

## Urban Agenda for the EU

### Innovative and Responsible Public Procurement Partnership

#### **Action 3** **Financing Innovative Procurement**

A review of the role of EU funds in supporting innovative procurement  
and recommendations for future funding

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*Disclaimer*

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# Executive Summary

Using public procurement and the procurement of innovation as a strategic management tool, cities can significantly increase the positive impact on their social, economic and environmental objectives. And yet, innovative and responsible procurement is sometimes more expensive than traditional procurement (e.g. market failure, additional time and staff resources). Cities need financial support to be able to develop internal capabilities, new organisational processes and learn from existing experiences in this field (including circular procurement, social responsibility through procurement, procurement of innovation and cross-border innovative procurement). An array of EU funding exists to support such practices within and across European cities, but these are not always known to urban procurement practitioners.

This paper aims at addressing such gap by providing a simple and practical overview and quick assessment of the most relevant financing opportunities available through the European Union – including support to cross-border procurement, procurement of innovation as well as social, green and circular (strategic) procurement. It also provides concrete recommendations on how the revised funds can further support local uptake of innovative procurement, by addressing the main challenges and needs faced by urban practitioners willing to experiment with innovative procurement practices.

This short study is a result of the analysis of a selection of relevant projects financed by the EU to support innovative procurement, followed by strategic interviews held with some of the professionals responsible for such projects and financing instruments. The result is as a reflection on how to strengthen the effectiveness and efficiency of these funds in 2021-2027, as well as an insight for practitioners interested in understanding how EU financing support can help their work at local level.

# 1 Financing for innovative procurement

## 1.1 Focus of financial support: innovative procurement challenges and needs

Innovative procurement is certainly an opportunity for cities, but it is also a challenge for those procurement practitioners sincerely intentioned to experiment with it. The discussions held within the Urban Agenda Partnership highlighted a number of those challenges, which have to be necessarily addressed in order to support a greater uptake of innovative procurement initiatives across the EU:

- **A new understanding of (and approach to) procurement** is the first challenge for local practitioners. Innovative procurement is above all about endorsing a new understanding and mind-frame of urban procurement practices, by essentially introducing a degree of uncertainty and risk that has to be addressed. Innovative procurement essentially implies a shift from solutions to be procured to challenges to be addressed. This implies a focus on the process to be set-up for assessing and investigating the possible options available rather than clearly specifying the features of the solutions requested. This is a pivotal shift in the context of highly regulated and transparent public procurement procedures, where any type of risk and uncertainty is avoided for very good reasons. This approach requires a completely new mind- and skill-set.
- **Consequent change in procurement process and organisational structures** is required, so to make such new approach fully operational. This is not an easy change to implement as it implies high-level managerial and even political understanding and endorsement. It also implies structural changes rather than specific adoption of new tools or technologies. This is a difficult task to implement in complex organisations and typically only works if implemented through a series of well-designed 'small changes' carried out through time. Not an easy task to be implemented by public procurers alone and without any knowledgeable external support.
- **Testing the approach through pilot initiatives** is essential to fully understand how innovative procurement can be concretely endorsed (in either one or more cities sharing similar needs and ambitions). These pilots require sound preparation, understanding of theoretical and practical aspects of innovative procurement, including through learning from existing practices, and setting up the specific infrastructures and actions needed for allowing the pilot itself.
- **Streamlining innovative procurement practices and setting up monitoring mechanisms** are then the final steps in fully endorsing procurement innovation at the city level. These further actions require specific know-how and expertise, as well as dedicated resources to ensure high-quality systems and structures (including but not exclusively related to ICT). Mechanisms to measure and monitor how much public spending is supporting city overall objectives.

These are all aspects for which access to external financial support is pivotal, as cities often do not have the adequate resources, capacity and/or expertise needed to address such challenges. The good news is that a range of EU financing initiatives are available and have been used in the past to support innovative procurement practices at the city level. Although some changes for the 2021/2027

Multiannual Financial Framework<sup>1</sup> are foreseen, we expect the bulk of such opportunities to remain available in the future. It is essential for local practitioners to familiarise with such opportunities.

## 1.2 Background to this paper: a limited use and awareness of EU financing

To understand the extent to which urban procurement practitioners are actually familiar with existing EU financial support, a survey was conducted between March and April 2019 as part of the activities of the Urban Agenda Partnership on Innovative and Responsible Public Procurement. The survey targeted a limited albeit diversified sample of organisations (23 amongst municipalities, regional authorities, universities, NGOs, governments, etc.) across EU Member States (BG, CZ, FI, FR, IT, NL, NO).

Although it focussed on the broader set of priorities and needs of practitioners with respect to innovative procurement, the survey also assessed the extent to which EU practitioners in the public procurement community are aware and make use of EU financial support. Few questions were in fact added to assess the actual level of familiarity and usage of the different EU (and national) funding programmes to support innovative procurement among cities and regions.

As a result, the survey provided useful insights on the use of financing sources to foster innovative procurement, as well as the needs of actors when it comes to the use of these funds.

**Figure 1 Responses to the survey: what type of activities could be supported through EU financing?**

	Average rating out of 5
Knowledge sharing, good practices exchanges	★★★★☆ 4.2
Support to set up structures/procedures/processes	★★★★ 3.4
Finance innovative procurement sustainably through time	★★★☆☆ 3.1

Source: Urban Agenda's Public Procurement Survey (May 2019)

A clear element that emerged is the need for financing at national and/or EU level to support knowledge sharing and exchange of good practices. Innovative procurement is a relatively new practice, particularly amongst urban stakeholders, and, as such, public financing is vital to allow for access to knowledge and exchange of best practice.

Financial support is equally important to allow for proper implementation of innovative procurement practices within and across cities, through the support of new structures/procedures (internal routines, new units and/or competencies, etc.), by mitigating the risk that might come with innovative procurement practices, and by financing their sustainability in the long period.

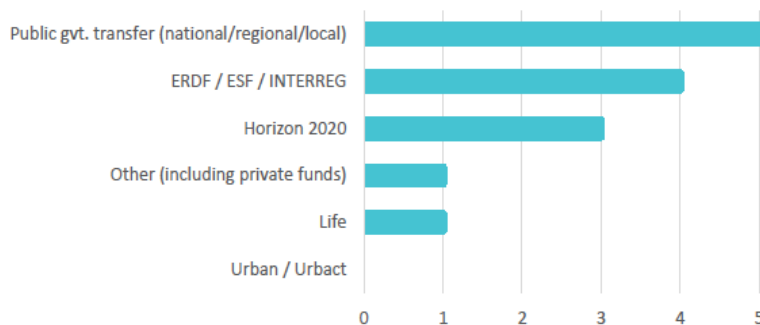
Large part of the survey's respondents seemed to be mostly familiar with national funds, when it came to access sources for financing their activities. To some extent, though, EU funds were also used in the past, notably those under EU and member states shared-management (ERDF, ESF) and

<sup>1</sup>[https://ec.europa.eu/info/strategy/eu-budget/documents/multiannual-financial-framework/2021-2027\\_en](https://ec.europa.eu/info/strategy/eu-budget/documents/multiannual-financial-framework/2021-2027_en)

The European Commission 2021-2027 MFF reflects on a number of essential changes which have an impact on the actual allocation of resources. Amongst those, the financial consequences of the UK's withdrawal from the EU, as well as the integration of the European Development Fund (EDF) into EU budget - hence the MFF. These will also be reflected in changes in the specific programmes, funds and distribution of spending across those (e.g. including new dedicated initiatives in the field of urban policy).

in some cases EU directly managed programmes (Horizon 2020, INTERREG, LIFE). Funds dedicated to specifically support urban development (URBAN INNOVATIVE ACTIONS, URBACT) were not identified as a source used for innovative procurement, however this could be linked to the limited knowledge of these funds from the respondents.

**Figure 2 Financing streams mostly used by survey respondents for innovative public procurement**



Source: *Ibid.*

The reasons for a relatively limited use of EU financial support to foster innovative procurement practices varies, depending of a different level of direct expertise across practitioners and countries. But two main factors seem to provide an obstacle for a full access to available resources:

- **EU financing involves lengthy and complex application processes**, with consequent management and reporting duties being particularly time-consuming for local practitioners – local practitioners are usually very busy in managing daily activities and cannot devote sufficient time to such extra tasks, or even lack of the specific competences required. More often, EU financing is seen by local procurement practitioners as an additional risk instead of an opportunity, because EU financing involves lengthy and complex application processes. Most local procurement practitioners are focussed on meeting the conditions for procurement cycles and have limited flexibility.
- **General awareness of EU financing by urban procurement practitioners remains low** across the EU – often due to the disconnection at city level between offices in charge of EU financing and procurement offices more familiar with EU programming in general.

These two aspects represent a major obstacle to use of EU funds to support the uptake of innovative procurement practices at city level across the EU. Therefore, resulting challenges in the use of EU funds can be information overload (no single point of access), internal procurement barriers (notably, mismatch of projects and procurement cycles, and chances for innovation which are “gone”), fear of administrative burdens to follow-up funding/applications, language barriers, limited political awareness for the internal need of procurement innovation, risks of failure and damaged reputation.

Addressing all those aspects goes clearly beyond the scope and ambition of this short paper. However we believe that a step towards greater adoption can already be made by providing a clear and simple overview of the main sources of financing for local innovative procurement, as well as insights for policymakers in charge of the simplification and structuring of the future EU programming cycle.

