



Project activities 1.1 – 1.5: Update of the partnership's policy instruments and analysis

Title of the deliverable: 7 reports on instruments' analysis and SWOT

Contents of the report: the report amalgamates the seven summarised reports intended to update the policy instruments, introducing and explaining the changes that might have occurred since the application form of the project was submitted until the date when the project started. The report includes the 7 SWOT analysis, one per each policy instrument.

A report authored by:

Partnership of the iBuy project

Lithuania Innovation Centre's experts and external experts team (activity coordinator)

November 2018

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Introduction

The iBuy project was prepared and submitted within the first half of 2017 and it was officially approved in March 2018, commencing the 1st of June 2018, one year after closing the application form and, therefore, the information contained.

Innovation public procurement (IPP) programmes are quite new in the innovation policy agendas. Within iBuy's partnership, we have some partners in regions and countries already more familiar with IPP, and other way less. Nevertheless, in all cases, these programmes evolve fast, for they are still in processes of reshaping, and it is very important to understand the technicalities and particularities of all of them in order to ensure that we tackle the right problems and scenarios to improve them.

The present report has been designed throughout the first semester of the first phase of the project, and it intends to serve two main purposes:

1. To be an update of all the policy instruments and their characteristics.
2. To state the baseline from which the project must grow and be biased toward the key aspects that the partnership consider of interest to improve their instruments through mutual collaboration.

The sections of this report are a summary (based on and updated from the application form) of the main topics that we aim at discussing throughout the project implementation (phase 1), so it does not intend to present any conclusions for any of them, but to serve as a reflection on the present state of these points so the individuals partners and the whole partnership have the relevant information in a practical and organised way to engage in the following project activities. The extension of the information has been limited to offer a summarised approach.

1. Lithuania, by Lithuania Innovation Centre

1.1. Updated description of the instrument based on the application form information

Support for the innovative and pre-commercial procurement is given under the priority axis No 1 (R&D and Innovation) of OP. Two different support measures are devoted for that.

A. One of the financial measures- Innogeb LT - provides finances for innovation support and consultancy services including consultations regarding innovative and pre-commercial procurement. 3,9 million euros of funding is given to the support services, which include consulting regarding the pre-commercial procurement among the other services provided to the companies in order to facilitate the innovation activities.

Expert and methodological support is provided for the companies that intend to participate in pre-commercial procurement, and (or) the contracting authorities on execution of pre-commercial procurement, and other innovation support services by the experts of Lithuanian Innovation centre and Agency for Science, Innovation and Technology (MITA).

B. The second financial measure under the Priority 1 (R&D and Innovation) related to the pre-commercial procurement "Ikiprekybiniai pirkimai LT". Under this measure the 7,5 million euros (up to 85 % of the value) are given for the Contracting authorities exclusively for the implementation of the pre-commercial procurement process which consist of the three stages:

- 1) creation and approval of the concept of innovative product;
- 2) creation of a prototype of an innovative product;
- 3) piloting of innovative product, which may include the purchase of a innovative product

The implementation of the financial measure has already started, the 1st call has been launched and 15 successful applications (out of 60) have been selected for funding. Three of them have already started the pre-commercial procurement process.

IPP under 'Structural Funds Operational Programme, priority axis 1 (Research and Innovation)'

Responsible body:



Geographical coverage:

Lithuania (national)



1.2. Examples of initiatives related to IPP

1. One of the Contracting Authority of the successful application for Precommercial procurement is Lithuanian Sea Museum and Delphinarium and they are looking for developing and integrating animal testing methodology based on scientific research into the concept of holistic medical care. The consultations process with potential suppliers is going on.

2. Vilnius University Hospital Santaros klinikos application for development of technology for producing of innovative insoles. The consultations process with potential suppliers is going on.

1.3. Governance

Ministry of Economy is responsible for the designing and launching of both financial measures mentioned above. Regarding the Governance of financial measure “ikiprekybiniai pirkimai LT” two other institutions are also involved: Contracting Authorities which are interested in applying for the support for pre-commercial procurement have, first, provide a short description for MITA where it has to be demonstrated that R&D activities are needed for the products or services they intent to buy. After the approval of MITA Contracting Authorities submit application to the Lithuanian business support agency (LVPA) which assesses the application and gives the final decision.

There were noticed several cases when MITA has approved the description of the idea but LVPA considered that the idea was missing R&D component. This situation may have happened because these two organization assessed the existence of R&D component using different methodological tools. Thus, more collaboration is needed between two involved institutions in order to guarantee more clear assessment process and avoid contradictions.

