the topic of improving innovation was a cornerstone of the strategy as set by the European Council in Lisbon in March 2000, since they stressed that the European Union needs to become a competitive and dynamic knowledge-based economy by the end of 2010. A few years after this ambition statement, the progress was assessed in the 2003 Spring Report⁵ from the Commission, which urged the Member States that the progress was neither been fast enough nor sufficient. This was a clear message,

¹ Significant, commissioned by PIANOo, September 2016, 'Het inkoopvolume van de Nederlandse overheid. Een macroanalyse.'

² Ministerie van Economische Zaken, 1 oktober 1999, Discussienota Europees aanbesteden: Haal pegels uit die regels!

³ In Dutch: "Professioneel Inkoop en Aanbesteden" (abbreviated: PIA)

⁴ The IPP ambition was: "The government is applying innovative tendering on a growing scale (...). In three years' time, innovative procurement and tendering will form a substantial part of the portfolio."

⁵ Communication from the Commission, Choosing to grow: Knowledge, innovation and jobs in a cohesive society', Report to the Spring European Council, 21 March 2003 on the Lisbon strategy of economic, social and environmental renewal', COM (2003) 5, 31.03.2003

which made the area of knowledge and innovation as the central priority in particular. In this 2003 Spring Report the Commission started to communicate to the Member States that public procurement can be a powerful instrument to push innovation.

Following the communications from the European Commission, and after the Dutch elections in January 2003, the Dutch coalition agreement of May 2003 showed that the message of the Commission was understood, because they stated in their official agreement: *“The Netherlands must belong to the European frontrunners in the field of higher education, research and innovation”*. In order to achieve this, the coalition decided to set up an Innovation Platform, consisting of approximately 15 prominent persons from the industry, science and politics, and which was chaired by the Prime Minister. As the reason for starting this innovation policy, the coalition argued during the presentation of the Innovation Platform that innovation is the engine of productivity growth and economic development. As a consequence, national prosperity depends on the extent to which the innovation process in the economy continues. Since the EU 2001 Innovation scoreboard⁶ had shown that there would be a declining trend of the position of the Netherlands on the innovation subindex, the coalition was of the opinion that action was needed. Moreover a number of mutually reinforcing trends made it in the eyes of the coalition even more important to focus more on innovation, which were the following trends by that time:

1. Demographic: due to the aging of the labour force, economic growth based on labour participation was becoming increasingly difficult;
2. Increasing globalization: countries like China, South Korea and India were making impressive progress. Plenty of companies take their R&D decisions on a global scale. This is also noticed by increasing mobility of students and researchers;
3. Labour costs: it would become difficult to compete on labour costs in the long run;
4. Speed of technological developments: developments in areas such as ICT are fast. Moreover, many breakthroughs in research are more and more at the crossroads of different disciplines;
5. International policy dimension: from an economic policy point of view, high-quality knowledge and an attractive innovation climate are important measures in this competitive dimension.

In order to make the ambition more specific, the Ministry of Economic Affairs published a so-called Innovation Letter⁷ by the end of 2003, in which it gave a first interpretation to this policy. Afterwards one of the comments of the Social Economic Council⁸ and the Advisory Council for Science and Technology⁹ was that the Letter disregards the role that the government can play *itself* to promote innovation. As a response to this¹⁰, the coalition agreed and stated that now it is the challenge to further connect the ongoing professionalization of procurement with the strategic and innovation procurement¹¹. The reason to focus on promoting innovation by procurement was two-sided: the government can use its procurement behaviour to stimulate companies to develop new products/services, while in the meantime these new innovative products and services can help the government to increase the quality of its services and reduce its costs.

⁶ EU 2001 Innovation Scoreboard; World Economic Forum 2000 - 2002

⁷ In the Innovation Letter ‘In actie voor innovatie’, of October 2003.

⁸ SER

⁹ AWT

¹⁰ May 2005. Grenzen zoeken, grenzen verleggen.

¹¹ The PIA-project focused on the professionalization, which is a prerequisite for innovation and strategic procurement, because in order to be able to procure innovation, you first have to be able to procure in a proficient manner.

Which specific impact the Netherlands aimed for with their innovation procurement policy in 2005 can be seen from the following IPP specific actions, as it was proposed by the Innovation Platform:

- Action 10 - Use launching customership¹² as an explicit objective
 - The Innovation Platform proposes that the central government should reserve 2.5% of its procurement budget each year, and the Cabinet propose in advance that 25% of this budget can be used for innovative procurement with a high risk profile regarding economic returns.
- Action 11: Take the legal space to promote innovation by procurement
 - The Innovation Platform proposes to develop simplifying procurement rules and to make better use of the space that these rules offer, e.g. by using DBMF methods and PPP constructions.
- Action 12: Improve (public) access to procurement and tender processes
 - The Innovation Platform proposes to encourage and decide that all ministries and contracting authorities will use one public procurement platform, which is publicly accessible through internet.
- Action 13: Procure more knowledge via innovative SMEs by using SBIR
 - The Innovation Platform proposes to introduce SBIR for all departments and knowledge centers of the national government, and The Innovation Platform also recommends that at least 2.5% of the research budget of departments (by that time 800 million Euros per year) should be spent on SMEs.
- Action 14: Strengthen strategic procurement through category management
 - The Innovation Platform proposes to introduce category management¹³, so that the government can designate categories in which innovation becomes a primary strategic goal. Moreover, the government can choose those categories in which the Dutch business community is strong or where the greatest societal challenges lie.

A few years later, the approach to 'innovation-oriented procurement' started in 2009 by means of a letter¹⁴ from the Minister of Economic Affairs. The definition of innovation-oriented procurement was broadened in this letter: the years before the focus was rather on finding a first procurer for an innovation (the government as a "launching customer"), but from 2009 the focus was broadened to the entire procurement process (from strategy development to scaling up). In the same period, it was decided to quit with The Innovation Platform, but the ideas regarding innovation procurement continued to exist. And so it was also the time when innovation procurement was introduced more visible: the goal-oriented government as a "lead customer" searching for innovative solutions (demand-driven). With the ambition to procure each year at least 10 innovations *and* to be 10 times a launching customer (thus in total 20 innovative projects each year). In the meantime, this new policy wave also resulted to setting up an expertise network for innovation procurement by means of a network for all (public) authorities, which started under the organization of the

¹² As a launching customer, the government indicates that it will procure a non-existent product with certain characteristics. The developer / supplier then knows that when the product delivers the requested performance he can sell it to the government. Launching customership starts with the drafting challenging specifications and open publication.

¹³ With additional categories, other than the following nine product groups by that time: office equipment, ICT, mail, transport management, energy, official cars, printing, housing, PR & communication (which were chosen because it was expected that substantial savings on procurement were possible for these product groups).

¹⁴ November 2009, letter reference 27 406 nr. 162

Dutch competence centre PIANOo¹⁵. The new policy made the step from developing networks to stimulating innovation procurement in practice: mainly by fulfilling as a bridge between government and industry. Based on the internal network and their vision on innovation procurement, the 'procurement innovation urgent program'¹⁶ (IIU) was developed in the years after 2009. The IIU program was initiated and managed and executed by the Ministry of Economic Affairs (in collaboration with the Dutch Expertise Center for Public Procurement PIANOo). It consisted of a broad group of stakeholders who were united in a so-called Steering Group. Around this Steering Group a wide network of procurers is formed at various governments (at different levels of government) and (independent) experts.

1.2. How did the Netherlands approach the topic of Innovation Procurement?

The new urgent (practical) approach at the end of 2009 was just in time (i.e. 1,5 years ahead) prior to the Evaluation Study¹⁷ of the Dutch Court of Audit in 2011. This Evaluation Study on the innovation policy of 2003-2010 stated some clear-cut findings:

"Our research shows that the effectiveness and efficiency of the innovation policy cannot be determined in the period 2003-2010 and that coordination by the Minister of Economic Affairs was weak. Our main conclusion is based on the following sub-conclusions:

- *We could not determine whether the doubling of expenditure on innovation policy to €3.7 billion in 2010 led to an increase in innovative capacity*
- *Coordination on the expansion of innovative capacity was weak*
- *Evaluations hardly provide insight into the increase of innovative capacity through innovation policy"*

A same kind of result was found in 2011 by the European Commission¹⁸ in their research on Dutch innovative capacity, which were not comforting: *"The Netherlands is not a leader, but a follower in innovation for years"*. Thus the IIU composed an 'Action Plan for Innovation Procurement'¹⁹ in 2013 focused on ensuring that the vision regarding innovation procurement also leads to actions and results²⁰. Although the Action Plan did not specify an explicitly clear time-bound horizon, it points out the opportunities for instruments such as market meetings, Small Business Innovation Research (SBIR) and giving a chance to innovations by using other revenue models.

To promote Innovation Procurement, the IIU came up the following goals:

- To encourage, support and realize projects as an example for other governments, in order to make them aware of opportunities and possibilities of innovation in projects and tenders.
- To make the ideas and instruments for innovation-oriented procurement more accessible and develop them further.

¹⁵ PIANOo also focuses on other authorities, such as municipalities, provinces, special sector agencies. Aim of the expertise network is to build up and provide access to implicit and explicit knowledge about public procurement, of which innovation procurement is one of the topics.

¹⁶ In Dutch: "Inkoop Innovatie Urgent" (abbreviated: IIU)

¹⁷ Evaluation Study of 2011, Innovatiebeleid, 33 009, nr. 2

¹⁸ European Commission (2011). Innovation Union Scoreboard 2010. Brussel: Europese Commissie.

¹⁹ <https://www.pianoo.nl/nl/document/14291/plan-van-aanpak-programma-inkoop-innovatie-urgent>

²⁰ As proposed by European Research Area and Innovation Committee (ERAC, 1209/15, 23 June 2015), a structure of an action plan (which is based, amongs others, on the Dutch document) is outlined in Annex A.

The emphasis of the above two objectives was on functioning as a (knowledge) broker within the demand side. In addition to this, by means of the below two objectives, it also pursued the goal to promote innovation procurement with monitoring and financial instruments:

- Reach out to more authorities and bring out more examples of innovation-oriented procurement
- Act more actively on innovation-oriented procurement by the government.

To achieve the goals IIU used the following eight actions:

#	Description
1	Support: providing management/administrative support to 20 innovation-oriented procurement projects within the 'flagship themes' ²¹
2	Networks: connecting government units internally, as well as governments with market player
3	Instruments: sharing and developing tools to support the innovation-oriented procurement process
4	Instruments: removing obstacles in the innovation procurement process
5	Active participation: joining national initiatives
6	Active participation: joining European projects for obtaining financing, gaining experience and exercising influence
7	Communication: informing, involvement and matching
8	Benchmarking and financing: monitoring and financing

What can be seen when looking at the actions: the IIU focused primarily on stimulating innovation projects. Against this background, someone had to facilitate these projects and someone needs to share the gained knowledge afterwards. This was something in which PIANOo also played a major role. For example, with respect to the before-mentioned eight actions, and in correspondence to the respective action:

- ✓ Action 1: After the gained knowledge from the projects of the 'flagship themes', PIANOo organized specific meetings where the public procurers who worked on the projects shared their experiences with the public procurers of other public authorities (i.e. knowledge sharing).
- ✓ Action 2: an important part of PIANOo is the organization of events and networking, i.e. various levels of government and with similar needs are brought together. On top of that, public procurers and market player are regularly brought together in so-called 'market meetings'. These market meetings serve two-sided: on the one hand public procurers get to know the innovation market better (perhaps they find the innovation which they are looking for), and on the other hand the innovative market players (often SMEs) can better find their way to the 'big' government as a (potential) customer.
- ✓ Action 3 and 4: PIANOo collects information and develops products on (new) different ways of working to procure innovations (e.g. various types of market consultations, proof of concepts, total cost of ownership, etc). These approaches have been made accessible through the so-called 'Innovation Suitcase'²². This 'Innovation Suitcase' is a website full of content which is open to the public and provides clear-cut explanations accessible to everyone. It shows that prototype development is part of new ways of procurement, and by this PIANOo is also encouraging new

²¹ In Dutch: "Boegbeeld thema". The themes consisted of the following eight: *Sustainable mobility, energy and smart grids; *Dynamic traffic management; *Facility management and interior buildings; *Built environment, facades and roofs; *Healthcare; *Scarcity of resources (raw materials); *Management of water systems; *Safety.