## 2 Overview of relevant financing initiatives

### 2.1 Main financing options to date (MFF 2014/2020)

A good overview of the various streams of EU financial support available in the current Multiannual Financial Framework (MFF 2014/2020) is provided by the Covenant of Mayors website. The figure provides a synthesis of different groups of funding programmes and financing instruments, based on the type of support they provide and their functioning.

**Figure 3 Overview of various EU financing streams and specific initiatives available within those**

Structural Investment Funds (ESIF)	European Funding Programmes	Support through DGs Actions	Financial Instruments (FIs)
Cohesion Fund (CF)	Horizon 2020	EAFIP	ELENA
Regional Development (ERDF)	COSME	Green Procurement	URBIS
Social Fund (ESF)	Urban Innovation Actions (UIA)	Big Buyers Initiative	EIHA
Agriculture and Rural Development (EARDF)	URBACT		
Maritime and Fishery Fund (EMFF)	INTERREG		
	Connecting Europe Facility (CEF)		
	LIFE		

Source: Developed for this study (building on the work of the Covenant of Mayors)<sup>2</sup>

The different sources of funding may help in different ways local practitioners to foster innovative procurement practices. For example, some directly managed financing sources focussed more towards international pilot activities, while co-managed funds and support from financial instruments geared more towards local capacity and knowledge support (see figure below). And yet each specific source of financing has its own goals and scope of action, as further detailed in the figure below.

**Figure 4 Overview of different topics and geographical scopes for the various EU financing streams**



Source: Developed specifically for this paper

<sup>2</sup> <https://eumayors.eu/support/funding.html>



A first group is the **European Structural and Investment Funds (ESIF)** which are channelled through Operational Programmes co-managed with EU Member States. This group includes a number of specific funding programmes and instruments, including the following:

- *Cohesion Fund (CF)*<sup>3</sup> encourages investments in priority trans-European transport networks and investments related to energy or transport that benefit the environment in terms of energy efficiency, use of renewable energy, developing transport and supporting intermodal transport;
- *European Regional Development Fund (ERDF)*<sup>4</sup> supports economic growth, job creation and reduction of regional disparities in competitiveness of small and medium-sized enterprises, low-carbon economy, etc.;
- *European Social Fund (ESF)*<sup>5</sup> supports the adaptation of skills and qualifications and related institutions for the creation of new business models and jobs accelerating sustainable development and poverty alleviation;
- *European agricultural fund for rural development (EAFRD)*<sup>6</sup> focuses on resolving the particular challenges faced by EU's rural areas and sustainable agricultural practices;
- *European Maritime and Fisheries Fund (EMFF)*<sup>7</sup> helps coastal communities in diversifying their economies, it finances projects that create new jobs, and improve quality of life along European coasts.

Amongst these funding mechanisms, **ERDF and ESF** are particularly relevant in the support provided to foster innovative procurement practices. These will be further discussed in the next section. EAFRD and EMMF may also support innovative procurement, but they address specific sectoral issues, notably in rural and maritime policy, and are generally less relevant for urban authorities.

A second group is **directly managed by the EU (Directorates General, Agencies or secretariats)** through specific grants and dedicated objectives. This group includes the following funding programmes:

- *Horizon 2020 (H2020)*<sup>8</sup> is the biggest EU Research and Innovation programme, which aims at achieving smart, sustainable and inclusive economic growth by addressing a wide range of specific challenges;
- *COSME*<sup>9</sup> supports Competitiveness of Enterprises and SMEs in the EU by encouraging entrepreneurship and supporting greater access to finance, access to market and better framework conditions;
- *Urban Innovative Actions (UIA)*<sup>10</sup> provides urban communities with resources to test innovative solutions to address their challenges, see how these work in practice and respond to the complexity of real life;
- *URBACT*<sup>11</sup> enables cities to work together and develop integrated solutions to common urban challenges, by networking, learning from one another's experiences, drawing lessons and identifying good practices;

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<sup>3</sup> [https://ec.europa.eu/regional\\_policy/en/funding/cohesion-fund/](https://ec.europa.eu/regional_policy/en/funding/cohesion-fund/)

<sup>4</sup> [https://ec.europa.eu/regional\\_policy/en/funding/erdf/](https://ec.europa.eu/regional_policy/en/funding/erdf/)

<sup>5</sup> <https://ec.europa.eu/esf/home.jsp>

<sup>6</sup> [https://ec.europa.eu/regional\\_policy/en/policy/what/glossary/e/european-agricultural-fund-for-rural-development](https://ec.europa.eu/regional_policy/en/policy/what/glossary/e/european-agricultural-fund-for-rural-development)

<sup>7</sup> [https://ec.europa.eu/fisheries/cfp/emff\\_en](https://ec.europa.eu/fisheries/cfp/emff_en)

<sup>8</sup> <https://ec.europa.eu/programmes/horizon2020/en>

<sup>9</sup> [https://ec.europa.eu/growth/smes/cosme\\_en](https://ec.europa.eu/growth/smes/cosme_en)

<sup>10</sup> <https://www.uia-initiative.eu/>

<sup>11</sup> [https://ec.europa.eu/regional\\_policy/EN/atlas/programmes/2014-2020/europe/2014tc16fir003](https://ec.europa.eu/regional_policy/EN/atlas/programmes/2014-2020/europe/2014tc16fir003)

- *INTERREG*<sup>12</sup> supports cross-border and transnational cooperation to foster innovation across EU regions and their Neighboring Countries;
- *Connecting Europe Facility (CEF)*<sup>13</sup> supports high performing, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services;
- *LIFE*<sup>14</sup> supports innovative projects that demonstrate new techniques and methods in the area of environmental sustainability, also combined with other sources of support to maximise their impact over a large area.

Amongst these programmes, **Horizon2020**, **COSME**, **INTERREG**, **the Urban Innovative Action (UIA)** and **URBACT** are particularly relevant to foster innovative procurement practices.

A third group are the thematic and support platforms often funded by the European Commission for a specific amount of time, including:

- *European Assistance for Innovation Procurement (EAFIP)*<sup>15</sup> supports public procurers across Europe in developing and implementing innovation procurement;
- *Green Public Procurement* represents a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, serviced and works with the same primary function that would otherwise be procured<sup>16</sup>;
- *Big Buyers Initiative*<sup>17</sup> promotes collaboration between big public buyers in implementing strategic public procurement.

These are all essential practices, and an example for EAFIP is provided in the annexes to this paper.

A final group is that of financing opportunities promoted through **Financial Instruments** managed by a range of related agencies (e.g. EIB). These include financial loans, guarantees, equities and other risk-bearing mechanisms to support innovation projects in addition to advisory services. Amongst these instruments, this paper provides examples in the support provided by advisory services which includes innovation procurement, such as **ELENA**<sup>18</sup> and **URBIS**<sup>19</sup>.

Other alternative sources of financing beyond what provided by the EU, for example financial support provided at the national levels. Their relevance as a source of financial support for fostering innovative procurement at the cities level should not be neglected. Nevertheless, as they are out of the scope of our analysis and are not reviewed in this paper.

## 2.2 Examples in the support provided for innovative procurement

Based on the overview proposed in Section 2.1, a selected number of project examples are presented in this section across the most relevant EU financing streams. Further details are provided in the Annexes to this paper, with the intent to provide a practical overview of the: challenge(s) addressed

<sup>12</sup> [https://ec.europa.eu/regional\\_policy/fr/policy/cooperation/european-territorial/](https://ec.europa.eu/regional_policy/fr/policy/cooperation/european-territorial/)

<sup>13</sup> <https://ec.europa.eu/inea/en/connecting-europe-facility>

<sup>14</sup> <https://ec.europa.eu/easme/en/life>

<sup>15</sup> <https://eafip.eu/>

<sup>16</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52008DC0400>

<sup>17</sup> <http://www.sustainable-procurement.org/big-buyers-initiative/>

<sup>18</sup> <https://www.eib.org/en/products/advising/elena/index.htm>

<sup>19</sup> <https://eiah.eib.org/about/initiative-urbis.htm>

(“why”), project features (“how”), partners involved and geographic scope (“whom”), results achieved (“what”).

### European Structural and Investment Funds (ESIF)<sup>20</sup>

ESIF includes five different streams of financing covering a wide range of territorial challenges, as broadly discussed in Section 1.1. The ones we focus upon are the Structural Funds and notably the:

- **European Regional Development Fund (ERDF)** supporting structural adjustment of regional economies towards economic change and enhanced competitiveness;
- **European Social Fund (ESF)** supporting regional policies for participation of workers in the labour markets, social inclusion of disadvantaged people, combating all forms of discrimination.

These funds are co-managed by the EU Member States and as such they largely respond to call promoted by European regions (but also at the national level) as part of their Operational Programmes (OPs). Those programmes and calls are therefore very specific to the needs and the priorities identified locally, in line with the broader EU Priorities. Amongst those, innovative public procurement can be foreseen as a direct objective (e.g. as part of infrastructural and institutional support in the ERDF), or a means for social policy results (ESF).

With respect to the abovementioned funds and their relation to innovative procurement, in Annex we present:

- *On-line Procurement Procedures for the Liguria Region in IT (ERDF);*
- *Promotion of LivingLabs for innovation purchasing in the Apulia Region in It (ERDF);*
- *Introducing Sustainable Procurement practices in the National Procurement Agency in SE (ESF).*

### Horizon 2020<sup>21</sup>

Horizon 2020 the largest of the centralised EU funds and its dedicated to supporting research, innovation and market uptake of such innovation. The fund is centrally managed by the EU (DG RTD in cooperation with other relevant thematic DGs) and as such address challenges and scope which are by definition pan-European and have a high-profile in the EU policy agenda. Theoretical examples of the support of Horizon2020 towards PCP/PPI practices are provided by the EU<sup>22</sup> and the various projects supported are available in a dedicated website<sup>23</sup>.