1.4. Entrepreneurial discovery process

Participation methods while designing the strategy were not used. Ministry of Economy has involved various stakeholder groups into development process, but as this measure was newly introduced, most of the stakeholders didn't understand the aim of this measure and it's benefit to economic growth so their participation was mostly formal.

1.5. RIS3 priorities

National RIS3 priorities are considered for the implementation of this policy instrument as only these pre-commercial procurement are accepted which are in line with national RIS3 strategy. The main challenge is that some ideas were rejected as they were not in line with national RIS3 strategy although they correspond to the global innovation trends.

1.6. Monitoring and evaluation

Monitoring process indicators are formally set in order to ensure implementation of both financial measures. They are part of the Monitoring System of the whole OP. The product and result indicators are foreseen for each of the financial support measures.

The indicators of the “Inogeb LT” related to the pre-commercial procurement:

Product indicators: Organised information events – 6; Companies which received non-financial support (consultations) – 112;

Result indicators: Ideas submitted for the assessment of R&D activities – 100; Organised pre-commercial procurements – 20; Proposals submitted for the pre-commercial procurements by the companies consulted – 40;

The indicators of the “Ikiprekybiniai pirkimai LT”:

Product indicators: Implemented solutions, which foster innovation demand – 15, Created new or initially renewed product or process prototypes - 15

Result indicators: Implemented innovative public procurement – 1, Innovative product presented to the market by the participant of pre-commercial procurement – 5.

1.7. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - The financial support is available; - the consultations and support services free of charge are available; - legal basis regarding innovative as well as pre-commercial procurement is in place. 	<ul style="list-style-type: none"> - Contracting Authority has to put its own contribution of 15 pct. and in most cases it's a too big amount as it not clear if the solution will be developed and fulfil the goals; - lack of the capacities of Contracting Authorities as well as potential suppliers regarding the development of innovative solutions which can be useful for their organizations; -lack of collaboration between responsible institutions (between MITA and LVPA). 	<ul style="list-style-type: none"> - innovation are fostered from the demand side; - reducing the risk for the developing of innovation by combining public and private financial sources; -attracting international new knowledge and suppliers. 	<ul style="list-style-type: none"> - financial support provided by the funds of EU ESIF and it is planned to reduce the amount of financial support; - lack of capacities of the Contracting Authorities and suppliers may hinder effective use of the funds. Thus, it can be decided to eliminate this financial instrument.

2. Balearic Islands (ES), by Balearic Foundation for Innovation and Technology

2.1. Updated description of the instrument based on the application form information

Support for the innovative and precommercial procurement is given under the priority axis number 1 (Research and Innovation) of the OP. Nevertheless, IPP will be supported by regional funds too.

As mentioned in the AF, the Balearic Islands Government was currently establishing a public procurement programme to promote the purchases made through this model by regional administration and thus achieve the target set by the national government for this purpose. With this initiative, the regional government wanted to boost the development of innovative new markets from the demand side, especially in the sectors fixed in the smart specialization strategy and in the Plan for Science, Technology Innovation and Entrepreneurship of the Balearic Islands.

In order to carry out a fruitful IPP instrument, the Directorate General of Innovation and Research has launched a tender with the aim that a consulting service company specialized in IPP performs an IPP demand map of all ministries that depend on the government and the instrumental public sector of the Balearic Islands. In this way, a list of unsatisfied or partially satisfied market needs will be drawn up and identified. These needs are not covered through conventional contracting procedures but with IPP can be satisfied.

Once the demand will be identified, the Directorate General will launch public consultations to the market through an Entrepreneurial Discovery Process to identify the innovative and technological capacity of the market to satisfy and to match the demand side. This matching is the first step to allow that all ministries and public bodies may contract services in both precommercial and innovative public procurement.

***Programme for Innovation
Procurement in the
Balearic Islands under
ERDF***

Responsible body:



G VICEPRESIDÈNCIA
O I CONSELLERIA
I INNOVACIÓ
B RECERCA I TURISME

Geographical coverage:

Balearic Islands (regional)



2.2. Governance

The reason why a tender is launched to identify the needs of the different ministries is that there is no joint protocol. Each one has different needs and there is no common procedure. In this sense, the Directorate General of Innovation and Research, which is the one who has the competences, intends through this tender to identify the needs of each one and carry out a joint plan with the aim of centralizing and making the IPP a homogeneous process with a single protocol of action. This protocol will have to be determined according to the needs identified.