²² www.innovatiekoffer.nl

innovation projects. The mix of instruments that is presented in the 'Innovation Suitcase' is thus broader than just the "traditional" procurement instruments.

With respect to the monitoring of Innovation Procurement Policy in the Netherlands, the Dutch government aimed at a spending 2.5% of the total procurement budget of the Dutch central government²³. Up until today only the Dutch authority of the Ministry of infrastructure and environment that is responsible for the practical execution of public works and water management²⁴ have formally committed themselves to reach this (non-compulsory) 2.5% goal.²⁵

1.3. What is the legal framework of IPP?

When looking at the implementation of Innovation Procurement Policy within the Dutch legislative context, there are especially three documents to be taken into consideration.

- i) First and foremost, the *Dutch Public Procurement Act*, of which the amended version came into force per 1 July 2016, which briefly defined the way innovation needs to be interpreted by Article 1.1, which is:
- *Innovation: the implementation of a new or significantly improved product, a new or significantly improved service or a new or significantly improved process*

Additionally, the topic of innovation is in the Procurement Act further mentioned within the sections regarding the procedure of innovation partnership, which is laid down (in accordance to the EU Procurement Directives²⁶) as following:

- *Procedure of innovation partnership: procedure where all economic operators may submit a request to participate in response to an announcement for an assignment that is aimed at the development and procurement of an innovative product or work or an innovative service that is not already available within the market and where through negotiations with one or more of them lead to final tenders*

Besides the above definitions, the Procurement Act also includes other provisions: the main provisions are regarding the way how the contract value of innovation partnerships has to be estimated (article 2.2), the steps to take when using a procedure of innovation partnership (article 2.31) and other specific aspects of this procedure (article 2.126b to 2.126d)²⁷.

- ii) The effect of the Dutch Public Procurement Act is laid down in the Public Procurement Decree²⁸. In this Decree also the so-called *Proportionality Guide* is mentioned. This means that the Guide needs to be taken into consideration when public authorities procure goods or services. As the name already suggest, the Guide is first and foremost focused on the proportionality principle, which is one of the main underlying principles of the Procurement Directive/Act.

Because of the perspective of this guide on the specific subject of 'proportionality', the Innovation Procurement Policy is not further elaborated in this Guide, with the exception of some specific

²³ A target which was also proposed by the Innovation Platform in 2005, as described on page 4

²⁴ Rijkswaterstaat (RWS)

²⁵ Country fact sheet of The Netherlands, PWC 2018, The strategic use of innovation procurement in the digital economy

²⁶ Directive 2014/23/EU, and 2014/24/EU, and 2014/25/EU

²⁷ Articles related to Directive 2014/24/EU.

²⁸ Aanbestedingsbesluit

clarifications of the use of public procurement aspects when one has to deal with innovation. Such as the fact that – in the context of sustainability/social conditions – when requesting references of experience, a procurer needs to ask for content which shows that the tenderer has the competence. In those situations it is after all not necessary to ask for an identical project experience, which is the more common practice. In essence, sustainability is closely linked to innovation and thus the procurer should have a more ‘open’ view on the past experiences which are required for the future procured good/service.

- iii) The third document, which mentions (quite substantially) the topic of innovation procurement, is the Explanatory Memorandum²⁹ of the Dutch Public Procurement Act. When searching for explanations on the meaning of an Article of the Dutch Procurement Act – which might be the case on ‘new’ topics/Articles such as innovation – the Explanatory Memorandum provides clarifications³⁰. As the introduction paragraph of this Explanatory Memorandum explicitly states: the measures of the EU Directives are in line with the ambitions which the Netherlands pursue with the Act, i.e. (among other things) to provide more room for realizing strategic objectives such as innovation and sustainability when procuring goods/services. After this introduction paragraph, the Explanatory Memorandum provides a full paragraph consisting of two pages on this specific Innovation ambition³¹, and additionally it further mentions innovation throughout the document up until page 120 (of the 130 pages counting memorandum).

In particular for a topic such as innovation, which always requires customization when publicly tendering those kind of goods/services, it is of substantial importance that there are sufficient explanations and examples to illustrate the meaning of the law. This is to ensure that the procurers at the work floor - those who have to deal with this legislation – are understanding and following the underlying thoughts of the intention of the policy makers.

1.4. What are the existing policy instruments to support the IPP?

From a practical point of view, there is a diverse set of instruments which Dutch public procurers can use. The various approaches have been made accessible through the so-called ‘Innovation Suitcase’³² and consists of the following:

- Procedure of Innovation Partnership (as mentioned in the EU Directives)
- Competitive Procedure with negotiation (as mentioned in the EU Directives)
- Procedure of Competitive dialogue (as mentioned in the EU Directives)
- Awarding tenders based on the criteria of Best value for money
- Total cost of ownership
- Small business innovation research (SBIR)
- Possibilities to award ‘one-on-one’
- Innovation agenda

²⁹ In Dutch: ‘Memorie van Toelichting’

³⁰ However it should be noted that the Explanatory Memorandum does *not* have any legal status and therefore is only meant for understanding the Dutch Procurement Act.

³¹ Paragraph 3.1 of the Explanatory Memorandum (pages 6-8)

³² www.innovatiekoffer.nl

- Functional specification
- Providing freedom to innovate during the contract term
- Process of Human Centered Design Thinking
- Market exploration
- Proof-of-concepts
- Market consultation (various types)
- Development of a prototype

Key in procuring innovations is to put the problem in the centre of the focus during a procurement process, and subsequently asking the question whether there are any other types of possibilities to solve the problem within the (broad) market. In that context, one can attract the attention of the market(s) upfront by making use of an innovation agenda, which is valuable because it communicates the prioritized problems to the market. By means of the agenda an organization can externally show to the (broad) market which kind of new concepts/products/services are needed in the future by providing insights in their business. The agenda must always fit in with the mission, vision and goals of the organization and it helps to identify bottlenecks that the organization cannot solve yet³³.

Next to practical instruments, and last but not least: it is essential that there is an institutional level of commitment of public sector (top) management regarding the IPP topic *and* perhaps even more important to communicate this extensively time after time. This finding can also be argued based on the Dutch Action Plan for Innovation Procurement' of 2013, which mentions that in practice the benefits of innovation procurement are not gained at the work floor: the procurer who needs to manage the entire innovation procurement process has to face higher transactions costs with these types of processes. From their preliminary study it was found that the transactions costs of an innovation procurement procedure are sometimes twice as high, and that the process itself has most of the time a much longer timeframe.

In that sense it is understandable – like the findings in 1998 already mentioned, as stated in paragraph 1.1 of this case study – that public procurers tend to look too much for so-called 'fixed solutions' and were not used to offer scope for innovative concepts. Hence there is a challenge to tackle this behavioural aspect, because knowledge sharing could have a mitigating effect. After all, people are more attracted to risk averseness in contrary to taking risks³⁴. Thus by professionalizing procurers within the field of Innovation Procurement, one could reduce the information failure by making the aspects and risks more transparent for the procurers. Moreover it is suggested to build an open atmosphere at the work floor and consequently stay away from 'punishing' the procurer – in some sort of perceived way, e.g. poor appraisal interviews from an employer – when procedures failed or are unsuccessful (or the other side of the spectrum: possibly even reward procurers when undertaking risks). And so the innovation movement deployed by the government can gradually expand. A direction which the Netherlands took over the past decade.

³³ For example, RWS (the Dutch authority for the practical execution of public works and water management) has an innovation agenda in order to show the business community what problems they are facing which require innovation, wherein they also specify on which facets they would like to work together with the companies. In practice, this relates to future related questions such as setting up the necessary infrastructure (communication systems, networks) for smart mobility, et cetera.

³⁴ Kahneman, D. & Tversky, A. (1979). "Prospect Theory: An Analysis of Decision under Risk". *Econometrica*. 47 (4): 263–291

2. Mapping of IPP results

Introduction: the purpose of mapping IPP results

As can be seen from the elaboration on Dutch policy framework for IPP: In the Netherlands there has been the common understanding that the country had to focus on improving innovation, in line with the European policy. The policy on innovation procurement has been intensified over the past decade. By taking a look at the results, the effectiveness of this policy strategy should become visible. Especially when looking at results over the years, it might be possible to grasp a trend or pattern from it.

By doing so, and as it is the purpose of mapping IPP results, the case study can possibly provide learnings for future policy making. In that sense, policy making would be primarily a good idea when it does have the expected outcome and/or when it attains its goals (either economically or any other social goal). To make it more specific to this case study: this chapter takes a look if indicators show that the innovation procurement context is improved in the Netherlands.

Mapping the results of innovation procurement policy, or against that background indicating a meaning to the results, can be nevertheless a difficult task and is in some sense trivial. Reason for this is that in real-life it will always be somehow ambiguous which policy is directly related to which effects. Reasons for this are:

- a) When looking at innovation projects of a country as a whole, in practice there are so many possible aspects considered at the time when it is decided whether or not to start to procure innovative projects³⁵,
- b) There will always be some ‘noise’ within the data when looking at indicators of innovation. In reality, innovation is – broadly speaking – an almost impossible phenomenon to clearly define and capture by one single indicator, because of its many forms. In other words: where one person talks about innovation when it specifies the tender requirements in a functional way, someone else might only talk about innovation when a totally new technology is procured.
- c) Last but not least, it is not possible within the scope of the research to empirically/quantitatively analyse situations.

This case study is for those reasons merely focused on the *descriptive* analytics. Thus this chapter looks at solely some plain indicators, without drawing straightforward direct conclusions and/or recommendations to it.

2.1. How did the Netherlands start with mapping IPP results?

2.1.1. *How were IPP results systematically measured in practice?*

The very first specifically focused approach to innovation procurement policy started in 2008/2009 by means of a motion of the Dutch parliament calling on the government to include performance indicators of innovation procurement. Almost a year later the Minister of Economic Affairs came with a response by means of a letter in which way she wanted to fulfill this Motion³⁶. Up until that date, no earlier policy strategies to this particular procurement topic is found in which very specific and measurable goals are outlined.

³⁵ For example: one can think of any kind of risk averse attitude due to work environment or due to (personal) uncertainties, or just simply management style/focus (and so on and so forth).

³⁶ As a response to the Motion of Aprotroot/Besselink

In a particular way, the letter of 2009 was still narrow in its scope, in the sense that it only looked to one indicator. The only measurable outcome that was stated to be pursued was the objective that the central government aimed to procure each year at least 10 innovations *and* to be 10 times a launching customer (thus in total 20 innovative projects each year)³⁷. Hence the focus was more on the procurement process (i.e. are public procurers using techniques in their procurement procedure to facilitate more innovation) rather than on the procurement outcomes.

The concise Progress Report³⁸ of May 2010 elaborated on the methodology in order to get indicators of innovation procurement: the methodology was based on measuring it by a survey. After approval of the set-up of the indicator by the Interdepartmental Program Council 'Knowledge and Innovation' as well as the Interdepartmental Commission for Procurement and Tendering (ICIA) in June 2009, the indicator was further taken into action. The definition of the indicator is the number of innovation-oriented tenders and accordingly the target value is 20 innovation-oriented tenders for the entire central government for 2010.

There has been a pilot to measure this in 2010 (i.e. the so-called 'baseline measurement'), and audits has been executed over the financial years of 2011 and 2013.³⁹ By means of the baseline measurement (with the data for the year 2009), one of the Ministry's goal was to test the electronic survey, so that the indicator and the associated measurement system could be further developed for the first audit. The Central Directors of Procurement played an active role in having this survey completed by the several central government contracting authorities. The score of the baseline measurement was however not (publicly) sent to the Dutch parliament, it only served as a pilot for the measurement in 2011 and 2013.