In addition to support innovative procurement through the ‘traditional’ calls for proposal which are aiming at specific challenges such as smart cities or innovation solution in mobility, climate adaptation, etc., Horizon2020 covers specific type of actions or calls for proposal focusing on procurement:

- **Pre-Commercial Procurement (PCP)<sup>24</sup>:** procurement of R&D services, involving risk-benefit sharing under market conditions and competitive development in phases. PCP offers a way for public procurers to share risks and benefits of procuring R&D and to address challenges of public interest for which no satisfactory technological solution is available on the market yet. Procurement of R&D services is separated from the deployment of commercial end-products;
- **Public Procurement of Innovative Solutions (PPI)<sup>25</sup>:** procurement practice in which public procurers act as launching customers of innovative goods or services which are not yet available

<sup>20</sup> [https://ec.europa.eu/regional\\_policy/en/policy/what/glossary/e/esif](https://ec.europa.eu/regional_policy/en/policy/what/glossary/e/esif)

<sup>21</sup> <https://ec.europa.eu/programmes/horizon2020/en>

<sup>22</sup> [http://ec.europa.eu/information\\_society/newsroom/image/document/2016-37/synergies\\_innovation\\_procurement\\_updatewp2017\\_16968.pdf](http://ec.europa.eu/information_society/newsroom/image/document/2016-37/synergies_innovation_procurement_updatewp2017_16968.pdf)

<sup>23</sup> <https://ec.europa.eu/digital-single-market/en/eu-fundedprojects>

<sup>24</sup> <https://ec.europa.eu/digital-single-market/en/pre-commercial-procurement>

<sup>25</sup> <https://ec.europa.eu/digital-single-market/en/public-procurement-innovative-solutions>

on a large-scale basis and may require conformance testing. This is applicable when contracting authorities/entities, possibly in cooperation with additional private buyers, act as a lead customer for the procurement of existing innovative solutions (not the R&D services to develop them) that are not yet available on large scale commercial basis due to a lack of market commitment.

On this basis, some selected examples including both PCP and PPI are presented in the Annexes:

- *Select and Fabulous (supporting PCP)*;
- *Stop&Go and Procure2Innovate (supporting PPI)*.

### URBACT<sup>26</sup>

URBACT helps cities to develop pragmatic solutions that are new and sustainable and that integrate economic, social and environmental urban topics. It does so by supporting capacity building and enabling European cities to work together to develop effective and sustainable responses to major urban challenges in a range of topics. Amongst those, strategic planning and the interplay with innovative procurement. The project *Procure (driving innovation in public procurement)* is presented in Annex as an example of the relevance of the finding for this purpose. URBACT also currently has a Transfer Network based on the Good Practice of Preston City Council around how Cities can Measure Spend and subsequently influence approaches to procurement.

### Urban Innovative Actions (UIA)<sup>27</sup>

UIA provides urban areas throughout Europe with resources to test innovative solutions to address their challenges, see how these work in practice and potentially disseminate and promote them more broadly at the EU level. Beneficiaries of the UIA Initiative are urban authorities, as well as all relevant urban stakeholders essential to design and implement effective and innovative solutions (local agencies, public organisations, enterprises, research institutes, NGOs, etc.). As part of these collaborative projects innovative procurement can be supported, tested and further promoted. In Annex two projects are described, implemented in different financing cycles:

- *Co-City* (promoting collaborative management of urban commons in Turin, IT);
- *Diaccess* (making public procurement procedures more effective for Municipalities in Sweden).

### INTERREG<sup>28</sup>

Interreg is based on eleven investment priorities aimed at supporting territorial cohesion through cooperation across a range of thematic areas, including innovation and competitiveness, climate change, energy-efficient and sustainability, employment, inclusion and better administration. Innovative procurement is clearly an essential element to achieve most (if not all) of those areas and objectives, and a number of projects have been supported in this area. Amongst those (presented in Annex):

- *iBuy (fostering innovation through public procurement in Latvia)*;
- *GPP4Growth (green public procurement for resource-efficient growth in European regions)*.

### COSME<sup>29</sup>

COSME is the specific instrument for supporting SMEs competitiveness across the EU, and as such has a number of streams of financial support which SMEs and other partners can receive. Specific

<sup>26</sup> <https://urbact.eu/what-we-offer>

<sup>27</sup> <https://www.uia-initiative.eu/en/about-us/what-urban-innovative-actions>

<sup>28</sup> [https://ec.europa.eu/regional\\_policy/en/policy/cooperation/european-territorial/](https://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/)

<sup>29</sup> [https://ec.europa.eu/growth/smes/cosme\\_en](https://ec.europa.eu/growth/smes/cosme_en)

calls for proposals are open periodically, allowing SMEs and other partners to submit project ideas with an EU-wide scope and a strong focus on SMEs support. The topics may vary from time to time but in the past specific calls have addressed the issue of innovative procurement, such as the case for the *Innovation Procurement Brokers Platform* that is presented in Annex.

### **EIB Advisory Services<sup>30</sup>**

The European Investment Bank (EIB) makes technical and financial expertise available to our clients to develop and implement investment projects and programmes, and to improve institutional and regulatory frameworks. When complementing EIB loans, advisory services strengthen the economic and technical foundations of an investment and catalyse funding from other sources. In doing so, it also supports investments to be channelled via innovative procurement approaches in a number of specific initiatives and line of financing. In this context, the example of the *European Local ENergy Assistance (ELENA)* for energy efficient and sustainable transport is presented in Annex.

### **Other financing sources (examples for GPP)**

A number of additional projects on Green Public Procurement (GPP) are collected by the EU, indicating the various sources of EU financing identified for the project support<sup>31</sup>. These can provide a valuable source for inspiration for Public Procurement Authorities. Notably, budget is spent for these initiatives under the EU's Cohesion Policy for regional development and economic and social cohesion throughout Europe. Many other EU funding programmes exist, such as the Seventh Framework Programme (FP7), which lasted for the period 2007-2013.

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<sup>30</sup> <https://www.eib.org/en/projects/regions/med/instruments/index.htm>

<sup>31</sup> [https://ec.europa.eu/environment/gpp/pdf/GPP\\_Good\\_Practices\\_Brochure.pdf](https://ec.europa.eu/environment/gpp/pdf/GPP_Good_Practices_Brochure.pdf)

# 3 Opportunities, challenges and recommendations

## 3.1 A critical reflection on the various EU financing initiatives

Based on the overview of the different instruments provided above, the following can be underlined.

**Differences in the characteristics and scope of the various initiatives are evident – including high complexity of administrative requirements and competition amongst bidders across the EU.** Not only the various EU funds address different policy priorities and levels of governance across the EU, they also and importantly pose a range of different challenges to the urban procurement practitioners interested in acceding to those sources of financing.

**Funds directly managed by the EU for examples (H2020, COSME, URBAN, UIA) tend to be very competitive,** as they are potentially open to accept project proposals from across the EU and often even beyond. They require a solid understanding of the submission procedures, as well as the specific items assessed to award the projects. Other co-managed funds may instead be relatively less competitive, if anything as they tend to be restricted to specific regions and territories, but may be part of complex internal administrative procedures. They may also require lengthy exchanges with the responsible Managing Authorities in order to identify the most appropriate streams of financing for the project proposed. In any case, this process requires time, competences, resources and dedication from a very early stage of the financing process in place at the EU and/or local levels.

**Horizon 2020 PCP and PPI calls are a big step ahead in trying to support innovative procurement** practices, but their cross-border support does not fully work yet. Joint criteria of assessment and common practices may be difficult to implement across EU Member States, due to difference in approaches and institutional behaviours, as discussed already. **COSME can offer suitable sources of financing for Innovative Procurement** (as it basically builds around the logic of H2020 support but simplified rules, which make it easier for SMEs to apply). COSME support allows proposals to define the “challenges” they have to be addressed through procurement of innovative solutions. When applying for COSME support applicants can: i) describe their problem and the challenge(s) they intend to address, iii) specify what they want to achieve and iii) being allowed to discuss the possible solutions with the market (i.e. clarity on process). **INTERREG financing could be instrumental in supporting cross-border exchange of practices** which is essential to favour common languages, approaches and views, so to bring forward shared procurement innovation practices across EU cities. INTERREG has in this respect a strand on governance support, which could be used to foster joint urban cross-border procurement projects in this respect.

**Specific urban-related financing instrument – e.g. URBAN INNOVATIVE ACTION (UIA) and URBACT – have proven to be essential to foster greater synergies between policies and consultative processes supported and innovative procurement.** Some EU funds are more immediately relevant to boost innovative procurement practices at the urban level, such as for example URBACT and UIA. There procurement should be a cross-cutting theme. URBACT is well

respected as it holds a lot of knowledge/information, hence it should be a first point of call for everyone seeking access to innovation (e.g. set-up a “library of good practices” through a webportal or expanding its capitalisation). Actions promoted so far are broad and possibly more theoretical, but should move more to a practical implementation approach. URBACT can be a source for good practices of what does/not work in urban innovation and UIA can serve as a mechanism to further experiment on the basis of such practices. In doing so, the funds may trigger greater interest amongst participants in the topic, and introduce incentives and “positive virus” helpful to strengthen the awareness, knowledge or even simple interest in the experimentation of innovative procurement.