In addition, the legislation of the IPP is not determined by the Balearic Islands region, but rather it is national legislation that is not always adapted to the real needs of each different region. This fact and that the several ministries of the government of the Balearic Islands have its own budget hinders a joint IPP protocol.

2.3. Entrepreneurial discovery process

By the moment any EDP has taken place but it is a priority for the Government of the Balearic Islands to carry out one as mentioned in the policy instrument description to involve all possible stakeholders in order to perform a map from the offer side. In this sense, it is planned to make one EDP session in each of the three islands that belong to the region of the Balearic Islands. In each session, companies will be consulted about what transforming projects they have and what technologies they should incorporate. In addition, they will be consulted what level of funding they are willing to assume. With this identified offer map, it will be verified if public research organizations have the technologies to be able to implement them.

2.4. RIS3 priorities

Our instrument depends directly on the ERDF as a Specific objective of the investment priority PI 1.B of the thematic objective. Therefore, as RIS3 also depends on this priority both are aligned. Nevertheless, if there are existing needs that are not into the RIS3 strategy there will be covered by own funds from the Government of the Balearic Islands due to these needs could correspond to global innovation trends.

2.5. Monitoring and evaluation

As the IPP in the Balearic Islands is still in a very early stage, and both demand and offer maps are still not identified, a monitoring mechanism is not implemented yet. However, at least the following achievement indicators will be expected:

Number of stakeholders	Number of precommercial PP
Number of enterprises	Number of innovative PP
Number of potential offers	Budget of each tender
Number of potential needs/demands	

2.6. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - The financial support is available; - IPP is aligned with RIS3; - Powerful Science and Technology System in the strategic sectors of the RIS3; -The region has thematic clusters to identify potential bidders 	<ul style="list-style-type: none"> - Lack of visibility of the potential innovative offer; - Lack of strategic and homogenous vision in the IPP definition by the public administration; - Lack of control of regional authorities, - Dependence of the national IPP law that may not be adapted to specific regional needs - Long periods of contracting in the administration 	<ul style="list-style-type: none"> - Innovation are fostered from the demand side; - Reducing the risk for the developing of innovation by combining public and private financial sources; - Generate attractive innovative ecosystems to attract knowledge and capital; -Need to innovate in the public administration 	<ul style="list-style-type: none"> -Financial support provided by the funds of EU ESIF and it is planned to reduce the amount of financial support; -Lack of capacities of the Contracting Authorities and suppliers may hinder effective use of the funds. Thus, it can be decided to eliminate this financial instrument.

3. Tampere (FI), by The Baltic Institute of Finland

3.1. Updated description of the instrument based on the application form information

Challenge in the current situation is that in practice there is no support given for IPP in regard to Tampere Region ESIF-financed projects. Therefore, innovation public procurement has not been used much in ESIF-funded projects. A major challenge is that the procurement regulations in the region are even stricter than the national procurement legislation

IPP under the national ESIF programme of Finland 'Sustainable growth and jobs 2014-2020, priority axis 1'

Generally, the calls for applications look for projects that improve competitiveness of SMEs, produce new knowledge or enhance low carbon economy. The ESIF-funding that is left in this programming period (currently ongoing call for applications and a call that will be opened in the beginning of next year) is targeted at projects that utilize artificial intelligence and develop the social- and healthcare innovation environment. In both themes IPP is an important tool and it is expected that upcoming projects will utilize IPP.

Responsible body:



During iBuy, Tampere Region will assess already funded projects and their procurement processes and identify in which procurements IPP would have been beneficial. It is expected that in the final ESIF call in the beginning of 2019 IPP will be mentioned and projects will be recommended to utilize IPP.

Geographical coverage:

Tampere (regional)



3.2. Governance

Council of Tampere Region is the managing authority of the ESIF programme in the Western Finland area.

Currently there is a regional reform ongoing in Finland. This means that the structure, services and financing of health and social services and the duties of regional government will all be reorganized. Related to the reform new strategic procurement policy will be implemented from 2020 onwards. National legislation requires that regions set aims for innovation public procurement. Each region make and implement a strategy to produce social and healthcare services and decides which part of services will be procured to enhance innovativeness and cost efficiency. iBuy will provide input to this process.

3.3. Entrepreneurial discovery process

EDP is currently used in some ongoing systemic trials, pilots and demonstrations as part of RIS3 implementation in all regional activities. As an example, there are several projects related to circular economy and transport sector where IPP is crucially important. New ESIF-financed projects are also expected to bring something new to EDP.