The baseline measurement focused on a sample of European tenders that have been carried out by these contracting authorities. The TED database has been used to compile a sample of tenders which might be eligible for innovation procurement, since European tenders always has been published on this European website. In the baseline measurement (executed in June 2010), the analysis focused on European tenders which were completed in the previous year. This focus ensured that the research provides an up-to-date view of tenders that have been carried out (and prevents that 'older' projects were entered in the survey data).

When measuring the indicator, it was said to be important to investigate (i) to what extent room is given to the market within the tender process in order to come up with innovations, and (ii) to what extent procurement has led to the procurement of innovative solutions. For example, the procurement-specific question was formulated as following: *"Have the Award Criteria been set up with the purpose of rewarding tenderers for innovative solutions?"*⁴⁰. If this applied to a specific tender, this was regarded as an expression of innovation procurement. Annex B includes some more practical information on the method and the draft questionnaire of the indicator measurement.

In the following years, this way of working was continued. The survey was completed by the various Ministries during the years and supplemented by telephone surveys with stakeholders. Desk research was

³⁷ November 2009, letter reference 27 406 nr. 162

³⁸ In Dutch: Voortgangsrapportage Innovatiegericht inkopen: De overheid als opdrachtgever van innovatieve oplossingen. Voortgang en toekomst.

³⁹ PIANOo, 21 September 2017, Measuring Innovation Procurement in the Netherlands, Floris den Boer.

⁴⁰ In Dutch: 'Zijn de gunningcriteria in een aanbestedingsprocedure opgesteld met het doel inschrijvers te belonen voor innovatieve oplossingen?'

also conducted, by which through the identification of 13 elements in the procurement process the projects could be scored and ranked on its profile of 'enhancing innovation'. The following 13 elements were used to evaluate the innovation procurements:

1. Looking for an innovative solution
2. Market consultation before specification
3. Competitive dialogue
4. Design contest
5. Variants
6. Functional specification
7. Innovation included in award criteria
8. Intellectual property right to the contractor
9. Risk sharing in the contract
10. Incentives in (long term) contract for efficiency and effectiveness
11. Allowing for innovative solutions
12. Tender board
13. Using the potential of tender procedures to enhance innovation

By making use of the input from the survey, to each of the elements a weight was attributed and subsequently the level of innovation was summed up with regard to the investigated projects. This in the end resulted to categories of their level of innovativeness: on the one hand general procurement with limited or few signals of innovation, and on the other hand innovation procurement with clear or strong signals of innovation.⁴¹ Paragraph 2.1.2 goes a (little) bit deeper in these categories.

In the same period which is described in the paragraphs above, the Netherlands was also dealing with the ambition to measure the 2,5% target on public procurement of innovations. As can be seen from the undertaken monitoring actions during those years, as described above, there was for sure the intention to monitor the Innovation Procurement Policy (also since there was political pressure on this⁴²), however it was hard to measure the 2,5% budget goal. Reasons for this is that it was difficult to acquire information from all of the various public entities on the budget spent on innovation, as it is available much later and may not be documented in the same way⁴³. In addition to that, the topic of 'Innovation procurement' is hard to define, because it refers to a wide range of projects and procurement methods (in that sense it is a bit easier to simply look at, for example, more specific topics such as pre-commercial procurement). This makes it difficult to monitor the 2,5 % budget goal as an indicator⁴⁴

Currently, after a decade of monitoring efforts, the Netherlands is providing a so-called 'self-evaluation tool' (which possibly can function as a new measurement initiative)⁴⁵. This is based on some kind of questionnaire tool where public procurers can voluntarily complete questions regarding socially responsible

⁴¹ European Commission DG CONNECT, November 2018, research conducted by PwC. Comparative analysis of results from benchmarking national policy frameworks for innovation procurement.

⁴² Since it was set as a goal to pursue, by means of the letter to the Dutch parliament ("Naar de top; het bedrijfslevenbeleid in actie(s)"), 13/09/2011.

⁴³ In that sense, the information on the procurement process is available at an earlier stage, thus it might be a better fit to the monitoring purpose.

⁴⁴ ERAC, 1209/15, 23 June 2015.

⁴⁵ In Dutch: 'MVI-zelfevaluatie tool'. Source: <https://www.pianoo.nl/nl/themas/maatschappelijk-verantwoord-inkopen-duurzaam-inkopen/praktijk-tools/mvi-zelfevaluatie-tool>

procurement (and innovation-specific aspects) in relation to their project. Up until date no results are published.

2.1.2. *How were IPP results reported and linked to public policy goals in practice?*

The first specific IPP results were reported in May 2010 by the Progress Report, which stated the fact that the Minister selected 20 “showcase examples” of innovation procurement. From this selection the Progress Report mentioned that the central government acted as a launching customer in 12 projects. Hence, the Progress Report concluded that the public policy goal was reached in relation to that year. Moreover, from their first-hand experience of putting effort to retrieve showcase projects, they concluded that finding a number of 20 showcase examples can be achieved without any difficulty. To put it in a bigger picture, almost 900 tenders were published annually by the central government by that time, thus a target value of 20 projects is therefore a share of 2.22% (of the total number of tenders). All together: the public policy goal of 2010 was reached, and in the meantime it was decided to keep the same level of target value for 2011 as well.

A few years later, the Progress Report⁴⁶ of November 2013 stated that the survey which was conducted by that time looked at a sample of 82 tenders (on which the progress of those years was based on). The sample research showed that 16 of the 82 tenders provided room for innovative solutions in the tender process. This made them to state: *“Compared to 2010 there is a significant qualitative improvement; there are significantly more tenders with very strong characteristics of innovation-oriented tendering”*. Additionally to that statement, it was reported that the qualitative improvement can also be depicted from the attitude of contracting authorities. They found out that more than 70% of the public authorities suggests that innovative solutions are desirable⁴⁷. Furthermore, based on a sample of 195 tender projects, the Progress Report outlined the following (basic) statistics:

Subject	Percentage (based on 195 total)
Been looking for an innovative solution	9.1%
Tendering for innovation-oriented	6.0%
Led to an innovative solution	5.3%

Next to the two brief Progress Reports, some more qualitative descriptions of tender projects has been published over the years, with the intention to show the results. For example, the Minister of Economic Affairs attached an appendix in the response to the Motion of 2009 which outlined the 20 innovative projects in detail. Two years later, six of the ‘show case projects’ were picked to be presented within an international brochure with the aim to provide practical lessons and to share tips for public procurers⁴⁸, which consisted of the following cases:

Project	Authority	Description/ Demand	How tendered?	Status
1) <i>Digital Dike</i>	DG Public Works and Water Management	Develop measuring equipment to establish at an early stage	Tender of development by SBIR	Completed; pilot implementation by Delfland Water

⁴⁶ In Dutch: Voortgangsrapportage innovatiegericht inkopen: innovaties versterken de inkoopkracht van de overheid. Bijlage bij Voortgangsrapportage Bedrijvenbeleid 2013 ‘Bedrijvenbeleid in volle gang’.

⁴⁷ And in addition, all of a sudden the Report claims at the same time that this was an increase of 24% compared to 2010.

⁴⁸ Practical lessons, December 2011, accessible by:

<https://www.pianoo.nl/sites/default/files/documents/documents/practicallessonsdecember2011.pdf>

		whether dikes will fail		Board
2) <i>Cell Broadcast</i>	Ministry of the Interior and Kingdom Relations	Brokerage function for enabling mobile phones for public warning system	European tender with advance technical dialogue	Service will be operational by 2011
3) <i>Composite bridge deck</i>	Friesland province	Application of new material type (composite) for movable part of a bridge	Design tendered in a design contest	Taken into service in July 2010
4) <i>Dutch Institute for Ecology (NIOO-KNAW)</i>	Royal Dutch Academy of Sciences (KNAW)	Most sustainable building in the Netherlands with combined application of existing and new technologies	European tender with advance technical dialogue	Completion planned for late 2010
5) <i>Statiq Cooling</i>	Government Buildings Agency	New type of building cooling system with sustainable features installed in existing construction used as a prison gym	European tender, the first time this was used within government (launching customer)	Completed
6) <i>Steel bridges</i>	DG Public Works and Water Management	Design contest	International design contest	Winner announced in October 2009

By means of qualitative descriptions some other IPP results have been published more recently, such as through the 'Innovation Suitcase', which is an IPP-dedicated website that went live in November 2015. It consists of 10 new projects and provides a brief summary and key learnings of each project. After which each case redirects to the webpages that are full of content regarding the sub topic of the project (e.g. an extensive elaboration on how to set up a procedure of competitive dialogue).

Last but not least: PIANOo also published in 2016 another brochure with 8 other 'best practices' and summarizes some lessons learned. And on top of that, the website of PIANOo has been lately the communication channel with regard to the innovation procurement policy: on the website you can regularly find up-to-date practical examples and guidelines. Moreover, PIANOo also has (co-)organized approximately 30 meetings and expert sessions around the topic of innovation procurement and socially responsible procurement in 2017, in which they also communicated IPP content⁴⁹. From that year onwards PIANOo also started to spread the word by means of their newsletter '*Theme update innovation procurement*'. This includes the latest news and relevant practical examples and guidelines, and it is externally emailed each quarter of the year.

2.2. What are the IPP results of the Netherlands these days?

2.2.1. Are there IPP indicators based on measurable outcomes currently?

Up until May 2019 no new specific and measurable outcomes of the Innovation Procurement Policy have been publicly communicated by the Ministry of Economic Affairs/PIANOo. In that sense, the focus has

⁴⁹ Letter from the Minister of Economic Affairs. 14 February 2017. 34252, nr.3. Evaluation Procurement Act 2012.

slowly faded away from the ambition to measure the targets on public procurement of innovations (or any other clear measurable indicator). It looks like the communication of practical examples of innovation procurement is the new direction taken by the Netherlands, rather than figures.

The latest analysis (November 2018) of the IPP has come from a Report commissioned by the European Commission⁵⁰: *'Comparative analysis of results from benchmarking national policy frameworks for innovation procurement'*. The research looked at 10 indicators, which resulted in a rank of #3 out of 30 for the Netherlands in the overall ranking. The country profile of the Report provides a lot of detailed information on the status of the IPP in the Netherlands. Having said that, it has to be mentioned that the methodology of their research was: scoring the 10 indicators based on a qualitative analysis from a survey, follow-up phone and electronic interviews, and desk research to further verify and collect more detailed contents to complete the country profiles. In that sense, the research also stays away from a more quantitative approach.

In the meantime, current IPP indicators based on databases are not easy to find. Perhaps a reason for this, as discussed briefly in the introduction on the first page of this chapter (ad b), there can be some methodological challenges to the definition of 'innovation'. So another option which in this view might be better is to gather data information on innovation procurement by directly analysing the tender documents such as contract notices, contract award notices and tender specifications. This has also been suggested by the Commission⁵¹, because this certainly can be a very precise monitoring method. So the study of the Commission did take a data analysis approach, and by doing so it got to some comparative observations for the year 2013 (for the reason that the data observations of 2013 are more applicable to the purpose of comparing countries – which is not the goal of this case study – reference is made to Appendix 1). At the same time, this data analysis approach is also very time-consuming. For that reason, it might be conducted on a sample of tender documents, as the Polish Public Procurement annually is doing with respect to their green and social public procurement monitoring efforts⁵².

More meaningful to the present case study would be to take a look at the *development* over the years of the Dutch data, which could give some extra substance to the IPP developments which has taken place in the Netherlands.

Against this background, in order to mitigate the argument contra the approach to directly analyse tender documents by the fact that this is time consuming, new technological developments can be useful. In other words: by making use of new data analysis techniques, it is possible to make very recent information more visible in an easy manner. The Dutch research and consulting company *Significant*⁵³ is currently developing a tool which analyses all the data from the free-for-public dataset of TenderNed. The next paragraph will show some first results from this.

⁵⁰ European Commission DG CONNECT, November 2018, research conducted by PwC.

⁵¹ European Commission DG GROW, December 2015, research conducted by PwC. Study on "Strategic use of public procurement in promoting green, social and innovation policies".