**Co-managed funds (e.g. ERDF, ESF) could help in further supporting innovative procurement as a tool to boost address local policy needs, and could use basic innovation (e.g. e-procurement procedures) as triggers for greater experimentation.** An equally pivotal role in triggering greater awareness and understanding of innovative procurement at the local level can be played by co-managed funds, due to their specific focus on local needs and challenges. At times, though, the project supported seem to lack of ambitions towards more innovative and groundbreaking public procurement practices at the regional and specific urban levels. Managing Authorities in charge of such funds at the national and territorial levels should be made more aware of the relevance of innovative procurement practices as a strategic tool to implement and achieve local policy goals. Although ESIF Operational Programmes address ‘innovative procurement’ as a topic to be supported, these activities might not always be financed in practice, as they may be deemed too complex and new for local Managing Authorities to be able to properly manage their implementation.

**Streamlining of innovative procurement should be ensured across the projects supported.** ERDF supports living lab solutions – which are an essential component in specifying relevant local challenges, needs and solutions for innovative procurement – but the initiatives still lacks a clear link to the urban procurement process. These elements should be further integrated in financed project so to ensure scalability and replicability of the living lab practices from a “pilot” stage to the daily work of local municipalities (and their procurement practices). But to do so cities need to exchange and learning from other practices (so to integrate quintuple helix approach to innovative procurement, assess how to ‘meet the market’ potentials, foster the needed organisational change at city level). Also, ESF could be further used to ensure capacity building and proper organisational change. Sharing of knowledge is also necessary, and international exchanges (including Twinning Projects) would be instrumental for practitioners to meet fellow experts from different countries which have similar challenge and found innovative (procurement) solutions to address those. In this respect, European collaboration is still perceived by practitioners a strong added value.

### 3.2 Opportunities and challenges in financing innovative procurement

Building on the cross-analysis of main EU financing opportunities provided in the presented project, some main opportunities and challenges for urban procurement practitioners can be now highlighted.

**A range of EU opportunities is available to fund innovative procurement practices at the city level.** An immediate reaction to the overview of explanatory projects presented is certainly the recognition of the wide range, scope and diversity of EU financing opportunities available to foster innovative urban procurement practices. Specific support is in fact available, and has been used, to promote innovative procurement as part of greater technological innovation (e.g. H2020), as a support to SMEs (e.g. COSME), in the development of urban policy (e.g. URBACT, UIA) and to

address specific urban/regional challenges (e.g. INTERREG, ESIF,). An array of actions and achievements are expected to be provided in the promotion of innovative procurement practices, as a result of the many projects being supported by the EU.

And yet, some challenges and limitations have emerged when discussing with urban practitioners. These specifically refer to the **difficulty for EU financial support to fully address – or accommodate – the specificities of innovative procurement**. This is particularly the case for the:

- **Focus on the process to be followed rather than the specificities of the solutions (products/services) to be procured.** EU financing procurement rules typically reflect more “standard” approaches where the specificities of the solution should be declared as part of the tendering process. This, as already mentioned, is difficult if not even impossible in case of innovative procurement procedures, and as a result it is often difficult to apply to EU funds.
- **A relatively large and ‘flexible’ approach to the consortium of partners involved for the identification and delivery of solutions (products/services).** The very nature of innovative procurements makes it difficult to specify in advance the actual partners involved in the process. Procurers might evolve in fact through time and depends on the specificities of the market and type of products/services to be finally procured. All such aspects cannot be fully anticipated. It is therefore often challenging to fully address the specific requests for details on the involved stakeholders, which are essential to fulfil the administrative requirements of EU funds.
- **Urgent need for innovation might conflict with a relatively lengthy administrative process,** which often characterises EU financial support. The need for transparency, fair scrutiny and duly oversight of EU taxpayer money may conflict with the urgency of innovative solutions to address burning social, economic and/or environmental challenges at the city level. These are aspects to be duly considered when apply to EU funds, so to address possible frustrations.
- **Higher share of financial support to be advanced so to address specific innovation needs.** EU funding is often disbursed at different stage in time, with the bulk of it being attached to some key deliverables (i.e. solutions) to be procured. Innovative procurement practices instead require higher amount of financing being available at an early stage, so to allow proper assessment of needs, market consultation, and engagement with potential providers. This is a challenging aspect in relation to the typical approach of EU funds and often a source of financial stress.
- **Different national procurement culture across the EU (approaches, routines, etc.)** making it difficult to cooperate internationally. Even in case of successful applications, financing of international EU projects in the field of innovative procurement may be problematic due to differences in style and traditions for procurement practices across Europe. This is not necessarily an issue of EU financing characteristics, but rather a specificity of procurement practices across Europe, which if not well manage might be a burden to good project ideas.

And even in the presence of such relevant potential obstacles, a range of successful project ideas have been financed through EU initiatives in the area of innovative procurement at city level. An overview of such practices is offered as an annex to this paper, through a selected sample.

### 3.3 Conclusions and recommendations

Despite a wide range of financial streams provided by the EU, procurement practitioners remain relatively unaware of the opportunities which are available to support innovative procurement practices at the city level. This paper has provided an initial support in fostering greater awareness and understanding on the existing EU financial support, but greater efforts should be made.

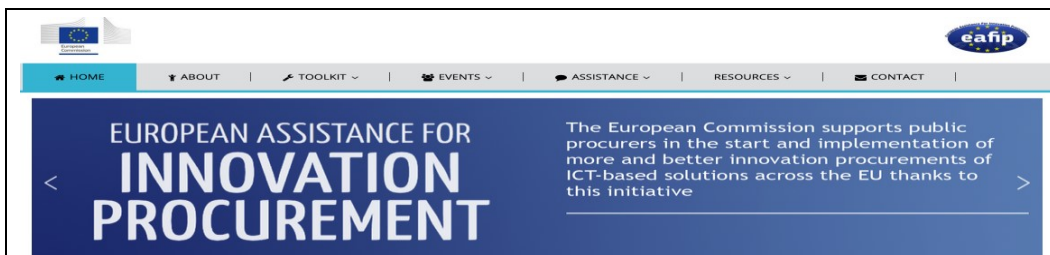


Also, and importantly, the analysis provided of existing financial streams – and the specific needs they should serve – suggests some persisting challenges to be addressed, so to maximise the impacts of EU financing opportunities towards a greater uptake of urban innovative procurement.

- **Greater** efforts should be in fact made to **allow the flexibility required by innovative procurement** practices – e.g. building on the successful practices of H2020 and COSME;
- Specific challenges in working together on innovative procurement practices across EU countries should also be acknowledged – so to **allow for different procurement cultures to bridge their gaps and/or even allow for different approaches to be recognized across countries**;
- A specific opportunity seems to emerge in **strengthening the links between URBACT and Urban Innovation Agenda (UIA) and should be further discussed** – e.g. to use the former **initiative** to pilot innovation ideas and share good practices, while having the latter to streamline the implementation of the most successful practices across the EU;
- Finally, support for a **strategic use of procurement practices at the city level to boost socio-economic and environmental innovation** should be certainly at the core of EU financing.

Strengthening the ability of urban procurement to foster innovation so to achieve strategic policy goals is at the core of EU interests, and as such it should be duly reflected into EU financing opportunities. To do so a better engagement with local practitioners should be ensured, so to allow for timely and valuable insights on how to improve the performance of EU financing streams. This is certainly a core area of focus for the future EU Urban Policy, as any success in raising the number of applicants amongst urban procurement professionals across the EU will increase significantly the potentials that EU funds have in transforming procurement practices in Europe.

## 4 Annexes – Examples of selected projects



The screenshot shows the top part of the EAFIP website. The header includes the European Commission logo, the EAFIP logo, and a navigation menu with links for HOME, ABOUT, TOOLKIT, EVENTS, ASSISTANCE, RESOURCES, and CONTACT. Below the header is a large blue banner with the text 'EUROPEAN ASSISTANCE FOR INNOVATION PROCUREMENT' and a sub-headline: 'The European Commission supports public procurers in the start and implementation of more and better innovation procurements of ICT-based solutions across the EU thanks to this initiative'.

**WHY – challenge**

Innovation procurement is also a way to foster growth and create new jobs, especially for the smaller innovative companies that are the backbone of the European economy and which are ideally placed to supply these new innovative products and services. To be effective in this role, though, public procurement authorities need support to acquire increased know-how and knowledge so to access to new market innovations.

**HOW – solution**

The European Assistance for Innovation Procurement (EAFIP) is an initiative financed by the European Commission for providing local assistance to public procurers for starting new innovation procurement and for promoting good practices and reinforcing the evidence base on completed innovation procurements. To do so, EAFIP has identified a list of key procurers across different sectors of public interest across all the EU Member States and conducted a survey about the interest of public procurers in different sectors in starting innovation procurements over the coming years.