3.4. RIS3 priorities

Regional RIS3 priorities in the Tampere Region are 1) Digital manufacturing, 2) Smart city solutions, 3) Circular economy and 4) Health & wellbeing services and systems. RIS3 is in line with regional strategy and regional programme that implements strategy. RIS3 in Tampere Region includes also the working methods that are recommended to utilize in RIS3 implementation. The working methods include Systemic trials, pilots and demonstrations that are implemented with help of IPP and market dialogue. RIS3 in Tampere Region has been formulated so that it supports participative innovations, development of platforms and cross-sectoral and cross-organisational co-development to enhance all new solutions that are in line with global trends.

3.5. Monitoring and evaluation

At the moment there is no monitoring/evaluation mechanism related to IPP. We expect to develop this as part of iBuy project.

3.6. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<p>-City of Tampere is a national forerunner in IPP as they have made a toolbox and roadmap for IPP and City has gained lot of good experiences on different ways to implement IPP</p> <p>-Regional RIS3 supports IPP in regional development and innovation activities</p>	<p>-Last call for ESIF-funding in this programming period will be in beginning of 2019</p> <p>-So far the IPP has not been mentioned in the financing criteria</p> <p>-Procurement regulations related to ESIF-programme are even stricter than the national regulation.</p>	<p>-New programming period can raise new opportunities in the operational environment</p> <p>-The current trials and pilots can bring new knowledge on IPP possibilities</p>	<p>- Lack of resources</p> <p>- Lack of knowledge on how to utilise IPP in practice</p>

4. Bucharest-Ilfov (RO), by the Agency of Regional Development of Bucharest-Ilfov

4.1. Updated description of the instrument based on the application form information

The Regional Operational Programme (ROP) aims at promoting smart sustainable and inclusive growth in all regions in Romania making them more attractive places in which to live and work. The programme addresses the major development challenges for Romania: regional competitiveness, sustainable urban development, the low-carbon economy, and economic and social infrastructure at regional and local level.

**Programme for Innovation
Procurement in the
Balearic Islands under
ERDF**

More than 80% of the ROP 2014-2020 budget is financed through the European Regional Development Fund (ERDF). At the national level, the thematic priorities are *Technical Assistance, Research and innovation, Education and training, Better public administration, SMEs competitiveness, Low-carbon economy, Environment and resource efficiency, Transport and energy networks, Employment and labour market and Social inclusion.*

Responsible body:



At this stage, the Programme does not include any specific actions to be financed for developing innovative public procurement. It is an objective of ADRBI that by participating to this project to be able to propose measures for the development of this particularly important domain of procurement.

Geographical coverage:

Bucharest-Ilfov (regional)

Considering the specific strengths of the Bucharest-Ilfov region it is envisaged that IPP measures to be implemented in relation with IT/software and electronic industry. Nevertheless, only constant and intense contacts and discussions with the stakeholders shall determine a clear path for IPP development.

4.2. Governance

The Ministry of Regional Development and Public Administration is the Central Authority responsible for designing, drafting, implementing, monitoring and launching calls for projects for the Policy instrument mentioned above – Regional Operational Programme. At regional level, the Policy instrument is

implemented via intermediary bodies - Regional Development Agencies, where projects are submitted for assessment, contracting, monitoring and verification. Also, development strategies are assessed and issued by the regional bodies, offering support to relevant institutions from their respective regions.

It is an opportunity for ADRBI that by using the information obtained during iBuy implementation to try to influence the policy instrument in order to develop innovative public procurement.

4.3. Entrepreneurial discovery process

During the design of the policy instrument participatory approaches were used by the Managing Authority. However, consultations were initiated only related to the thematic priorities listed above – consequently not including IPP.

It is certain that extending participatory approaches would be useful to be developed further on. From the very first steps of identifying the most promising domains for using IPP until the final elements of the process of policy implementation a well set *Entrepreneurial discovery process* is a must. This together with a relevant selection of stakeholders shall increase the chances of a clear defined action plan.

4.4. RIS3 priorities

The process of RIS3 elaboration in Romania is not a national one but at the level of the regions. Not all the development regions in Romania adopted a RIS3 document, and in this context Bucharest-Ilfov Region is in the process of initiating the elaboration of a first draft.

Considering these circumstances, different channels need to be used for the improvement of the policy instrument. One of them could be the Regional Development Plan – strategic document approved by the Regional Development Board – document that is revised whenever is necessary.