⁵² EC DG Grow (2015): *"The PPO bases its analysis on a 4% sample of randomly chosen public procurement notices published in the national Bulletin of Public Procurement and the European Tenders Electronic Daily web-based database. Contract notices are being checked whether they have sustainable character and/or whether they include sustainable clauses. The indicators produced each year by the PPO are the share of quantity and value of contracts taking into account environmental aspects as well as the share of quantity and value of procurement taking into account social aspects. The last updated results of this monitoring system are available to the public in the National Action Plan for Sustainable Public Procurement 2013-2016."*

⁵³ <https://significant-groep.nl/>

2.2.2. What are the types of procurement procedures used to perform IPP?

To give a glance on the development of innovation procurement, it is interesting to look at the progress of how many times procurement procedures are used, that in turn can be linked to innovation procurement⁵⁴. For example, based on the Dutch data it can be seen that the procedure Innovation Partnership has been (obviously) only published in the past three years: 1 project in 2016, and 5 projects in 2017, and 11 projects in 2018. This makes sense, because the procedure has only been implemented in the Procurement Act by the summer of 2016 (so before that time nobody could use it). In consideration of the foregoing, one can see from the data that over the three years there has been an increase in the use of this procedure.

In the same way one can take a look at the other procedures as well, mainly to the procedures which are most of the times linked to innovation, e.g. the procedure of competitive dialogue. As the figure below shows, this procedure has been increasingly used over the past seven years: from 15 procedures in 2012 it steadily grew to 63 procedures in 2018 (as can be seen in the green circle).

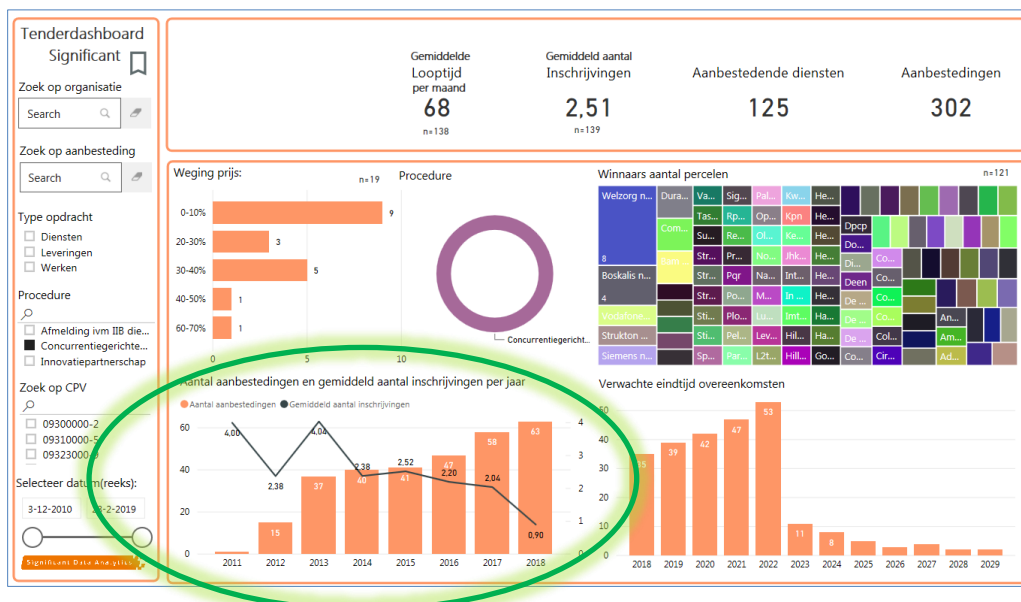


Figure 1. Graph from Tender Dashboard, all rights reserved by Significant⁵⁵

Next to the above descriptive indicators, it is also possible to search within the database by using keywords, since the used data is also based on all textual information which are in the tender specifications. For example, when looking at procurement projects which include the word “innovation”, the following trend can be found:

⁵⁴ In consideration of the foregoing, and as already mentioned in the introduction, no 1-on-1 relationship can be based on the descriptive statistics.

⁵⁵ <https://significant-groep.nl/>

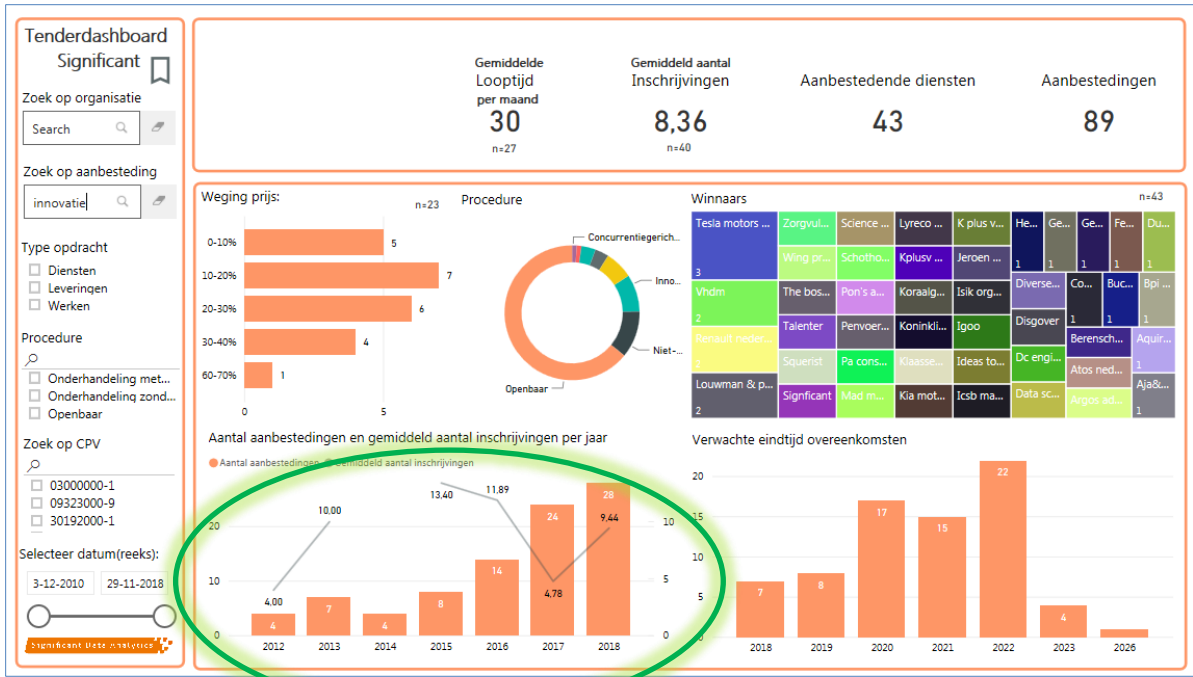


Figure 2. Graph from Tender Dashboard, all rights reserved by Significant

Or when looking at how many times published tenders include the word “market consultation”, the following increasing trend can be found:

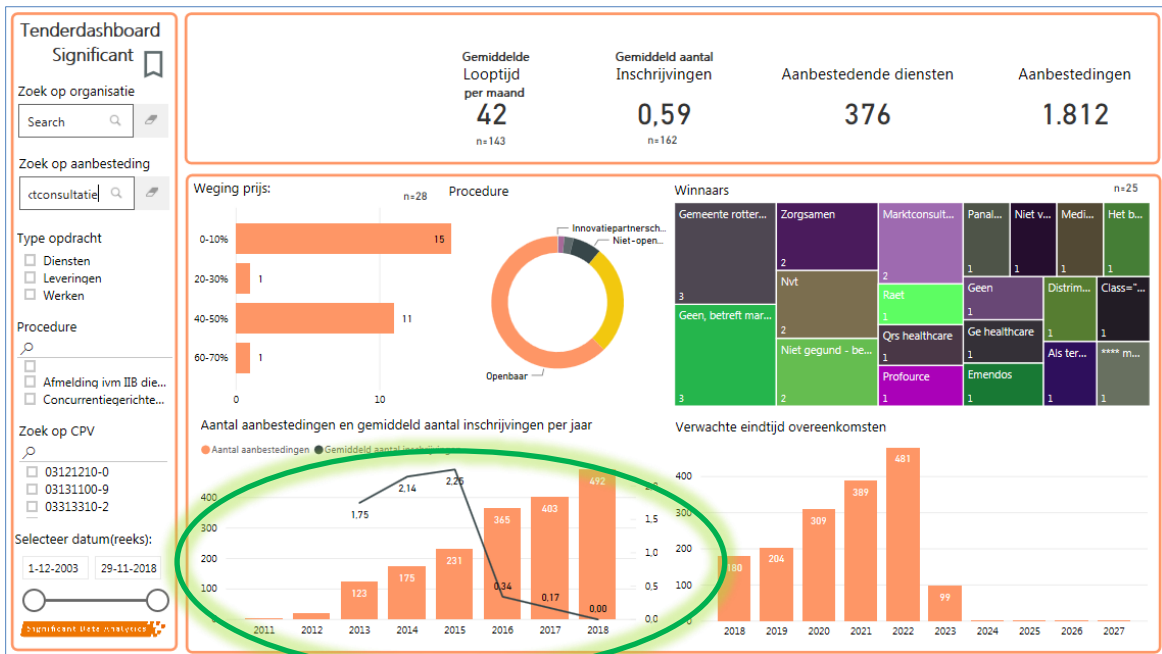


Figure 3. Graph from Tender Dashboard, all rights reserved by Significant

The same kind of upward trend over time can be found from the search to projects which include the word “TCO”⁵⁶ (top left corner), “Research”⁵⁷ (bottom left corner), “Development”⁵⁸ (top right corner), and “Circular”⁵⁹ (bottom right corner). The following increasing trend can be found:



Figure 4. Graphs from Tender Dashboard, all rights reserved by Significant

Of course, one should take the indicators with some caution. For example, with respect to the keyword “research”, the above first insights might also contain projects in which for example ‘regular’ policy research projects are procured. And thus there might not be any innovative aspect in those kind of procurement projects, which can blur in some sense the bigger picture. Hence, exciting challenges to tackle for future initiatives on this topic (to my understanding this can be fixed by ‘simply’ enriching the data search parameters).

2.3. In conclusion

Taking all of the above into account: an increasing trend can be roughly found in the above indicators regarding procedures being used. This might indicate that the innovation procurement context is improved in the Netherlands over the past years. Further work – and more detailed work – could give better and more precise outcomes based on quantitative data. New data science technologies are on the horizon, which makes this possible in the near future⁶⁰.

⁵⁶ Which stands for: “Total Cost of Ownership”

⁵⁷ The Dutch keyword is used: ‘onderzoek’

⁵⁸ The Dutch keyword is used: ‘ontwikkel’

⁵⁹ The Dutch keyword is used: ‘Circulair’

⁶⁰ Not only for the Netherlands, but also for each and every country which centrally uses an electronic platform for publishing tender procedures.

3. The competence centre of the Netherlands: PIANOo

Introduction

Innovation Procurement is a specific expertise by itself within the public procurement field. Because of the risks and uncertainties associated with innovation – which can have an effect on the length of the project as well as the fact that most of the times more stakeholders are engaged to the project – the innovation procurement projects are normally recognized as more complex compared to procuring a ‘regular’ product/service.

For conducting more complex projects, the level of procurement knowledge and experience should preferably be at a higher level. After all, practitioners firstly have to set their procurement professionalism at a certain level before they can devote attention to innovation. In order to get a higher level of knowledge regarding public procurement (in general), a competence centre can be launched to stimulate the exchange of information and lessons learnt from past projects. This could in turn as well lead to promoting and facilitating innovation procurement, and can become also one of the major focal points of a competence centre.

Over the years several Member States in Europe established competence centres for innovation procurement (or widened the scope of existing ones). This chapter takes a look at the case of the Netherlands. This is done by summarizing (i) their reasons for establishing a competence centre, (ii) which (organisational) developments the competence centre has undergone, and (iii) how it evolved over the years in terms of services and focus. In closing, in the last paragraph of this chapter, a set of key observations are extracted from the PIANOo case study.