**WHOM – participants**

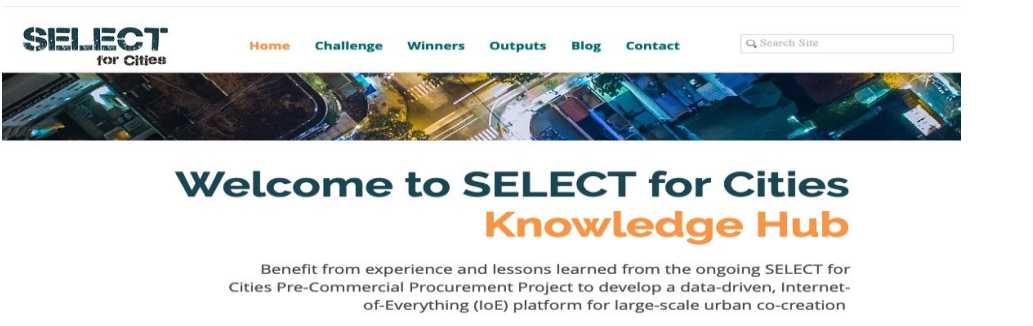
- In 2015 – 2018 it was implemented by the two consortium partners STELLA Consulting and Corvers Procurement Services. In addition, the consortium partners were supported by the subcontractors Vtrek, MVO Nederland, CompleImage and LiveMedia and three independent experts: Prof. Nicola Dimitri, Dr. Georg Zellhofer, and Ms. Sara Bedin.
- In 2019-2020, the eafip initiative is being implemented by Corvers Procurement Services supported by its subcontractors Vtrek, IrRADIARE, MSM, UniZar, JADS, Prof. Nicola Dimitri, Dr. Georg Zellhofer, Ms. Sara Bedin and Dr. Steven van Garsse.

**WHAT – results/practical examples**

The following results are expected for the initiative:

- Providing free of charge technical and legal assistance to public procurers across all EU Member States in the preparation and implementation of innovation procurements of ICT based solutions. This includes local assistance for PCPs and PPIs supported by local lawyers that speak the local official EU language.
- Promoting good practices and reinforcing the evidence base, in particular on the impacts achieved by completed innovation procurements around Europe. In this context, the EAFIP website and the innovation procurement toolkit will be updated with new evidence and good practices.

Source: <https://eafip.eu/about/>



**SELECT**  
for Cities

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## Welcome to SELECT for Cities Knowledge Hub

Benefit from experience and lessons learned from the ongoing SELECT for Cities Pre-Commercial Procurement Project to develop a data-driven, Internet-of-Everything (IoE) platform for large-scale urban co-creation

### WHY – challenge

The SELECT for Cities competition is built around the premise that cities across the world are seeking new methods, technology and tools to foster open innovation to solve challenges, create value for their citizens and business, and to become 'smart cities'.

### HOW – solution

Select for Cities provides an open, standardized, data-driven, service-oriented and user-centric platform that enables cities to engage with European SMEs through large-scale co-creation, testing and validation of urban IoE applications and services.

The technologies and solutions resulting from such platform shall be acquired by using a Pre-Commercial Procurement (PCP) process, enabling the procurers to share the risks and benefits. SELECT for Cities is committed to sharing the outputs from the competition project process:

- *Recording and information about Pre-Commercial Procurement (PCP);*
- *Presentations from and a report of the findings from consultation survey and meetings;*
- *List of suppliers who are interested in finding partners to enter the competition;*
- *Tender documents for entering the SELECT for Cities competition;*
- *Material or use in promoting the competition to colleagues and networks;*
- *The Project Deliverables link is for the benefit of other PCP projects and EC Reviewer.*

### WHOM – participants

The consortium is built around three renowned Smart Cities (Antwerp, Copenhagen, Helsinki) and comprises a balanced combination of six multidisciplinary partners across four European countries (Belgium, Denmark, Finland and the UK):


- *Forum Virium Helsinki (the project coordinator and contracting authority);*
- *Digipolis (main contracting authority);*
- *Københavns Kommune (contracting authority);*
- *Stad Antwerpen;*
- *21C Consultancy Limited (partners presented in alphabetical order).*

### WHAT – results/practical examples


Resulting open source and open standard based platforms allow the city to access ICT services:

- *(Near) real-time data visualisation of the traffic flow and air quality level in the city centre;*
- *Control/trigger feedback to the traffic controls to affect their behaviour;*
- *Advanced data analytics for policy makers, urban planners, and domain experts (e.g. measure the effect on air quality after the implementation of a 'green corridor' for trucks);*
- *Business Intelligence, forecasting & simulation tools for policy makers and urban planners (e.g. simulate the effect on congestion and air quality when changing the speed limit, broaden bicycle lanes, etc.).*

Source: <https://www.select4cities.eu/>



HOME FABULOS ACADEMY 2019 PROJECT CONSORTIUM NEWS EVENTS CONTACT



**Phase 2 launched with 4 consortia!**

Four consortia enter the prototyping and lab testing phase of the FABULOS pre-commercial procurement for self-driving shuttle services.

**WHY – challenge**

To ensure public transport automation, some parts of the driving automation need to reach a more mature stage in their development in order to be employable in normal urban settings, such as open roads. In other words, a demonstration of the economic, technical, societal and legal maturity of the solution needs is required. This should be carried out in a real-life setting, integrating automated minibuses into the public transportation ecosystem.

**HOW – solution**

Fabulous (Future Automated Bus Urban Level Operation Systems) focuses on how cities can use automated buses in a systematic way, with the specific goal to procure the operations of an autonomous bus line. The six partner cities are embracing this challenge by collectively developing a PCP system, aimed at procuring R&D for prototyping and testing smart systems that are capable of operating a fleet of self-driving minibuses in urban environments.

**WHOM – participants**

The following partners are involved as direct partner for the project:

- *Forum Virium Helsinki (FI);*
- *Ministry of Economic Affairs and Communications (ET);*
- *Municipality of Gjesdal, (NO);*
- *Municipality of Helmond, (NL);*
- *Municipality of Lamia, (EL);*
- *Public transport service provider in the Metropolitan area of Porto (PT);*
- *Helsinki Metropolia University of Applied Sciences (FI).*

*To ensure further validation of the pre-commercial procurement challenge definition and market up-take for the solutions identified, a wide number of other EU and global cities and public procurers are also involved.*

**WHAT – results/practical examples**

In a first phase, on the basis of the results of the Open Market Consultation, the Procuring Partners determined and fine-tuned the scope of the Request for Tenders and the evaluation criteria for the pre-commercial procurement. In a second phase (second half of 2019), partners have awarded four international consortia with contracts. Based on the results of their feasibility study, each consortium will develop a prototype of a smart system that can operate a fleet of self-driving shuttles in regular public transport. The final phase of field testing allows for three winning consortia to test their prototypes as small fleets of automated buses in mixed traffic in Estonia, Finland, Greece, the Netherlands, Norway and Portugal from March 2020 onwards. In this way, the project will accelerate the introduction of new types of automated last-mile solutions entering the EU market.

Source: <https://fabulos.eu/>



#### **WHY – challenge**

As people get older, they face increasing risk of some severe condition that will affect their ability to continue living independently at home. By the use of new robotics-based technologies, the elderly can continue independent living at home even if they have physical or cognitive disabilities. This will increase quality of life for elderly and improve their health potentially across the EU.

#### **HOW – solution**

Silver allows to foster new technologies and solutions sought by using a Pre-Commercial Procurement (PCP) process. Particularly, the project is structured in the following main activities amongst others:

- *Understand the key requirements and current state of the art in consultation with key stakeholders;*
- *Organise the competition and manage the contracts with the companies selected to run the R&D pilots;*
- *Provide recommendations for other parties interested in implementing such scheme in the future.*

#### **WHOM – participants**


The project consortium includes research institutions and public sector organizations across Denmark, Finland, the Netherlands, Sweden and the UK. The public procurers further involved are the following:

- *City of Eindhoven (NL);*
- *City of Odense (DK);*
- *City of Oulu (FI);*
- *City of Stockport (UK);*
- *City of Vantaa (FI);*
- *City of Västerås (SE);*
- *Region of Southern Denmark (DK).*


#### **WHAT – results/practical examples**

The project is *establishing and executing, an agreed PCP process to run a cross-border PCP Call for Tender which should also form a basis for national PCP calls designed outside of the project.* As a result, public organizations in the participating countries are made familiar with the PCP process and tools and use them to meet their needs. They are therefore able to *use the PCP process developed in the project to identify new technologies and services to support the independent living of the elderly.* By 2020 new solutions implemented are expected to make it possible to care for 10 % more care recipients with the same number of care givers.


Source: <https://www.silverpcp.eu>



[Members Login](#) [contact@stopandgoproject.eu](mailto:contact@stopandgoproject.eu)

Sustainable Technology for Older People – Get Organised 

HOMEABOUTNEWS AND EVENTSPARTNERSPROCUREMENTRESOURCESLINKSCONTACT US



**WHY – challenge**

The rapidly ageing population across the EU is placing relentless pressure on increasingly scarce health and social care resources. More people live with multiple co-morbidities, and there are fewer people to care for them. Incorporating telehealth and telecare technology into care and cure services can lead to reductions in the need for people to access services, as well as improving their ability to live better lives in their own homes.

**HOW – solution**

By piloting an innovative procurement process to improve the lives of older citizens, according to the instrument named “Public Procurement of Innovative Solutions” (PPI), STOPandGO aims at producing and validating a standard “European Specification Template” (EST). The template will be enacted in a coordinated manner in six localities, e.g. region within a country. The approach emphasises the importance of developing outcome-based service specifications with clear built in key performance indicators.

**WHOM – participants**

Involved main partners are the followings:

- *Smart Homes, the expert centre for Home Automation & Smart Living (NL);*
- *North West Coast AHSN, Telecare Services Association and Knowledge Transfer Network (UK);*
- *Italian Federation of healthcare trusts and municipalities (Federsanità ANCI);*
- *Instituto de Salud Carlos III and Agència de Qualitat i Avaluació Sanitàries de Catalunya (ES);*
- *Liverpool City Council (UK);*
- *Hospital Sant Pau and Hospital Miguel Servet (ES);*
- *City of Helmond (NL);*
- *SoReSa, Azienda USL Toscana Sud-Est and ASP Catanzaro (IT).*

**WHAT – results/practical examples**

Through the engagement of appropriate patient groups in four Member States, which will make up more than 5,000 users, relevant services and suppliers have been identified, to be invited to an open tender. By adopting an innovative procurement approach the PPI Pilot aims at demonstrating how innovative healthcare benefits can be translated to small populations (our pilots represent about 10% of a regional target population) to wider ones, providing for scale uptake of technology and proportional reductions in the pressure on services.