4.5. Monitoring and evaluation

For the measures financed by the Regional Operational Programme, both the Central Authority and the regional Intermediary Bodies have a European certified monitoring system in place. The system was created in order to follow up on progress made on the programme's implementation, to oversee the work done by the relevant departments and also the progress made on individual projects – and is EU accredited.

However, since IPP is not a thematic priority at this stage, there are not defined specific indicators in this respect. During the stakeholder meetings and as a result of the entrepreneurial discovery process particular relevant indicators (both qualitative and quantitative) is intended to be introduced. Input from the project partners would be also very helpful during the process.

4.6. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<p>- ADRBI capacity to initiate and influence the processes of consultation regarding influencing the policy instrument.</p>	<p>- It is difficult to determine reallocation of funds to new measures at this stage of implementation of the Regional Operational Programme.</p>	<p>- An increase of the interest regarding using public procurement to stimulate different areas (such as green procurement).</p> <p>- International input from iBuy project.</p>	<p>- Uncertainty regarding cohesion funds starting with the next programming period.</p> <p>- A certain feeling of being afraid of new approaches such as innovative public procurement.</p> <p>- The capacity of the institutions involved to develop terms of reference demanding innovative solutions.</p> <p>- The capacity of the suppliers to deliver the innovative solutions requested.</p>

5. Sterea Ellada (EL), by the Regional Government of Central Greece

5.1. Updated description of the instrument based on the application form information

The policy instrument aims at upgrading and leveraging regional research infrastructures, as well as at promoting cooperation and partnership opportunities between the Region, regional SMEs and research centers. This is expected to increase the capacity for innovation of local production stakeholders in sectors highlighted by the regional RIS3, while having positive results in improving the quality of and diversifying local products, in developing new products and enforcing new production processes and in

raising the level of productivity and competitiveness. By promoting innovation throughout the regional research landscape, it is expected that local innovation will be triggered to provide innovative goods or services to the public authorities that will act as customers, leading to successful innovation public procurement projects.

No projects were funded or implemented regarding policy instrument 1a until today, as the Region of Sterea Ellada completed an entrepreneurial discovery process within 2017. Moreover, the specialization procedure for concrete actions to be funded started in the 4th quarter of 2017 and is expected to finalize during the second half of 2018. Additionally, within 2017 the Regional Council of Research and Innovation

was formed as the entity operating as coordinating body for the implementation of the regional smart specialization strategy. A different barrier for the activation of State aid actions under policy instrument 1a refers to the decision of the Special State Aid Office to design and enforce a standardized process and a specific configuration of the State Aid Information System, for simplifying and automating the setup of new calls for projects. The process was completed within the first half of 2018 and a call for policy instrument 1b has already been launched.

The call, with a total budget of 5M €, targets:

- Single SMEs (with an existing research department)
- Groups of SMEs independent of each other (with an existing research department in at least one of them)
- Business Partnerships between groups of SMEs and Research and Innovation Organizations (including universities).

Goal of the call is to fund selected research and development projects, for new products and/or services by existing SMEs in the Region of Sterea Ellada, regardless of their size and in two RIS3 sectors: agri-food and metal value chain.

Innovation Public Procurement programme under the Regional Operational Programme of Sterea Ellada 2014 – 2020, Priority Axis 01 “Strengthening research, technological development and innovation”, Investment Priority 1a

Responsible body:



Geographical coverage:

Sterea Ellada (regional)

5.2. Examples of initiatives related to IPP

The aforementioned call is expected to close on 17/10/2018.

A large PPI project (21M €) that is to be funded mainly by the Regional Operational Plan and by a diversity of policy instruments and investment priorities, refers to the new Business Park for the Restoration and Development of Inofyta. The project aims at solving the problem of the industrial sewage of the Asopos River, integrating a) demarcation, flood protection and other necessary territorial projects for the river and restoration of its natural bed and b) pollution and groundwater contamination protection actions and measures, including sanitation and rehabilitation measures for water and ecosystems in the river area.

5.3. Governance

The design and implementation of the current programming period 2014-2020, relating to Regional Operational Programme (ROP) funds, is the responsibility of the Region of Sterea Ellada in collaboration with the Special Managing Authority for the Operational Programme of Sterea Ellada. The Regional Council of Research and Innovation was formed as the entity operating as coordinating body for the implementation of the regional smart specialization strategy.