Important to mention is the competence centres can be looked at and what kind of functions this include. For the sake of clarity, and to better describe the functioning of PIANOo, a distinction is made between a ‘*competence centre*’ and a ‘*competence network*’. In the case study below, the difference is made in the ability of the organisation:

- The characteristic of a ‘*competence centre*’ is the aspect of the possibility for users to ask questions and accordingly the *competence centre* itself can provide answers (because the centre has the knowledge itself).
- On the other hand, a *competence network* is characterized by facilitating information exchange between users of the network.

3.1. Why and when did the Netherlands start with PIANOo as a competence centre

3.1.1. The first three years: 2005-2008

In 1998/1999 the Netherlands became aware of the fact that there was a lack in compliance with respect to the European Directives on Public Procurement (as described in chapter 1). By the end of 1999 the Ministry of Economic Affairs published a Discussion Paper with the main message that compliance had to go to a higher level and that the Dutch government should aim for gaining costs savings which potentially can be achieved by public procurement⁶¹. The Discussion Paper included findings of their research and their last chapters offered ideas based on the analysis of the causes, to improve compliance. In that Discussion

⁶¹ The report was in consistency named with the meaningful title: ‘Take the benefits out of the rules’

Paper one of the first suggestions mentioned a light version of a competence centre. The Discussion Paper states that a central national help desk could provide more information, which could promote compliance. By suggesting this idea, they listed the following task for such a potential help desk:

- General information: manuals, publications, court decisions. All this is offered as accessible as possible on the internet, at a national central site, with sufficient support to keep this up-to-date.
- Individual information: help desk function for contracting authorities for specific individual questions, via the internet as much as possible, but also by telephone.
- Mediation in the event of complaints: complaints can be submitted to the help desk about allegedly improper non-tendering or about the course of the tendering procedure. The help desk mediates between the contracting authority and supplier(s).
- Reporting: the help desk makes an external report and gives an impression of the use of its facilities, identifying areas for attention for policy makers.

As a response to the Discussion Paper, the Minister took the chance to compose an Action Plan (1999), of which one of the actions was the establishment of a Platform called 'Professional procurement and tendering' (PIA)⁶². Thus the Ministry proposed to set up this PIA-Platform for three years, consisting of a few deputy secretary-generals of the departments and a few prominent leaders from the business side altogether, with the following tasks:

- To be in charge of the implementation of the Action Plan for more *innovative*, more *European* and more *electronic* procurement;
- To be responsible and to stimulate the networks of public procurers, and to promote benchmarking between each other;
- To advise on organization and training in this area, as well as on general incentives to promote new forms of procurement and tendering;
- To annually report to the Council of Ministers through the Minister of Economics.

In general speaking there were three considerations which led the Ministry to come up with this "*more innovative, more European, and more electronic*" focus³:

- 1) There was room for improvement in terms of compliance with the EU procurement rules. As the Discussion Paper explained, it was expected that better compliance with the European rules could also have positive effects for the government and the business community. Examples include issues such as a better price-quality ratio for the government and more transparency in - and accessibility of – tenders for business.
- 2) A number of departments, such as from the Ministry of Transport, Public Works and Water Management, started to be more interested in innovation procurement. As can be seen from the elaboration of Chapter 1: the idea was that the government could enforce innovations and/or cooperation between companies more directly in its tenders, and by doing so it could also contribute to strengthening the innovation capacity – and thus competitiveness – of business.

⁶² In Dutch: "Professioneel Inkoop en Aanbesteden" (abbreviated: PIA)

- 3) The rapid growing IT sector around the year 2000 resulted in the underlying idea that the possibilities had grown considerably to use ICT as support for procurement, and as a consequence the focus on ways to procure electronically⁶³.

After this Action Plan of 1999, the PIA-project continued until 2006. The official Report⁶⁴ 'Evaluation of PIA-Project' provides the following detailed insights over those years:

┌
"At the start of the PIA-project (in 2001), the structure was organised as following: on the one hand the Steering Group (with the public representatives from top level) and on the other hand the Feedback Group (with the representatives from the industry). The reason for having three deputy secretary-generals within the Steering Group was to get the PIA-project adequately anchored in the SG Meeting and thus to secure the ambitions originally envisaged with the PIA project.

During the first year in 2001 the central question was focused on what the goals were of the PIA-project. Reason for this, is that very soon after the establishment of the PIA-project, they realized that the tasks were too ambitious. In particular this applied to the goals in the field of innovation procurement and short-term compliance with European procurement rules. Those objectives turned out to be a bridge too far at that time.

This made the PIA-project group to conclude that they had to reset a number of steps during this first year. For example, it became apparent that the departments did not have a good picture of their own procurements (with respect to products, services, volumes and whether or not it was European tendered). Also the departments did not to have Coordinating Procurement Directors who have the role and power, that are actually necessary to fulfil the stated objectives, in order to help the implementation of more innovative and European tendering within the departments.

The reassessment of the goals resulted in a memo which pleaded for a so-called 'integral approach'. The starting point was that if the government wants to procure more innovative, in compliance with the European procurement laws, and by means of an electronic way of working, then firstly the procurement function had to professionalize. Thus from that moment the overarching objective became:

- *In broader sense professionalizing the procurement and tendering of the (central) government.*

This same reasoning was applied to the initiatives from that moment onwards. For example: no 'European tender' helpdesk, but rather a 'general' helpdesk on procurement and tendering. In the same time, the ambitions of the original Action Plan with regard to innovative and European tendering were removed. However the objective in the field of electronic tendering was retained. This was mainly due to the fact that this objective was not so much related to stimulating certain types of procurement, but more to the method through which procurement was done (i.e. electronically).

An important starting point was furthermore that the departments – in addition to the steps that the departments themselves had to take (in order to get to know their own procurements) – had to explicitly strive to strengthen mutual cooperation. To that end it was desirable, for example, to form networks of employees of public authorities in the field of procurement (arranged to certain products or topics).

The phase of reassessment resulted in an overarching – in broad terms formulated – vision. This vision, officially stated on an one-pager and signed by the representatives of the ministries was from then onwards the taken route on which further directions of the PIA-project were based on. After this milestone of having a widely appreciated vision, attention shifted to a more results-oriented mindset, mainly by taking a look at the improvement of efficiency at the central government. At first this was about to last till 2003. In the meantime, it has been decided to extend the PIA project for two more years.

⁶³ One of the outcomes of this last sub-topic (i.e. electronic procurement) resulted in the fact that the Dutch government set up the electronic tender-platform 'TenderNed', which after certain years became part of the organisation of the Dutch competence centre from 2012 onwards.

⁶⁴ As retrieved from the evaluation which was conducted by Bureau Bartels in 2006, and which is further elaborated in their Report: 'Meer waarde met PIA. Evaluatie Project Professioneel Inkopen en Aanbesteden (PIA)'. Published by the Ministry of Economic Affairs, as attached to the Letter on 28 September 2006, case number 26 966 (4).

From the foregoing it is clear that the PIA-project had, next to the internal role of being the engine for professionalising procurement, also in some way the responsibility to facilitate the network function in the field of public procurement. This can also be seen from the fact that from the PIA-project the internal group 'Professional public procurers and tenderers' (PIANO) was established in 2002.

PIANO was not an association with a membership, but a network that held meetings and had a private portal (PIANodesk) for government employees who were involved in procurement and tendering. At PIANodesk they could ask each other questions and exchange information. In first instance, mainly procurers from the central government registered to PIANodesk. Later this also applied to procurers from other governments (provinces, municipalities). As a result over 1,000 people became members of PIANodesk. The manager of PIANodesk monitored access to PIANodesk on behalf of the PIANO board: those who were not employed by a contracting authority, or who used PIANodesk for acquisition or other commercial purposes, were denied access. This ensured that PIANodesk remained a platform for government procurers."

After the two-years extension in 2003, the PIA-project ended at the end of 2005 (officially on 1 July 2006), and by means of a so-called 'Institution Decree' on 7 October 2005 the organisation 'PIANOo' was established. This was in fact a further continuation of the PIA-project⁶⁵, but then more institutionalised. Moreover, interestingly the abbreviation slightly changed, in that sense that since 2005 it stands for 'Professional and Innovative Tendering, Network for Government Contracting Authorities'⁶⁶, and thus the innovation procurement field was (formally) encapsulated. This establishment was to make sure that the policy route was guaranteed, i.e. to promote that sufficient expertise can be available for all government tenders, including at those public authorities that do not regularly organize (complex) tenders.

At that time, the institution PIANOo could make a jump start, because it already acquired some activities from the PIA-project. Among other things, activities such as the way-of-working of the PIA-info newsletter (2,500 paper editions and 850 digitally), the PIA-lunch (biweekly lunch lecture focused on the central government region), as well as the PIANO-desk. PIANO-desk brings public procurers from the public sector into contact with each other, through an interactive discussion and collaboration platform on the internet, with the focus on ongoing procurement-related topics. At the PIANodesk colleagues from the various public authorities can meet each other virtually, ask each other questions, and participate in working groups. It got around 1,700 registered users when the PIA-project finished.

By the time of the establishment of PIANOo, and based on the tasks in the PIANOo Institution Decree, the following mission and main objectives were used by PIANOo:

Mission: PIANOo encourages and facilitates the expansion of expertise on procurement with all public clients so that they themselves can achieve the best possible procurement result.

And two objectives have been mentioned:

- 1) To make the available knowledge and experience open to all government contracting authorities.
- 2) To further professionalize the 'proficiency role' of the government in procurement projects by expanding the cooperation on content and practice of government contracting authorities.

In addition to this, some more specific activities were mentioned in the Institution Decree, namely:

- Collecting and sharing information about the practice and rules of procurement;

⁶⁵ Even so, this is also expressed in a physical sense, because PIANOo was located in the same building where the PIA project management had its office.

⁶⁶ Professioneel en Innovatief Aanbesteden, Netwerk voor Overheidsopdrachtgevers

- Bundling and sharing of experience with tenders and knowledge of tenders, including foreign countries;
- Generating and documenting innovative forms of procurement;
- Boost the process on making the right choice regarding the procurement methods;
- Peer coaching between government contracting authorities;
- Advice or provide second opinion regarding specific tenders from participating members;
- Training of government procurers.

And last but not least, the Institution Decree stated that an evaluation report had to be written after three years, in which attention is paid to the efficiency and effectiveness of the duties performed.

In turn, this Evaluation Report⁶⁷ of 2008 also shined some lights on the 'why' and the way this has been perceived by the stakeholders during the first three years of PIANOo: it stated that various stakeholders around PIANOo indicated that the mission and goals were not clear. The interviewees of the evaluation expressed their understanding that the institution was still young by that time, however they were opting for a clearer profile, i.e. 'what does PIANOo stand for?'

In addition to that, another discussion by that time might also be an interesting aspect to be considered by ANI. The Evaluation Report suggested there has been the discussion on whether PIANOo should be more of a competence/knowledge centre or whether it should play the role of a competence network. To various stakeholders this was not clear to them. Interestingly enough, the 'Explanatory Memorandum of the Institution Decree' did state the following: *"PIANOo will have knowledge of the procurement regulations and procurement practice in-house, and next to that it will function as a knowledge broker between the government contracting authorities"*.

Thus, based on the imposed activities and the profile description, PIANOo actually had to play this two-dimensional role. Against this background, the Evaluation Report claims there was insufficient steering from the Ministry, so it was said that PIANOo had chosen its own direction based on the needs of the government contracting authorities: they mainly played the role of a competence network and not as a competence centre. They performed mainly the activities limited to facilitating the exchange of knowledge and experience, and it was less active in providing clear information. This resulted in the situation that the government contracting authorities received information from PIANOo which they actually couldn't assess on accuracy and didn't know whether or not this information was fully correct, and thus they felt to be still in need of clear-cut answers at some time.

Nevertheless the Evaluation Report came to the conclusion that – given the scope of the Institution Decree – PIANOo did a good job⁶⁸ on their performed activities. Hence the Ministry of Economic Affairs prolonged their existence with three more years, but in the meantime imposed PIANOo to develop more explicitly in their role of a knowledge and expertise centre (in the sense that it is also an authority when providing answers to questions). This means that PIANOo had to set up its own legal knowledge and experience in the field of procurement and it started to have an in-house 'legal team' and an 'IT procurement team'. Moreover – to emphasize the new role – from that moment onwards the name became formally "PIANOo, Expertise Center for Procurement".