*Source: <http://stopandgoproject.eu/>*



**WHY – challenge**

Competence centre on innovation procurement are organisations/organisational structures challenged with the task of encouraging a wider use of pre-commercial procurement (PCP) and public procurement of innovation (PPI). This challenge includes, among others, the role of providing practical and/or financial assistance to public procurers in the preparation and/or implementation of PCP and PPI across all sectors of public interest.

**HOW – solution**

Procure2Innovate aims at improving institutional support for public procurers purchasing information and communication technologies (ICT), as well as acquiring products and services from a range of sectors that implement innovation procurement. To do so, the project establishes and/or expands the existing competence centres for innovation procurement in 10 European Union countries: 5 already established are further supported in AT, DE, NL, ES and SE, while 5 new centres are established in EE, EL, IE, IT and PT.

**WHOM – participants**

The following partners are involved in the project:

- *BME - Association for Supply Chain Management, Procurement and Logistics (DE);*
- *KOINNO - Competence Center for Innovative Procurement (DE);*
- *Federal Ministry for foreign Affairs and Energy (DE);*
- *ZENIT GmbH (DE);*
- *ICLEI - Local Governments for Sustainability Network;*
- *Austrian Federal Procurement Agency (AT);*
- *IÖB (AT);*
- *Enterprise Estonia (EAS);*
- *Ministry of Economic Development (EL);*
- *PTI - Procurement Transformation Institute (UK);*
- *CONSIP - Centre for National Procurement (IT);*
- *PIANOo - Public Procurement Expertise Centre (NL);*
- *National Innovation Agency (PT);*
- *Cataluna Centre for Industrial and Technological Development (ES);*
- *Health Institute Carlos III (ES);*
- *National Institute of Areospace Technology (ES);*
- *Legal, Financial and Administrative Services Agency (SE);*
- *National Agency for Public Procurement (SE);*
- *Smart Procurement Academy (IT).*

**WHAT – results/practical examples**

The following achievement are foreseen for the project:


- *Build a permanent network of competence centres that will facilitate knowledge sharing, collaboration and the exchange of best practices;*

- Support (at least) five existing innovation procurement competence centres to enlarge their scope, increase their impact, and enhance their services for public procurers;
- Establish five new innovation procurement competence centres, helping them to support public procurers as they become ever more established and experienced in the field;
- Spur mainstreaming PCP and PPI across Europe;
- Support all competence centres to develop expertise in cross-border co-operation and joint procurement;
- Communicate and disseminate the tools and approaches (and results) developed by Procure2Innovate competence centres at a European level. This is key to making innovation procurement knowledge accessible to more public procurers and other stakeholders.

The annual Innovation Procurement of the Year Award is also established to reward and foster knowledge sharing on excellence in innovation procurement across the EU.

Source: <http://procure2innovate.eu/>

## URBACT



Home » URBACT Networks » Procure

### Driving innovation in public procurement

The goal of this Action Planning network was to explore how to harness the spending power through procurement of public and anchor institutions in the partner cities to bring about economic, social and environmental benefits for businesses and people which in turn will have a positive impact on the city and its local economy. The topics to be explored include: the regulations and law at both European and national level, and what cities are able to do around innovative procurement; how to analyse procurement spend and develop a procurement strategy; the use of social criteria and environmental criteria in procurement; and how to raise awareness of procurement amongst local businesses and SMEs.

### WHY – challenge

The spending power of urban authorities through innovative procurement practices can foster economic, social and environmental benefits for businesses and citizens, and in turn prompt positive impacts on the cities and local economies across the EU. But to do so, a number of practices have to be further understood and shared, including: the regulations and law at both European and national level, and what cities are able to do around innovative procurement; how to analyse procurement spending and develop innovative procurement strategies; how to use social and environmental criteria in procurement practices; how to raise local awareness.

### HOW – solution

Procure was a network of 11 partners which connected cities across the EU so to seeks to enable transnational exchange and learning between cities and support growing awareness and uptake of innovative procurement. Each partner was charged with the development of an Integrated Local Action Plan specific to each city, hence making the project a platform for an active Action Planning Network across European cities. On this basis, challenges, innovative approaches, good practices and lessons learnt could be shared and consolidated.

### WHOM – participants

Partners in the network were the cities of:

- Preston (UK) leading the project;
- Albacete and Candelaria (ES);
- Bologna (IT);
- Koprivnica (HR);
- Satu Mare (RO);
- Nagykálló (HU);



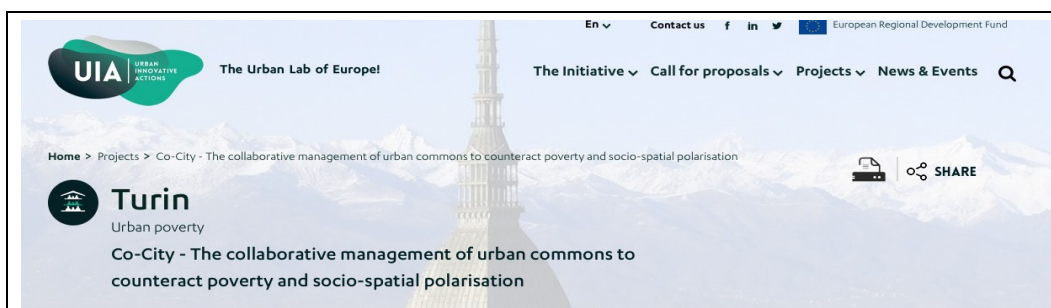
- *Lublin and Koszalin (PO)*;
- *Almelo (NL)*;
- *Prague District 9 (CZ)*.

#### **WHAT – results/practical examples**

As a result of the project support, 11 European cities have shared experiences in 3 years of common work. Inspired by European exchanges, each city developed Integrated Action Plans. Following the URBACT method, the action plan is built with all stakeholders concerned gathered in dedicated URBACT Local Groups. The plan brings together different facets of the issue – social, economic and environmental. Procure was just one of 24 Action Planning Networks, with the main topics they worked on ranging from rehabilitating underused buildings to rethinking agri-food production, from social innovation to welcoming migrants. Procurement innovation potentially runs as a cross-cutting theme across all of these networks..

*Source: <https://urbact.eu/procure>*

### Urban Innovative Actions (UIA)



#### **WHY – challenge**

One of the most visible signs of urban decline is the high amount of abandoned buildings, most of them heritage of the city's industrial past. Buildings owned by the city are often unused or underused, even if most of them has a strong potential as possible drivers of urban regeneration and residents' participation in many deprived areas of the city. While the city of Turin has recently managed to effectively support the creation of social enterprises, fostering the creation of one of the most vibrant urban contexts for innovative entrepreneurship, entire parts of the city felt to be excluded by these forms of urban innovation: this sentiment led to a growing lack of trust towards local institutions and within the local community. Social exclusion is also clearly linked to the decline of many public spaces in the urban context, making the effective regeneration of deprived neighborhoods located in different areas of the city a priority for the municipal authority.

#### **HOW – solution**

The implementation of regulation on the urban commons will be driven in Turin by the implementation of "pacts of collaboration" between residents or associations and local authority based in most of the cases on the reuse of abandoned urban spaces and structures. By fostering the use of innovative ICT platforms and the active collaboration of the network of the Houses of the Neighborhoods (Case del Quartiere), the project supports an innovative and effective involvement of different stakeholders' groups in the city centre and its suburbs. The engagement allows to foster urban regeneration towards the reduction of urban poverty and social exclusion.

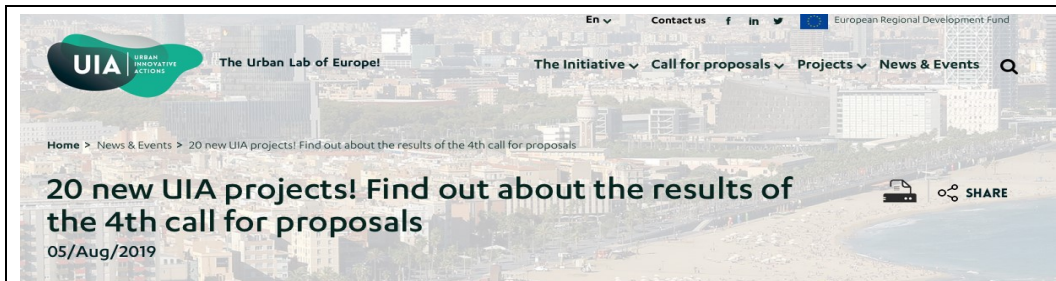
#### **WHOM – participants**

The project is implemented in Italy by the Municipality of Turin, the local University, Fondazione Cascina Roccafranca (NGO) and the National Associations of Italian Municipalities (ANCI).

#### **WHAT – results/practical examples**

The definition and the implementation of several “collaboration pacts”, with the participation of residents in different parts of the city, fosters citizens commitment towards a more inclusive and cohesive city. The regeneration of abandoned or underused spaces in different areas of the city, resulting from such “pacts”, contributes to create new jobs in the social economy sector through the creation of new innovative and socially aware local enterprises and favours social inclusion and reduction of urban poverty in those areas.