A typical issue for Greek public administration refers to the increased bureaucracy and lack a clear responsibility zones among all involved stakeholders. For instance, all Regions are waiting for a specific legislation update that will allow Managing Authorities to define Intermediate Management Organizations for managing State Aid Actions.

5.4. Entrepreneurial discovery process

Throughout the Regional Operational Programme lifecycle, the Region of Sterea Ellada and the dedicated Special Managing Authority have organized a diversity of open discussion and participation events such as open consultation events, technical meetings, informative seminars, dedicated meetings with possible contractors and entrepreneurial discovery methodologies. In this context, entrepreneurial discovery was and is still utilized in the context of Regional Operation Programme lifecycle horizontally.

5.5. RIS3 priorities

The regional RIS3 priorities were ex-ante considered in the design of the policy instrument addressed and will still be taken into account as far as its implementation is considered. In this context, the selection of projects to be funded will be based on an open, transparent and explicitly defined tender procedure, with informative resources, participation conditions and evaluation and funding criteria which are clearly defined and objective. Emphasis will be placed on applied research and on actions that promote RTDI in RIS3 priorities and present positive impact and multiple benefits for the whole regional economy.

5.6. Monitoring and evaluation

The policy instrument addressed does not own a dedicated monitoring system but operates under the Regional Operation Programme monitoring methodology.

The Special Management Authority of the Regional Operational Programme is the responsible body for the monitoring of the underlying indicators and their implementation progress.

The evaluation process aims at exploring the contribution of the strategy to achieving results (direct and long-term) as measured by the indicator system and its impact on the regional innovation system.

The evaluation goal is to:

- Investigate whether the results observed and reflected in the indicators have been generated due to the strategy and the specific actions or for different reasons
- Identify the additionality of the actions, i.e. to what extent the beneficiaries would carry out similar projects without public funding
- Identify the simplicity and efficiency in the management system and the minimization of management costs for the beneficiaries

The above questions can be explored during the implementation of the strategy, however a complete picture can be formed only after the completion of the interventions.

5.7. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> - Financial support is available - Existing mature legal environment after the important reform of the legislative framework in 2016 with the 4412/2016 Law on public procurement - Dedicated stakeholders in promoting innovation, such as the Regional Council of Research and Innovation and the Innovation Center "Open" Central Greece 	<ul style="list-style-type: none"> - According to the Regional Innovation Scoreboard 2017, the Region of Sterea Ellada is ranked as a "Moderate – Innovator" - Marginal 2.4% share in the country's gross expenditure on research & development - Limited country experience on innovative public procurement 	<ul style="list-style-type: none"> - Accepted proposal to OECD for technical assistance in acting as innovation demanders - A large PPI is already planned and under development 	<ul style="list-style-type: none"> - Suppliers with intense marketization and pre-commercialization gaps constitute barriers for successful public private partnerships - An unstable political and financial landscape which may significantly limit the interest of suppliers

6. Latvia, by Ministry of Economics of Latvia

6.1. Updated description of the instrument based on the application form information

Innovations in public tenders are still not highly developed in Latvia and the implementation of PPI in Latvia is still at early stage. Insufficient experience as PPI demanders and lack of awareness in formulating the correct requirements and criteria by changing the mindset from technical specification to functional specification approach are still a barrier for a wider use of PPI in Latvia.

To change the existing situation and to foster the growth of the innovation activities, development of action plan and launching the pilot projects are needed.

Moreover, RIS3 national priorities include the development of the PPI, which is defined in the Innovation section of the RIS3 monitoring report action plan which involves the following: “Develop the guidelines for the practical application of innovation partnership procedures and integrate innovation procurement requirements into all relevant RIS3 implementation programs. The first activities towards PPI implementation have been undertaken, like initial discussion and exchange of opinions with the experts of Ministry of Economics, Ministry of Finance and Procurement Monitoring Bureau of Latvia. The next planned steps will be the establishment of stakeholder group to involve relevant institutions which have an interest, experience and readiness to collaborate involving in the project realisation process. The stakeholder group will be focusing on the process of implementing the PPI in Latvia and work on the development of the action plan, by sharing the experience of each institution as well as the proposition towards the successful realisation of the PPI.

Parallel planned activities will be organizing initial meeting with several PPI demanders to start to identify their needs and possibilities for implementation of the PPI.