⁶⁷ EIM, January 2008, Evaluatie PIANOo.

⁶⁸ For example, the survey of the evaluation showed that 81% of the government contracting authorities used the PIANOo-desk and the respondents appreciated the service with a good score.

3.1.2. *The years after the start: 2008-present*

The Evaluation Report of 2008 was in many aspects quite detailed and included many insights as well as practical recommendations. Three years later, the Evaluation Report of 2011 was primarily looking at the effectiveness and efficiency of the competence centre PIANOo. By doing so, they mainly focused on the user ratings of the PIANOo services. Moreover they took a look at the question whether PIANOo did shift its focus on the 'competence/knowledge centre' aspect as well, next to its functioning of a network centre.

The Evaluation Report of 2011 concluded that indeed it was the case that the organisation encapsulated more in-house knowledge and was able to function as a competence/knowledge centre. The mind-set also shifted: the employees became aware of the fact that PIANOo not only facilitates a network, but also collects and releases knowledge itself, and there is also more courage to make statements themselves⁶⁹. Interestingly, when looking at the IPP topic within the Evaluation Report, it mentions that there are no performance indicators of PIANOo with regard to this topic⁷⁰. Having said that, in the end, the shared opinion – based on surveys and interviews – was that PIANOo was appreciated by the users, and thus the Minister promised the organisation a budget in order to continue with their service for the next three years.

In 2014 the latest evaluation of PIANOo has been conducted. The Evaluation Report of 2014 was positive and indicated that PIANOo fulfilled its duties within the 'competence/knowledge centre function' and 'network function' in an effective manner. In the meantime the evaluators also acknowledged that the added value of the PIANOo services is difficult to measure, since observable effects (for example compliance with the procurement law) are difficult to attribute to the activities of PIANOo⁷¹. Moreover, one of the findings of the Evaluation Report was that the temporary nature of the establishment of PIANOo is a complicating factor, because due to this factor some part of the organizational power 'leaks away' and makes it difficult to keep the occupation of employees at a certain same level in order to efficiently manage projects. In addition to the Evaluation Report of 2014, the Steering Group of PIANOo indicated that possibly there is a broad support for a wider set-up of a competence centre. The Minister therefor concluded that it will continue to finance PIANOo for the next years and in the meantime will take a look at other feasible business cases.

The Minister promised by that time to inform the outcomes of the business case during the summer of 2015, but up until today no publication or communication regarding this business case has been found. Having said that, during the interview with PIANOo it was mentioned that the outcome was that PIANOo as an organisation will continue with a permanent character.

3.2. **How did the Netherlands set up the organisation PIANOo?**

Structure

Currently, in 2019, there are broadly speaking three pillars at PIANOo, i.e. (1)'General', (2)'TenderNed'⁷², and (3)'Program department'. The Innovation Procurement team is part of this last pillar. Next to the beforementioned pillars there are also (some) employees dedicated to the general support of the organisation as a whole, such as the secretary and the marketing and communication employees.

⁶⁹ EIM, March 2011, Evaluatie PIANOo 2011.

⁷⁰ Whereas for other topics, such as the 'knowledge-sharing duties', the performance indicators of their several activities were used, i.e.: PIANOo congress, PIANOo-desk, regional meetings, PIANOo lunches and the factsheets of the PIANOo departments.

⁷¹ KWINK Groep, March 2014, Evaluatie PIANOo.

⁷² Which is the Dutch electronic tender platform

Staff and competences

According to the 'Explanatory Memorandum of the Institution Decree' of 2005 it was the intention that employees who would work for PIANOo had to be offered by government contracting authorities on the basis of secondment (the temporary transfer of an official to work at another position). The idea behind this was - according to the Evaluation Report of 2008 – that it would be efficient to have such a 'two-functions role', so that employees could gain knowledge in practice and subsequently can share the experiences within the organization. However, when looking at the figures of 2007, PIANOo had only 2 persons who were actually seconded, while the other 18 employees were under the employment by the Ministry of Economic Affairs.

The most recent evaluation study of 2014 reports that in 2012 it was a 'transition year', because the electronic tender-platform TenderNed was integrated in the organisation of PIANOo. In the meantime, the total number of full-time employment was reduced by 25% per 1 January 2013: from 27 FTE to 20.3 FTE. Of this total, the 'competence centre function' consisted of 9.5 FTE (of which 5.3 FTE was considered as 'expert').

Based on the interview with PIANOo, it has been told that the last three years the team of Innovation Procurement consisted of approximately 1.5 FTE. With regard to the needed competences, it was said that one needs to be multidisciplinary in order to mingle well between all stakeholders, i.e.: expertise and knowledge is needed on the facets of policy making, on the management of expectations, on the writing skills of reports, and of course on the (European) procurement regulations.

Finance and budget

The Evaluation Report of 2008 provides some insights on the financials from the first years: At the start, the 'Ministry of Housing, Spatial Planning and the Environment'⁷³ had a budget available for PIANOo consisting of €7.8 million for the period of 2005-2008. In addition to this, there was a budget of €760.000 per year available from the Ministry of Economic Affairs. Moreover the provinces contributed €200.000 per year. And 'The Union of Water Boards'⁷⁴ contributed around €300.000,- by means of secondment and research funds. The electronic platform TenderNed was separately financed by that time (it was not part of the PIANOo organisation yet).

As the Evaluation Report of 2008 shows, in the first year – when the set-up was not yet fully finalised – the personnel costs represented around half of the total costs. The other half was spent on, among other things, hiring external parties (under the name "Program"). In the two years later, there was an increase in staff, which subsequently resulted in higher share of personnel costs. The table below shows the distribution of the (expected) use of funds by PIANOo in 2006, 2007 and 2008:

	Realisation 2006	Forecast 2007	Budget 2008
Personnel	1.268	1.600	1.650
Program	1.623	1.050	1.100
Material	300	215	300
<i>Total</i>	<i>3.191</i>	<i>2.865</i>	<i>3.050</i>

Table 1. Use of funds by PIANOo (x €1.000,-)⁷⁵

⁷³ In Dutch: Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieu (VROM)

⁷⁴ In Dutch: De Unie van Waterschappen

⁷⁵ Source: Evaluation Report 2008, which used the information from: Prognosis 2007 and Budget 2008: Work Plan 2008 (SG PIANOo 2007-09); Realization 2006: Financial accountability 2006 PIANOo.

In the years after, we can see there is a sharp decrease in the budget, as a consequence of the budget reduction by the Minister. In the period 2005-2011 there was around €3.000.000,- budget available annually⁷⁶, but this budget went down to the amount of €1,2 million in the three years afterwards (2012-2014). This budget was in the meantime divided as following:

Activity	Budget (x €1.000,-)
Website	240
Question desk	270
Guidelines regarding procurement	70
Secretariat of the 'Commission of tender experts' ⁷⁷	210
Operational management	225
Communication	180
Unforeseen	5
Total⁷⁸	1.200

Tabel 2. PIANOo 2012-2014 budget allocation⁷⁹

As of 2017 PIANOo is part of the 'Netherlands Enterprise Agency'⁸⁰. This Agency is the so-called implementation service of the Ministry of Economic Affairs and Climate Policy. The Agency has the responsibility, among other things, to inform entrepreneurs about procurement regulations. As stated by the National Budget of 2017, the importance of a permanent embedding of PIANOo with a structurally sufficient budget has been recognized (after several temporary institution periods). The embedding took place from January of that year, and the latest numbers regarding PIANOo can be derived from that publication, which showed the following numbers:

	2017	2018	2019	2020
Embedding PIANOo/TenderNed	2.217	2.184	1.104	1.104

Tabel 3. Expenditure (x € 1.000,-)

Based on the interview with PIANOo, the allocated budget to the team of Innovation Procurement is around €250.000. In addition, it was mentioned that the support services – such as the secretary, the marketing department, the social media/website department, et cetera – of the 'Netherlands Enterprise Agency' can be used by PIANOo as well (without internally invoicing any specific costs each and every time).

KPIs

PIANOo shared the following insights: during the last years the performance of PIANOo is reported annually by means of internal progress reports. When looking at the Innovation Procurement Program specifically, the Innovation Procurement team takes a look at the question what actually is delivered (in quantity) with respect to articles, workshops, guidelines, et cetera. Sidenote is that these KPIs are actually also in some

⁷⁶ PIANOo, werkplan 2011, p32 en organisatiebesluit 2013, p3.

⁷⁷ The secretariat of the 'Commission of tender experts' was a new task, related to the competence/knowledge centre function of PIANOo. The Commission is an independent committee of legal experts, and has the task of mediating between parties in situations of complaints related to a tender. It gives non-binding advice in response to complaints.

⁷⁸ It was decided that the functional management of TenderNed would be transferred to PIANOo, whereas the technical management is the responsibility of DICTU (DICTU is the Dutch public organisation 'Service IT execution'). PIANOo therefore becomes the client of DICTU. Although TenderNed became a newly formed organisation, and thus also separated from an accounting perspective, the management and general support were nevertheless integrated within the competence/knowledge centre function.

⁷⁹ Evaluation Report 2014

⁸⁰ In Dutch: Rijksdienst voor Ondernemend Nederland (RVO)

way driven by the demand, because PIANOo by itself works demand-driven. In other words: the team of Innovation Procurement is not searching for innovative projects to proactively assist, but it is rather providing feedback to projects when the project stakeholders are asking for input.

The draft working program of 2019 includes the following KPIs:

- Around 50 meetings/presentations/workshops are expected to be given reaching roughly 750 people involved in the various roles in innovation procurement.
- Project support: the innovation procurement program provides strategic advice to public bodies for their innovation procurement. Around 50 activities are expected to be supported.

By means of the annual progress report, it is moreover evaluated to which extent users are satisfied with the product/services of PIANOo.

Capacity n° clients served/year

The most recent Evaluation Reports of 2014 mentions the latest numbers of capacity n° clients served/year. Since the competence centre is so wide in its scope, many different clients based on their different activities can be listed, i.e.:

- The total number of website visitors in 2012 was 370,473 visitors.
- Visitors of PIANOo Congress in 2013: 484 persons, of which 40,1% of the visitors were employed by the central government. 37,4% of the visitors were employed by decentralized authorities (of which 23.6% were from municipalities), 10,3% from other public institutions and 12,2% "other".
- Data regarding submitted questions by users in 2013:

"The data from PIANOo shows that the largest group of questioners in 2013 are companies (33%), followed by municipalities (25%), subsequently "accountants and advisers" (13%) and finally users from central government (11%). The data (2013) also shows that half of the questions submitted are of a legal nature."

Data	Year 2013
Total amount of submitted questions	1055
Questions from companies (% of total)	33%
Complex questions (% of total)	76%
Average lead time (in days)	2,8
Average amount of questions (per month)	88

3.3. What is the type of work of PIANOo and what is their focus?

Service descriptions and tools

Public contracting authorities can turn to PIANOo for information, advice and practical tips. To this end, PIANOo collects information and experience in the field of procurement and PIANOo facilitates the exchange of knowledge between contractors. As stated in the 'Explanatory Memorandum of the Institution Decree' of 2005, the expectation was that small (inexperienced) contracting authorities would like to use the experience and knowledge of other contracting authorities to fully comprehend the aspects of procurement. And moreover the expectation was that larger (more experienced) contracting authorities would in the meantime need a further professionalization of their functioning as a client.

In the Institution Decree of 2006 a range of activities has been mentioned, which are the duties of PIANOo:

- collecting and disseminating information about the practice and rules of procurement;

- bundling and sharing experience with and knowledge of tenders including abroad;
- generating and documenting innovative forms of procurement;
- promoting the correct choice or application of various forms of procurement;
- intervision between contracting authorities;
- advice or second opinion with regard to specific tenders from participating public authorities;
- training / education of public procurers.