Source: <https://uia-initiative.eu/en/uia-cities/turin>



#### **WHY – challenge**

Societal challenges can be addressed by bringing together municipal administrations and innovators in the digital industry, so to develop digital solutions that meet society's various needs. For example, through the development of smart heating systems for urban buildings and a city-wide digital system through sensors and smart devices which provides a framework for new public services. To do so, multi-stakeholder dialogue should be promoted, particularly through the adoption of innovative procurement practices.

#### **HOW – solution**

The main purpose of Diaccess is to make public procurement procedures more effective and agile, in order to better match the cities' needs while stimulating the innovation process for SMEs. Relying on an open IT platform collecting existing data and making them available for innovators, a public procurement process is tested so to allow cities and entrepreneurs to cooperate in order to develop digital solutions, focusing on the needs and challenges rather than on the solution.

#### **WHOM – participants**

The project is implemented in Sweden by the Municipality of Växjö, Wexnet, Vöfab, WeXO by Castellum Dizparc, Company factory, Good Houses and Linnaeus University.

#### **WHAT – results/practical examples**

The project is a three-year project starting in September 2019, no results are available when drafting the report.

Sources: <https://www.vaxjo.se/sidor/politik-och-demokrati/internationellt/internationella-projekt.html>

<https://www.uia-initiative.eu/en/news-events/20-new-uia-projects-find-out-about-results-4th-call-proposals>

## iBuy – foster innovation through public procurement



In June 2016, the Ministry of Economics of the Republic of Latvia has launched an Interreg Europe project “Fostering the role of public authorities as demanders of innovation through public procurement” (iBuy). The project has combined representatives from seven different countries: Lithuania, Spain, Finland, Romania, Greece, Latvia and Portugal, where Lithuanian representatives from the Lithuanian Innovation

centre are the project's leading partner.

### WHY – challenge

The ability to implement new generation innovation public procurement (IPP) is essential for EU local authorities to foster innovation, growth and sustainable jobs locally. And yet, territories that are at an early stage in the implementation of IPP programmes are facing common challenges, mostly based on their lack of experience. Greater support can be offered through interregional cooperation across practitioners in the EU.

### HOW – solution

iBuy aims at fostering the role of public authorities as drivers of innovation through public procurement. It does so by developing innovative procurement models suitable to foster cooperation between public and private stakeholders—beneficiaries at the city levels, while enlarging the number and the quality of the outputs of the instruments and their policy impact. The project builds upon the ‘entrepreneurial discovery process’ linked to the RIS3 in the area of innovation public procurement, so to promote a common European perspective on the innovative use of procurement practices and ensures the durability and transferability of the achieved results.

### WHOM – participants

The partners involved in the implementation of the project are:

- *Lithuania Innovation Centre (LT);*
- *Foundation for Innovation and Technology in the Balearic Islands (ES);*
- *The Baltic Institute (FI);*
- *Agency of Regional Development of Bucharest Ilfov (RO);*
- *Regional Government of Central Greece (EL);*
- *Ministry of Economics (LV);*
- *National Innovation Agency (PT).*

### WHAT – results/practical examples

Amongst the results of iBuy, there are i) the support in the capacity of public administrations in the acquisition of pilot innovation projects and the implementation of the PP’s policy instruments action plans, as well as ii) the set-up of a learning process to manage ESIF programmes on interregional and transnational actions linked to innovation public procurement, including through cross-sectional knowledge exchange of PPs practices.

Sources: [https://www.em.gov.lv/en/eu\\_funds/interreg\\_europe\\_project\\_ibuy/](https://www.em.gov.lv/en/eu_funds/interreg_europe_project_ibuy/)

<https://www.keep.eu/project/19613/fostering-the-role-of-public-authorities-asdemanders-%20of-innovation-through-public-procurement>

<sup>32</sup> [https://ec.europa.eu/regional\\_policy/en/policy/cooperation/european-territorial/](https://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/)



## Green public procurement for resource-efficient regional growth

### WHY – challenge

The collective purchasing power of Public Authorities has immense potentials in promoting environmentally friendly and resource-efficient goods and services (e.g. energy efficient electronic and electrical equipment supplies, electricity from renewable energy resources, sustainable construction works, low-emission public transport vehicles, cleaning services using environmentally friendly cleaning products, etc). And yet, such potentials are hindered by a number of relevant challenges including the limited ability, capacity and competences of local authorities to fully implement innovative procurement practices.

### HOW – solution

GPP4Growth will support public authorities to seize new opportunities for using their purchase power to stimulate eco-innovation, resource efficiency and green growth, mostly by using new award criteria in calls and tenders that pay particular attention to environmental considerations. Specifically, it does so by bringing together nine partners from nine countries, to exchange experiences & practices and improve their capacities on implementing resource efficiency policies that promote eco-innovation and green growth through Green Public Procurement (GPP). The project support includes:

- *Increasing the capacity of regional administrations to effectively implement resource efficiency policies, applying green public procurement.*
- *Improving implementation of efficient policies, by providing incentives to businesses to integrate environmental factors and costs when producing goods and/or providing supplies, services and works.*
- *Unlocking regional/national investments on green public procurement to promote the development of new green products and services.*
- *Improving local readiness and create knowledge awareness on the influence of green public procurement on the adoption of sustainable consumption and production patterns by businesses operating in the region.*

### WHOM – participants

The partners involved in the implementation of the project are:

- *University of Patras (EL);*
- *Regional Development and Dialogue Foundation (MT);*
- *Department of Communications, Climate Action and Environment (IE);*
- *Stara Zagora Regional Economic Development Agency (BG);*
- *Lombardy Region (IT);*
- *Lodzkie Region (PL);*
- *Province of Antwerp (BE);*
- *Zemgale Planning region (LV);*
- *Andalusian Ministry of Agriculture, Livestock, Fisheries and Sustainable Development (ES).*

### WHAT – results/practical examples

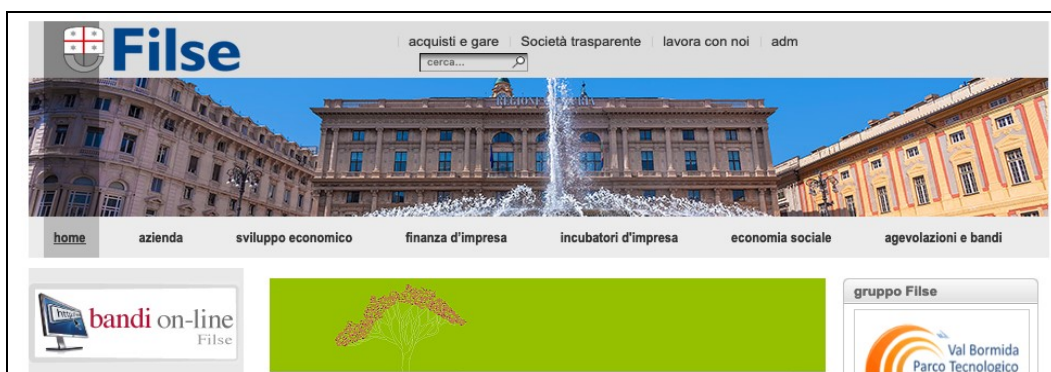
The main targets set for the project are as follows:

- Over 7% increase in the number of businesses in partners' regions, integrating environmental factors and costs when producing goods and/or providing supplies, services and works.
- Increased capacity of 200 staff of authorities to implement resource efficiency policies, applying GPP.
- 10 million Euros of investments unlocked to promote new green products and services development.
- Increased knowledge awareness of over 1000 stakeholders on the influence of GPP on the adoption of sustainable consumption and production patterns by businesses.

Sources: <https://www.interregeurope.eu/GPP4Growth/>  
<https://www.keep.eu/project/19523/green-public-procurement-for-resource-efficient-regionalgrowth>

## European Structural and Investment Funds (ESIF)

### European Regional Development Fund (ERDF)



#### WHY – challenge

Companies, entrepreneurs and socio-economic partners interested in responding to public tenders published by the Liguria regional government have repeatedly requested a simplified and streamlined application process.

#### HOW – solution

Italy's Liguria region has answered the call for simplification by developing a new online public procurement management system. Applicants can communicate directly with the managing authority to get information on public tenders, and assistance with filling out the application forms, among other features. After several prototypes, the region has developed a new procurement system. The result of a joint initiative between the regional government and other regional authorities and the financial institution (FILSE), the new paperless system succeeded in significantly reducing the time required to apply, evaluate and award each call for projects.

#### WHOM – participants


[Liguria Procurement Authority and local enterprises.](#)

#### WHAT – results/practical examples




The average time for evaluation was reduced from 13 to 7 months. The number of applications rejected due to mistakes fell from 23.3 % to just 5.6 %, and the total estimated reduction in time spent on back-office clerical tasks relating to calls for projects was as much as 16 000 hours over two years. Since its launch, over 47 calls for projects have been administered completely digitally.

Source: [https://ec.europa.eu/regional\\_policy/en/projects/italy/streamlining-public-procurement-in-italys-liguria-region](https://ec.europa.eu/regional_policy/en/projects/italy/streamlining-public-procurement-in-italys-liguria-region)



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Apulia innovation in progress

REGIONE PUGLIA

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### WHY – challenge

Procurement of innovation requires greater cooperation amongst involved stakeholders (procurer, services/products/technology providers and end-users), in order to be fully effective. Living Lab technologies allow to create a knowledge intensive community, which would boost innovation and reduce the time-scope between an innovative idea and its market launch. But new technological infrastructures/abilities are needed.