As well, the informative report is being planned to be submitted to the Cabinet of Ministers with the pre-set action plan and the deadlines for the performance tasks. After examining the existing situation regarding public procurement for innovation in different public institutions as possible PPI demanders and after identifying certain needs of demanders, it is planned to launch a pilot PPI. Gained experience and knowledge during pilot case, as well as raised awareness of policy makers of the implementation of PPI will allow to design user-friendly, and transparent guidelines providing smooth and easy procedures for implementation PPI.

***Innovation Innovation
Public Procurement under
the Latvian ERDF OP
linked to its RIS3***

Responsible body:



Ministry of Economics of the Republic of Latvia

Geographical coverage:

Latvia (national)



6.2. Governance

Ministry of Economics is responsible for the development and implementation of the state economics policy, thus being responsible also for developing and implementing innovation policy. More specifically there is a Unit of Innovation in the Department of Entrepreneurship Competitiveness which is responsible for the innovation policy and which is participating as a partner in the current iBuy project.

Ministry of Finance is responsible for the state financial management policy, development the policy for public procurement and related monitoring and controlling procedures.

Ministry of Education and Science is responsible for the development of the RIS3 strategy, as well as the development of the science policy. Potential responsibilities of the ministry may include the pre-commercialisation process management and the respective instrument implementation.

Ministry of Environmental Protection and Regional Development of the Republic of Latvia is responsible for the green procurement process.

Possible guidelines or strategy on development, implementation and monitoring processes regarding the public procurement for innovation will not be a contribution only by one of the mentioned above ministries. It will be a common input from all stakeholders, thus leading to the major challenge – to provide smooth information exchange, coordination and cooperation process in developing common principles, vision and transparent system on public procurement for innovation.

Concluding all the responsibilities of all the involved institutions there is a lack of the one stop shop within the PPI, as the competence responsibilities are being spread among the different institutions.

6.3. Entrepreneurial discovery process

It is planned that during development guidelines / strategy of the public procurement for innovation idea of entrepreneurial discovery process could be used. Ministry of Economics believes that EDP approach will help to identify potential opportunities that could emerge public procurement for innovation, help to integrate knowledge of business and help to assess the advantages / disadvantages of the process, thus also contributing to facilitation and improvement of the implementation process of public procurement for innovation. It is also planned to use the already existing platforms such as clusters and competence centres for the EDP process realisation.

6.4. RIS3 priorities

Investments of the EU funds under the OP priority axis 1 are contributed to implement defined national RIS3 priorities, to strengthen innovation capacity and to establish well-functional innovation system.

RIS3 priorities are built around the economic transformation and development perspectives, where the PPI is one of the solutions that can aid towards achieving the set priorities and goals, especially according to the extension of the R&D&I financing.

Therefore, national RIS3 priorities will be also considered for designing and implementing the policy of public procurement for innovation.

6.5. Monitoring and evaluation

To assess the progress of implementation of public procurement for innovation and afterwards to make any improvements or changes to the established system, it could be useful to introduce monitoring measures. One of the options is the RIS3 monitoring process, which in Latvia is being performed once in two years. Related issues should be discussed more thoroughly during designing the action plan for Latvia.

6.6. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
<p>-legal basis of innovation procurement procedure (innovation partnership procedure)</p> <p>- few cases known, which potentially could be considered as cases of the public innovation procurement, therefore the cases exist, and it is known what to look for</p> <p>-Procurement Monitoring Bureau of Latvia has a good competence in within the PPI processes</p>	<p>-lack of sufficient experience as innovation demanders</p> <p>-lack of strategy or guidelines for implementation public procurement for innovation</p> <p>-lack of the awareness about the potential innovation suppliers as well as no methods being known of how to research the presence of the potential suppliers</p> <p>-there is a lack of the one stop shop within the PPI, as the competence responsibilities are being spread among the different institutions</p>	<p>-to create an awareness of the public procurement for innovation</p> <p>-to establish some clear and smooth procedures of PPI implementation for the suppliers</p> <p>-to strengthen and increase competitiveness of suppliers & increase the possibility for demanders to choose the best solution;</p>	<p>-lack of interest or motivation to use PPI from the demanders side</p> <p>-significantly reduced or stopped financial support from the EU funds</p> <p>-prejudice of the complex procedures of the public procurement process, which could cause the lack of motivation to integrate in the process</p> <p>-there is a lack of the general political support</p>

7. Latvia, by Ministry of Economics of Latvia

7.1. Updated description of the instrument based on the application form information

POCI 2020 the national operational programme that among other objectives supports R&D and Innovation, under the two priority axis II (Strengthening SME competitiveness and reducing public context costs) and V (Strengthening of institutional capacity of public authorities and interested parties and the efficiency of public administration) has the potential to support public procurement of innovative products and services.