Related to the above activities, the Evaluation Report of 2008 mentions in addition the basis on which the choice is made whether to provide services/tools. When choosing new activities and when setting up new products, they look at whether the new service/tool fits the demand and whether the new service/tool fits within the PIANOo assignment. The following criteria are used when deciding on new activities / products⁸¹:

- Is the product/service an interesting feature for the central government?
- Does it meet the needs of the target audience?
- Does it fit within the PIANOo assignment?
- Does it have a learning effect for the target audience?
- Does it put PIANOo 'on the map'?
- Is it effective (effort versus return)?
- Is it feasible?
- Does PIANOo have capacity? And/or is there a possibility to arrange capacity?
- Is this the right moment? And/or is it even the unique moment?

With respect to the team of Innovation Procurement: over the past years it developed tools such as generic guides and factsheets, as well as more specifically the 'Innovation Suitcase' (as mentioned in paragraph 1.4). Moreover during the interview with PIANOo it was mentioned that the self-scans⁸² are well-used by their target audience. These scans are launched in order to make procurers aware of their knowledge and expertise on Innovation Procurement and Pre-Commercial Procurement, and accordingly the results of the scan advises in which specific areas someone can learn even more.. Besides they have launched a few years ago a semi-annual newsletter focused on innovation procurement, which currently has around 500 subscribers. On top of that, they organise and facilitate monthly Innovation Procurement meetings (most of the times around 30 participants), as well as an annual conference (visited by roughly 150 participants).

Last but not least, when looking at the future: next to the KPIs as described in paragraph 3.2, for the upcoming year the following tasks have been defined in PIANOo's Innovation Procurement draft working program of 2019⁸³:

Γ
"1. Learn, connect and project support

Learning and connecting: The innovation procurement program informs the public sector on innovation procurement by organizing meetings, presentations, workshops, conferences and peer to peer learning. Such as:

- *Workshops for policy staff, project managers, contract managers and procurers*

⁸¹ Source: Evaluation Report 2008

⁸² <https://www.pianoo.nl/nl/themas/innovatiegericht-inkopen/praktijk-tools/zelfscan-innovatiegericht-inkopen> & <https://www.pianoo.nl/nl/themas/innovatiegericht-inkopen/praktijk-tools/zelfscan-pre-commercieel-inkopen>

⁸³ Which should be interpreted as a kind of 'activity and budget annual plan'

- Knowledge exchange on new topics such as the innovation partnership
- Support COP's on innovation procurement

2. Policy support and monitoring

Policy support: On request the innovation procurement program support the ministry of Economics and Climate in the evaluation of innovation procurement policies.

Monitoring: The innovation procurement program drafts a monitor / infographic on the state of play on innovation procurement in the Netherlands based on the self-evaluation tool.

3. Knowledge database

Maintenance: Manage and maintain a knowledge databased on innovation procurement on the Innovatiekoffer.nl and PIANOo.nl. the innovation procurement program will renew – were applicable - its step-by-step guides, publish new practical examples and provides examples the organisation of innovation procurement within public bodies.

New : In four interactive sessions PIANOo will discuss with experts in the public sector new potential topics for the knowledge database. Such as:

- Bundeling of innovation need within the public sector
- Redesigning the contractual framework for innovation
- Knowledge need of companies
- Defining “launching customer”

4. Maintain (international) partnerships

The innovation procurement program maintains a strong partnership with the various national initiatives that support or benefit the ambitions of the procurement. Examples are the Infra-Innovation Network, Platform WOW, (learning) networks MVI, valorisation programs, such as VPDelta and sectorial innovation platforms such the “sustainable concrete coalition”.

International: PIANOo participates in European networks were relevant for the Dutch public sector.”

Client groups (public, private, policy makers, others)

The target audience of PIANOo can be retrieved from the beginning of its establishment, as laid down in the Institution Decree of 2006: PIANOo focuses primarily on contracting authorities. It involves all contracting authorities (such as departments, agencies, independent administrative bodies, provinces, municipalities, water boards, educational institutions). The ‘Explanatory Memorandum of the Institution Decree’ in addition mentions that companies can also get in touch with PIANOo, but only for the need of answering simple questions.

Based on the interview with PIANOo, the focus regarding client groups still holds these days, i.e. the employees are primarily supporting public authorities. When looking at the team of Innovation Procurement, it obviously focuses on those authorities with an interest in innovation. As mentioned by the employees, it primarily targets the larger contracting authorities, such as the central government, the Dutch infrastructure authority⁸⁴, the defence sector, the municipalities with more than 100.000 inhabitants, and the academic hospitals.

⁸⁴ The Dutch authority of the Ministry of infrastructure and environment that is responsible for the practical execution of public works and water management (RWS).

3.4. In conclusion

Taking all of the above into account: the Netherlands established a successful competence centre on public procurement in general, i.e. focused on more than just Innovation Procurement. Against this background, one has to understand that the establishment of PIANOo was also in a period when the Netherlands was facing this general sentiment that the public procurement by itself really had to make a jump in its professionalization. A feeling which was even more stimulated by the fact that a television programme⁸⁵ showed a documentary which revealed a large-scale contracting fraud related to public procurement projects and the construction sector, which took place over many years and resulted in a parliamentary investigation and public hearings of the highest top-level management of the public sector and construction sector. Hence there was this urgent sense which made top level management fully aware of the need and potential of a competence centre, and consequently the top level management was keen to commit to the goal of professionalizing (innovation) procurement and to clearly communicate the message top-down.

Furthermore, even though it took more than a decade to get a permanent character, there is a clear finding based upon the evaluations over all the years, that many users and stakeholders highly appreciate the added value of PIANOo. Against this background, it is clear from the Dutch case that in order to set-up a successful competence centre, it might take quite some time and effort. Luckily, the first steps of the competence centre PIANOo has been evaluated during those years, which resulted in conclusions and recommendations from those evaluators: Annex C provides insights in these recommendations, something which might be useful when setting up a competence centre.

In addition to all the foregoing: setting up a successful competence centre can also depend on very basic practical aspects. For example, if the intention is that procurers get in touch with each other in order to exchange knowledge and experience, then one should facilitate this aspect in the most practical way as possible (such as locating the physical office at a central location, where procurers will get used to meet regularly). In addition to this, during the interview with PIANOo it was also suggested to try to cooperate from the very first beginning with those procurers who are ahead in their expertise and who are keen to stimulate (new) exciting procurement topics, such as Innovation Procurement. This might lead to the positive side-effect that they will become supporters of the competence centre and will spread the word.

⁸⁵ Zembla, 9 September 2001.

4. Attachments

ANNEX A: Suggested structure for strategy and action plan ⁸⁶

Suggested structure for strategy and action plan includes a list of topics to be covered in developing a strategic framework for innovation procurement. It is suggested to be as explicit as possible. Embedding figures and flowcharts is encouraged. The structure and content suggested must be regarded as an example that must be adapted to the local conditions in the country or region.

I INTRODUCTION

1. Rationale for designing a strategy and action plan – includes challenges that will be addressed by innovation procurement. A discussion about the balance between best price / life time quality/social benefits and green benefits can be included.
2. Target group of the document.
3. Aim of the document
 - a. Nature of the document, e.g. to give a strategic framework, practical guides, coordinate, obligatory/recommendation etc.
 - b. Mandate of the document and its links to related strategic documents
 - c. Positioning of the document in relation to different policies (innovation policy; procurement policy etc.)
4. Scope and scale – e.g. in terms of domains, fields, including description of legal framework.

II DEFINITION OF INNOVATION AND LEGAL FRAMEWORK

Definition of innovation and related concepts, e.g.:

1. Public procurement of innovation / pre-commercial procurement in relation to regular procurement
2. Types of innovation relevant to the context of the document, e.g. incremental vs radical innovations; process, product, organisation innovation.
3. the description of innovation process (including PCP and PPI and their sub-activities like market research, partner evaluation, validation, test-beds etc.),

III OBJECTIVES AND INDICATORS

Clear list and description of strategic and / or operational objectives. It is suggested to be explicit on the level of objectives. It is also suggested to include a timescale expressing the expected time horizon of achieving the set objectives.

Description of monitoring system and impact indicators corresponding to the objectives.

The document should describe challenges and bottleneck in the implementation and describe how the document will address them. Also risk management should be addressed.

⁸⁶ This is a 1-on-1 copy of suggestions as proposed by ERAC (ERAC (1209/15, 23 June 2015).

Explanation of the method of measurement using the survey

- An invitation letter is sent to the final responsible persons of each contracting authority, asking for a number of general questions to be answered and then appointing a number of employees who fill in the specific questionnaires per tender.
- The final responsible for the tenders is sent an invitation letter with unique login codes for the employees who complete the questionnaires for the last 5 tenders. The employees in question are in the Cc.
- Both the responsible person and the relevant employees receive twice a reminder from the research company if the questionnaire is not completed.
- If respondents do not respond despite reminders, PIANOo will contact by telephone.
- At the level of the national government, a report will be developed with a government-wide score. This score will also be analysed qualitatively.
- The score with the data for 2009 will not be sent to the Dutch parliament.
- Planning: from mid May till October

Questionnaire about innovation procurement per contracting authority

These questions are answered only once by each contracting authority within the research. The answers to these questions should give an idea of the extent to which innovation procurement takes place within the contracting authority (it does not lead to a final score of a contracting authority). The general questions are:

1. Has the procurement policy or innovation strategy of your organization included the objective of stimulating the acquisition of innovative solutions through tenders?
 - If so, can you give a short description of the innovation elements in your strategy and procurement policy?
2. To what extent are innovative solutions needed to solve issues within your organization? What role can tenders play in this?
3. In which way within your organization is there room for innovative solutions within tenders?
4. Have there been calls for tenders in the past year (i.e. in 2009) that have led to the offering of innovative solutions? Are there current projects in which innovative solutions are developed / procured based on a tender? If so, you can give a short description of this.

Specific questions per tender

In addition, a list of procurement-specific questions is completed several times per contracting authority for the selected tenders they have undertaken in the past year. The involved public procurers in the relevant tenders will complete the questionnaire.

If desired, the contracting authority can provide one or more 'show cases' of their innovation procurement by providing details of the specific tender(s) and submitting the associated tender documents.

⁸⁷ This is a 1-on-1 copy of the appendix which was attached to the Progress Report of May 2010.

APPENDIX 1: Comparative data observations from EU Commission Report (2015) on the strategic use of public procurement in promoting green, social and innovation policies ⁸⁸

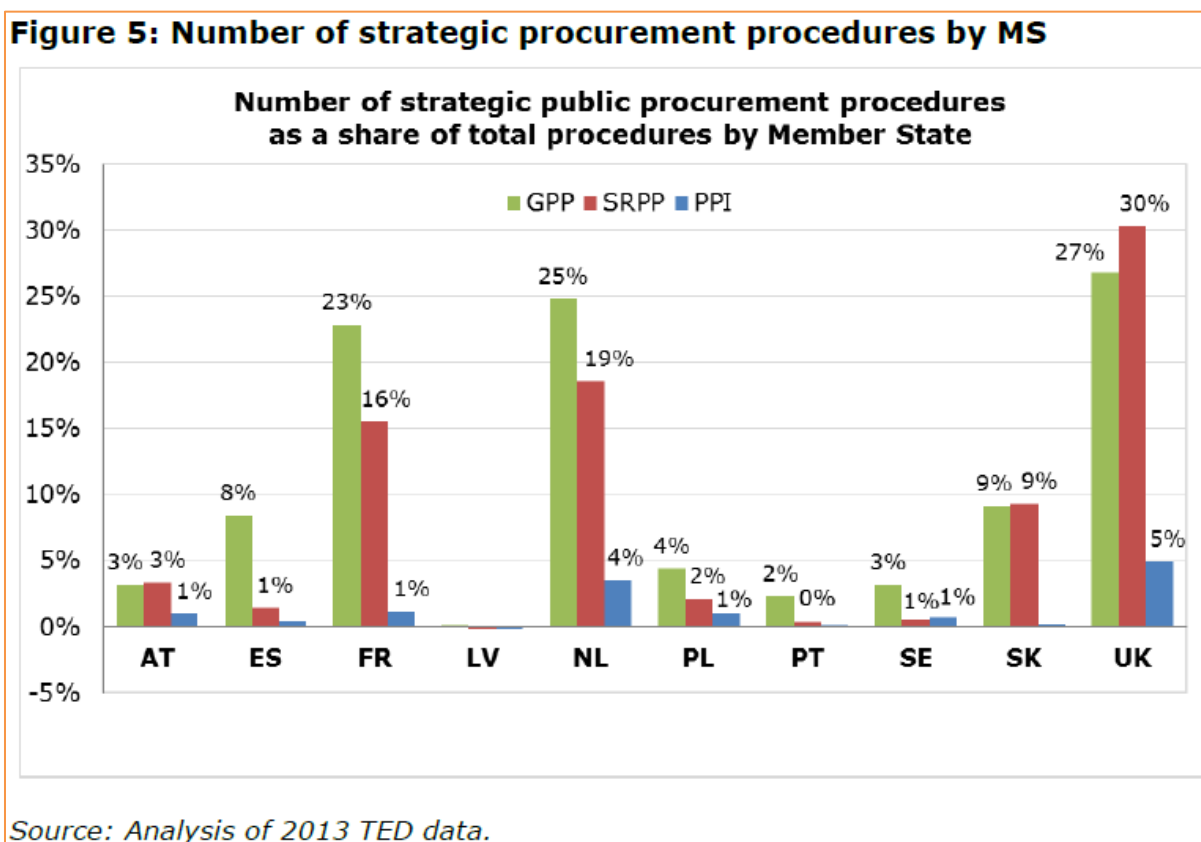
The overall objective of this study was to take stock of experiences in integrating green, social and innovation considerations in public procurement policy, processes and practices in 10 selected Member States (MS), namely Austria, France, Latvia, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom.