### HOW – solution

The project aims to introduce an innovative way for local businesses to answer public sector needs through technological innovation. To ensure a higher level of quality, utility and social acceptance of the ICT solutions provided by small and medium-sized enterprises (SMEs), the Apulian ICT Living Lab model promotes active ‘prosumers’ by creating domain-specific open innovation environments within real-life conditions. This should lead to solutions being closer to a possible market application, since the services and platforms would be ‘co-created’ with the end users (genuine consumers) in an every-day environment.

### WHOM – participants

Apulia regions and relevant procurement stakeholders (public authorities, third sector organisations, citizen and consumer associations, etc.).

### WHAT – results/practical examples

Through promoting the collection of specific societal needs and organising a technological response, a dedicated online database (‘Requirements Catalogue’) was structured into eight thematic domains. There, all major stakeholders of the Apulia region (public authorities, third sector organisations, citizen and consumer associations, etc.) could freely publish their needs onto the platform in a structured, machine-readable, way. These results also enabled a ‘census’ of the potential end users of future applications trials, which were collected in another online database (‘Living Lab Partners Catalogue’). On this basis specific partnerships are identified to further implement such needs for permanent working alliances to be established through time.

Source: [https://ec.europa.eu/regional\\_policy/en/projects/europe/new-policy-approach-in-south-italy-to-tackle-the-economic-crisis-and-enhance-development](https://ec.europa.eu/regional_policy/en/projects/europe/new-policy-approach-in-south-italy-to-tackle-the-economic-crisis-and-enhance-development)

### ESIF – European Social Fund (ESF)



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# Benefits from public procurement

**WHY – challenge**

Through experiences from other countries and exchange visits within different ESF-projects to primarily the UK, but also the Netherlands and Belgium, several Swedish Municipalities, National Agencies and Unions have learnt how Public Procurement has been used in those countries in order to match people far from the labour market into jobs through public procurement. National conditions may vary between different countries, therefore it is not possible to make a "blue-print" from other countries. It may be possible, though, to adopt and adjust ideas and methods from other EU-member states. But the use of employment criteria in public procurement as a tool for job creation, has only been used to a low extent in Sweden.

**HOW – solution**

The project focus on developing methods that can be used to increase employment opportunities for newly arrived migrants in public procurement, based on the experience that the project partners have. To do so, the project aims at reach out to all stakeholders who are involved in public procurement and fosters a dialogue on a national level in Sweden, but also on a transnational level across 'migration paths (e.g. with Finnish partners). The overall objectives of the project are twofold. On the one hand, it develops different methods in Public Procurement in order to get those far from the labour market into employment. On the other hand, it spreads information about the outcome to contracting authorities. This is primarily be done by surveying the different methods and practices applied by contracting authorities in Sweden today to use employment requirements in public procurement, as well as disseminating knowledge about this to other contracting authorities.

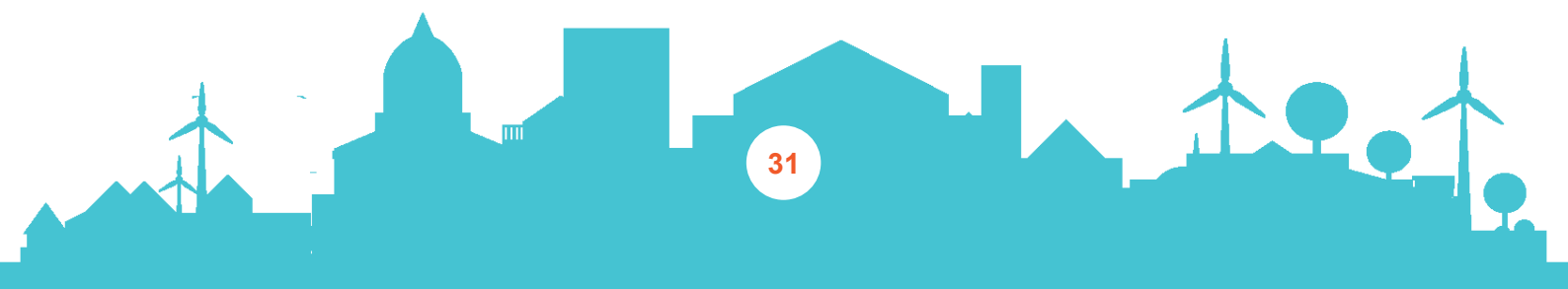
**WHOM – participants**

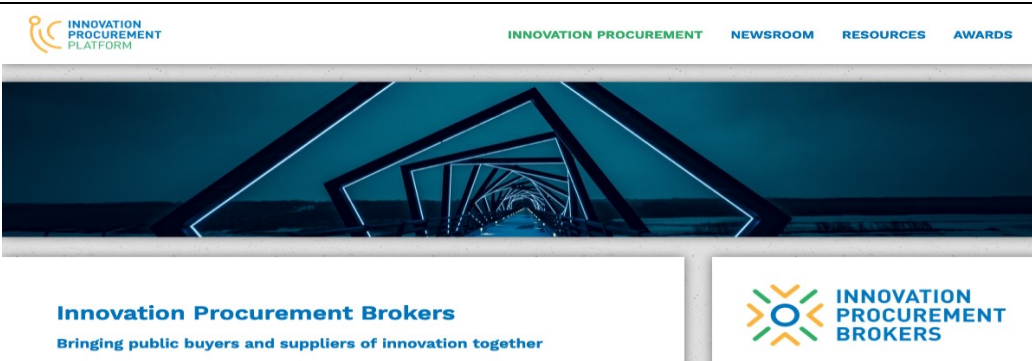
The project has been implemented by the Swedish National Agency for Procurement, with the participation of Municipalities of Stockholm, Gothenburg, Helsingborg and Botkyrka actively contributing to the transnational cooperation. The National Institute for Health and Welfare (THL) finally coordinates the project in Finland.

**WHAT – results/practical examples**

The results of the projects are also twofold, in line with its two specific objectives. On the one hand to develop different methods in Public Procurement to get those far from the labour market into employment, while on the other hand to spread information about the outcome to contracting authorities. Moreover, goal attainment is linked to changes in the behaviour of both the authorities and suppliers. The required changes are for example an acceptance to include these sorts of criteria in the tender documents and, concerning the suppliers, to submit tenders according to these criteria. Both parties have to discover that public procurement can be used for society goals that at the same time also means a win –win situation (e.g. suppliers get appropriate skilled personnel).

Source: <https://ec.europa.eu/esf/transnationality/TPI-528>  
<https://www.upphandlingsmyndigheten.se/en/sustainable-public-procurement/why-sustainable-procurement/beneficial-for-society/>





**WHY – challenge**

Innovative procurement can help can provide increased opportunities for EU citizens SMEs, by fostering greater dialogue and partnerships amongst public and private organization in delivering innovative and effective policy and services solutions. To be effective, though, Public Authorities need support to acquire increased know-how and knowledge so to access to new market innovations.

**HOW – solution**

Innovation Procurement Brokers aims to facilitate the procurement of innovative goods and services by strengthening the links between public buyers on the demand side and innovative companies on the supply side. Public buyers are supported in the identification of their needs and, once ready, connected with SMEs and start-ups able to develop innovative solutions responding to their requirements.

**WHOM – participants**

Partners for the project are the following:

- AAC Agencia Andaluza del Conocimiento (ES);
- AIT Austrian Institute of Technology (AT);
- GATE 21 (DK);
- ICLEI - Local Governments for Sustainability (DE);
- OOE Land Oberösterreich (AT);
- PTI Procurement Transformation Institute (IE);
- ZENIT Zentrum für Innovation und Technik Nordrhein-Westfalen (DE).

**WHAT – results/practical examples**

A total of five regional procurement of innovation broker schemes are piloted in the Upper Austria Region, Denmark, North Rhine Westfalia in Germany, Ireland and Andalusia in Spain, and then scaled-up to a European level. As a result, the project will allow to:

- Test innovation procurement brokerage approaches at regional and European level;
- Support and carry out assessments of public authority needs across the involved territories;
- Engage with start-ups and SMEs across Europe to find innovative solutions to needs.

Source: <http://innovation-procurement.org/innobrokers/>





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## ELENA – supporting investments in energy efficiency and sustainable transport

### WHY – challenge

The European Local ENergy Assistance (ELENA) contributes to the development of investment programmes which include wide-scale uptake and deployment of innovative solutions and/or innovative approaches to systems upgrading of existing solutions (dealing for example with legacy issues) in mobility-related areas.

### HOW – solution

Innovative solutions proposed shall be interoperable and compatible with existing systems and services, and comply with EU standards and specifications. These solutions could incorporate any form of innovation, such as demonstrating, piloting, large-scale product validation, and market replication. Even activities such as producing plans and arrangements or designs for new, altered or improved products, processes or services; procurement strategies (e.g. pre-commercial public procurement, procurement of innovations, joint procurements) are welcome to prepare the investments to be implemented in a four-year time frame.

### WHOM – participants

The ELENA applicant can be a public or private entity, including local, regional or national authorities, transport authorities and operators, social housing operators, estate managers, retail chains, energy service companies, financial institutions and SMEs.

### WHAT – results/practical examples

Results vary and depend on the specific project supplied and supported, for example in the area of mobility:

- *Use and integration of innovative solutions for alternative fuels in urban mobility;*
- *Increasing efficiency and sustainability of Urban Logistics;*
- *Deployment of Intelligent Transport Systems (ITS) in urban areas aiming at improving mobility, reducing traffic congestion, reducing emissions and pollution, enhancing road safety.*

Source: <https://www.eib.org/en/products/advising/elena/index.htm>  
<https://www.eib.org/attachments/documents/hello-factsheet-en.pdf>