This possibility can be exploited through the System to Support the Modernization and Capacitation of Public Administration (SAMA 2020), which is aimed at supporting the operations that help to achieve the thematic goals and investment priorities concerning the improvement of access to ICT, and strengthening the institutional capacity of public entities and stakeholders and the very efficiency of Public Administration.

Typology of operations (ex.)

- 1- Integration of services with the entrepreneur's desk
- 2- Promote the provision of services using electronic authentication
- 3 - Cross-cutting measures to rationalize ICTs
- 4- Information security and information management systems
- 5 - Training for regulatory impact assessments

Beneficiaries

- Entities of the central administration of the state;
- Public enterprises, Public services providers;
- Other levels of the administration or other public and private entities under their activities without profit, under protocols held with central administration;

Eligible costs – Modernisation

- Consulting and Development Services;
- Computer equipment;
- Software;
- Protection of intellectual and industrial property from the results of the operation

Eligible costs - Capacitation

- Charges with trainees;
- Charges with trainers;
- Internal Trainers;
- External Trainers;
- Expenses with accommodation, meals and transport of trainers;
- Other charges incurred in carrying out the operation

***Innovation Public
Procurement under the
Competitiveness and
Internationalisation OP
(POCI)– Compete 2020***

Responsible body:



Geographical coverage:

Latvia (national)



5.2. Examples of initiatives related to IPP

There are among others, several emblematic projects which have been given funding support:

- 1) Tax authority portal – *Portuguese Tax Authority*;
- 2) Simplification and dematerialization of acts and registration procedures - *Registry and Notary Institute*
- 3) e-agenda - Electronic scheduling of health services – *Central Administration of the Health System, I.P*

5.3. Governance

POCI is managed by the management authority COMPETE 2020 which is a state central administrative structure in the dependence of the Secretariat of State for Development and cohesion of the Ministry of Planning and Infrastructure. The Administrative Modernization Agency (AMA) is an intermediate entity that manages SAMA, and the public institute that exercises the powers of the Prime Minister's Office in the fields of administrative modernization, simplification and digital administration, under the supervision and tutelage of the Deputy Secretary of State for Administrative Modernization.

A competence centre on public procurement of innovation is needed in one hand to support the creation of a strategic framework and an action plan for the procurement of innovation, and on the other with supportive services to procurers.

With this respect, ANI received a mandate from the government from march 2018 to deepen concepts and to promote PPI. A clear guidance for an articulation with other stakeholders, namely the Institute of Public Markets, Real Estate and Construction (IMPIC), the national regulator of public procurement, was pointed out. Since this mandate was given, ANI has been working together with IMPIC to set up a model of agreement between both stakeholders in order to promote, at the national level, the development of a strategic framework and an action plan for PPI. In this context three strategic objectives were identified: 1) to create a strategic framework and action plan for the procurement of innovation; (2) to organize a centre of competencies / support services for public buyers, in PPI; (3) to design financial instruments to support contracting entities, to carry out PPI.

5.4. Entrepreneurial discovery process

POCI – Compete 2020 as previous operational programmes oriented to support R&D and Innovation was developed using formal consultation processes and participation of a relevant group of stakeholders. Under the scope of POCI, SAMA is a 2nd generation instrument developed from the predecessor operational programme QREN – 2007-2013, that has benefited for the actual design from the experience of the first implementation and the consultation performed.

5.5. RIS3 priorities

Public procurement is highlighted in RIS3 as a major lever for the development of emergent sectors with strong public intervention such as health, construction and sea economy. RIS3 priorities are considered for

the implementation of POCI-2020 according to the National and Regional Smart Specialization Strategy approved under the ex-ante conditionality of RIS3.

5.6. Monitoring and evaluation

Monitoring/ evaluation of this policy is part of the monitoring system of the whole OP.

5.7. SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
- The support of the System to Support the Modernization and Capacitation of Public Administration (SAMA 2020), is at a high political level priority.	- The operation merit referential of SAMA, doesn't promote "Innovation" significantly; - Projects should be concluded in 24 months	- The National Strategy for R&D and Innovation 2018-20130 addresses procurement of innovation, indicating the concept of partnership for innovation should be deepened.	- There is not a strong and stable strategic policy framework and a national action plan for procurement of innovation. - The boundaries of the concept of public procurement of innovation are not properly defined



European Union
European Regional
Development Fund