➤ Table from page 44 of the EU Report:

	PPI				Total number of procurement procedures per country	Total value of procurement procedures per country (in millions)
	Number of PPI procurement procedures	Share of total number of procurement procedures	Value of PPI procurement procedures (in millions)	Share out of total value of procurement		
Austria	12	1%	10€	0%	1,261	2,411€
Spain	29	0%	23€	0%	6,115	19,636€
France	273	1%	2,193€	5%	23,312	42,842€
Latvia	0	0%	-€	0%	821	1,633€
Netherlands	93	4%	296€	5%	2,613	5,531€
Poland	176	1%	312€	1%	18,584	28,159€
Portugal	1	0%	4€	0%	729	7,025€
Sweden	23	1%	27€	1%	3,039	3,025€
Slovakia	2	0%	24€	0%	1,125	12,506€
United Kingdom	209	5%	15,555€	11%	4,253	141,153€
Total	818	1%	18,444€	7%	61,852	263,921€

Source: Analysis of 2013 TED data.

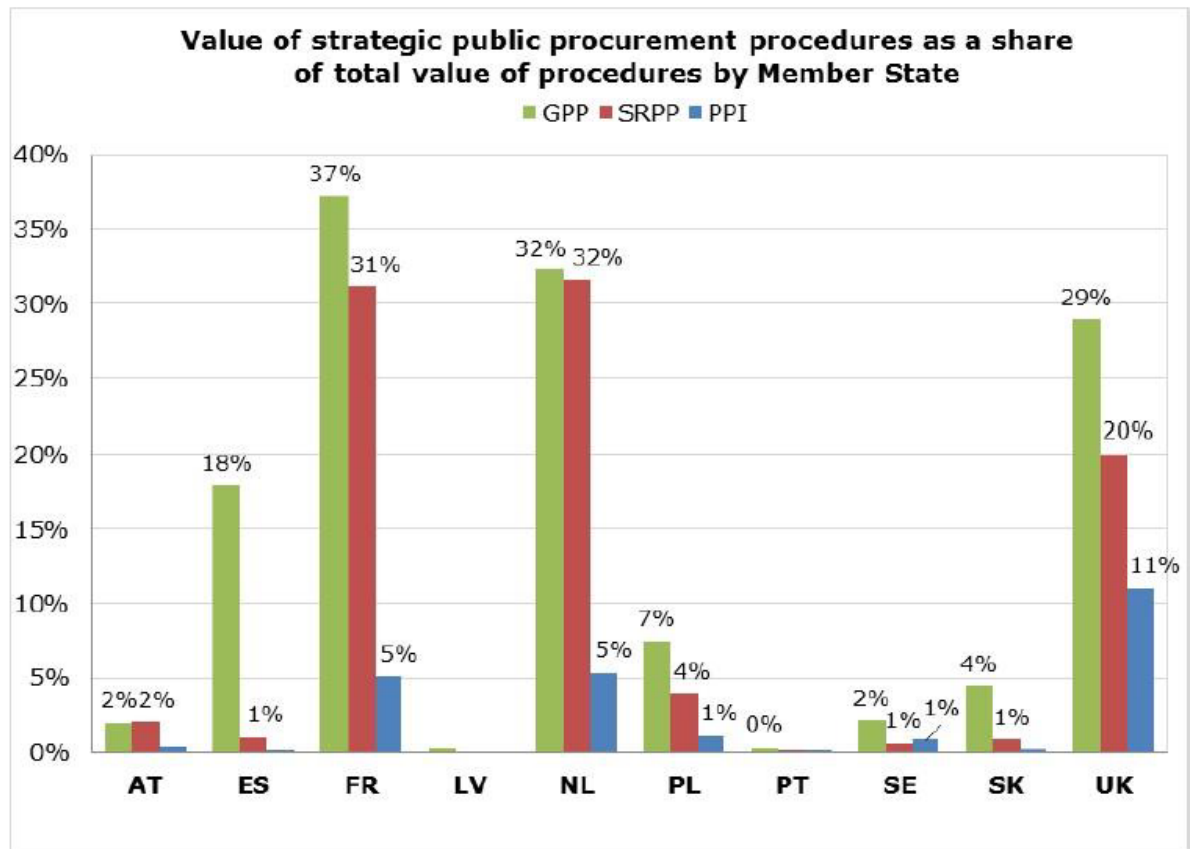
➤ Graph from page 45 of the EU Report:



⁸⁸ This is a 1-on-1 copy of some of the outcomes of the report by European Commission DG GROW, December 2015, research conducted by PwC, "Strategic use of public procurement in promoting green, social and innovation policies."

➤ Graph from page 46 of the EU Report:

Figure 6: Value of strategic procurement procedures by MS in 2013



Source: Analysis of 2013 TED data.

From the Evaluation Report 2006:

┌
“What more general lessons for interdepartmental cooperation can be derived from the evaluation of the PIA project?”

Different learning experiences can be derived from the evaluation of the PIA project for interdepartmental cooperation in areas other than procurement. Below we summarize the most important learning experiences according to the respondents.

- *Active participation of the senior management in the project is desirable to set things in motion and to make decisions in the event of friction.*
- *To be able to respond quickly and flexibly to opportunities that arise and needs that play a role, it is a plus if "working capital" is available.*
- *It is important to develop initiatives and set up the organization in such a way that all departments become project owners in order to guarantee their involvement.*
- *With interdepartmental cooperation, sufficient space for experiments is desirable. Particularly in the first phase of collaboration, it is desirable to discover where the departments are and to arrive at joint objectives and support on the basis thereof. In the second phase, the emphasis can then shift to achieving objectives for which there is common support.*
- *In interdepartmental cooperation, do not strive to involve all departments, because there may be good reasons why a department cannot or will not join.*
- *A careful selection of management and employees who have to undertake interdepartmental projects is of great importance. That is why it is useful to arrive at clear profile sketches in advance and to adhere to them when recruiting and selecting.*
- *From the outset, interdepartmental initiatives demand attention for communication and associated facilities. With communication, the involvement of the departments can be proactively promoted and the various parties can be structurally informed about the project.*
- *The project organization of interdepartmental initiatives should preferably be physically housed outside the departments, while staffing from several departments is filled in. This prevents such initiatives from being associated too much with one department.*
- *When setting up interdepartmental cooperation, the necessary attention must be paid to practical matters concerning the posting of employees. In addition, equality between these employees must be achieved, a reduction of administrative (double) actions must be achieved, agreements must be made about the financing of training courses and prevent detachment from occurring with the parent department.”*

And from the Evaluation Report 2008:

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“*PIANOo's effectiveness is difficult to assess: The assessment of effectiveness is difficult because there are no clear (SMART) objectives. The Institution Decree indicates that PIANOo must increase the expertise on procurement at all contracting authorities so that they themselves can achieve the best possible procurement result. However, the Institution Decree does not indicate when PIANOo has sufficiently fulfilled this task. In this study, the objectives with regard to increasing professionalism and innovativeness have been used as starting points, whereby the achievement of better procurement results by contracting authorities is the ultimate goal. However, when assessing the contribution of PIANOo to these objectives, it should be borne in mind that other organizations also contribute to these objectives, such as other knowledge centers / knowledge networks, audits, etc.*

Conclusion 1: PIANOo contributes to better tendering

⁸⁹ This is a 1-on-1 copy of the recommendations as stated in the Evaluation Report 2006 and 2008.

PIANOO has contributed to improving the professionalism of procurement, to improving compliance with procurement rules and to better procurement results. The effect on innovation is lagging behind.

Conclusion 2: PIANOO received a lot of space due to moderate control

PIANOO has made its own choices within the framework of the Institution Decree about the development direction of PIANOO. The most important choice here is to profile PIANOO as a competence network and not as a competence centre. PIANOO has had a lot of space for determining the direction of its own development. The Institution Decree gave a lot of space. In addition, the scope stems from the moderate substantive external management by both the Steering Committee and the Ministry of Economic Affairs.

Conclusion 3: in particular competence centre activities have been picked up less

The choices made by PIANOO have led to the abandonment of various activities that have been included in the Institution Decree. This applies in particular to the competence centre activities. The activities of PIANOO are largely limited to facilitating the exchange of knowledge and experience. PIANOO is less active in providing unambiguous information and only moderates the accuracy of knowledge exchange via PIANOO to a limited extent. As a result, PIANOO gives contracting authorities information of which the authorities cannot assess the accuracy of, while they do need correct, unambiguous answers.

Recommendations with regard to legitimacy:

- Make a clear choice about the direction of PIANOO, such as:
 - continue to be a competence network in particular, or expand more towards a competence centre;
 - limitation to tendering versus entire procurement process as a whole;
 - reconsider choice with regard to the target group (for example: where compliance with the procurement rules is low, where professionalism lags the most);
- Formulate clear (and where possible SMART) objectives.

Recommendations with regard to implementation quality:

- Spend more time moderating the discussions on the PIANOO desk and check the accuracy of the information on the PIANOO desk more.
- Improve the website further (structure and search function).
- Work on a clear profile (based on the chosen direction).

Recommendations regarding effectiveness:

- Conduct a discussion about the possible expansion of PIANOO with competence centre activities, for example by making more use of information from other competence centres, by controlling and directing discussions at PIANOO desk, by drawing clear conclusions from discussions at PIANOO desk, et cetera.
- Make more factual, correct and unambiguous information available. Users need certainty. Probably for 80% of the questions a correct and unambiguous answer can be given.
- Try to get a better view of the non-classical government and add this group to the target group of PIANOO. PIANOO is for all contracting authorities.
- Try to get more insight into the procurers of 'works'. Is it necessary for them to make more use of PIANOO and what is needed for this at PIANOO? Is more cooperation needed with competence networks in the area of procurement of 'works' and can PIANOO learn from such networks?.
- Pay more attention to innovativeness, both innovative procurement procedures as well as the stimulation of innovative solutions by procurers.
- Think about which activities PIANOO should pick up itself or, on the contrary, should hand over to other parties. Should PIANOO, for example, set up its own training courses, or would it be better, for example, to offer the private sector the possibility to set up training courses for government clients (possibly in collaboration with PIANOO).

Recommendations with regard to efficiency:

- *Ensure a clear external management structure with clear roles and responsibilities. Who decides what?*
- *Think about the role of the Steering Committee: steering role (decisions) or more a sounding board function.*
- *Think about the composition of the Steering Committee: higher versus lower job levels; directors / policy officers versus buyers; and the like*
- *Make the role of the Ministry of Economic Affairs clear.*
- *Ensure the involvement of all parties responsible for the decision-making and management of PIANOo.*