

Workshop on “devising procurement approaches that encourage sustainable innovation”

Amalia Ochoa, ICLEI – Local Governments for Sustainability

Smart procurement - Reducing costs & saving energy, 29 June 2011, Brussels





Today's Workshop

- Short introduction
- Two presentations:
 - Helena Estevan, Ecoinstitut Barcelona (Spain): Experiences from the City of Barcelona
 - Paula Trindade Laboratório Nacional de Energia e Geologia (LNEG) (Portugal): Experiences from the City of Cascais
- Your questions and experiences
- Finish at 15:15 – Partner Cafe including coffee break

Sustainable procurement for innovation

Big picture:

- **Public spending power** = opportunity to drive innovation
- Public authorities = potential **launch market** for new & innovative products

Organisational level:

- Finding the best solution requires an **openness to innovation**
- Meeting targets (e.g. on energy efficiency, CO₂ emissions, mobility) often requires reassessing current approaches



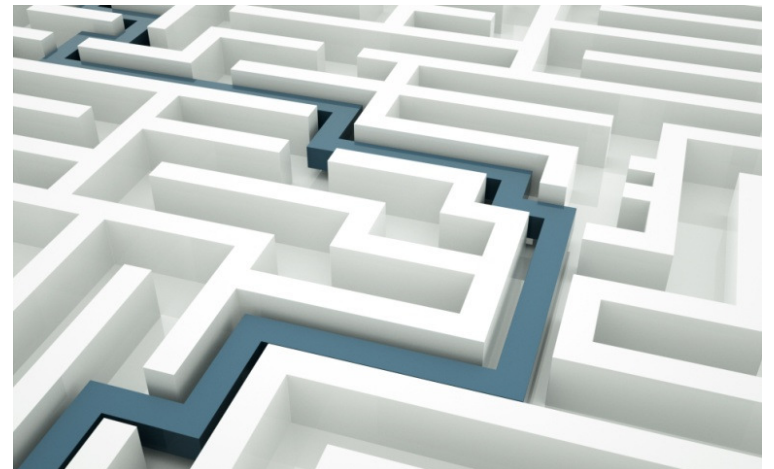


● Innovation - some hurdles to overcome

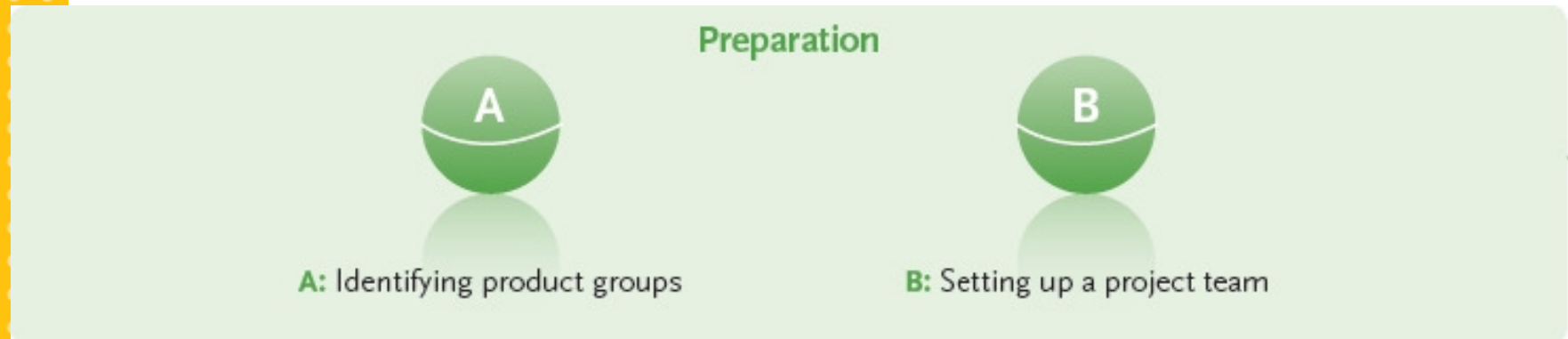
- Little **interaction** between **consumers** and **producers** resulting in:
 - Procurers not being aware of potential opportunities & market developments
 - Companies/suppliers not clear on future public sector requirements
- **Legal uncertainty**: Procurers reluctant to engage with potential suppliers outside procurement actions
- **Lack of resources** for organising more complex procurement procedures
- **Lowest purchase price** still deciding factor instead of whole life-cycle cost of product/service

● SMART SPP guidance provides some solutions ..

- ➔ Examined the various approaches that **procurers** can use to **engage/dialogue with the market** and the different forms of procurement
- ➔ Examined the **needs** of both procurers and suppliers:
 - What types of approaches would best suit the needs?
 - What tools/guidance would be needed to assist in practice?



Guiding principles & activities for encouraging innovation (I)



Consider the following:

- Ensure you have high level support for your project
- Involve the user (identify real needs, ensure successful adoption in the end)
- Seek outside expertise if required
- Consider how attractive a customer you are, e.g. contract size (joint procurement!)

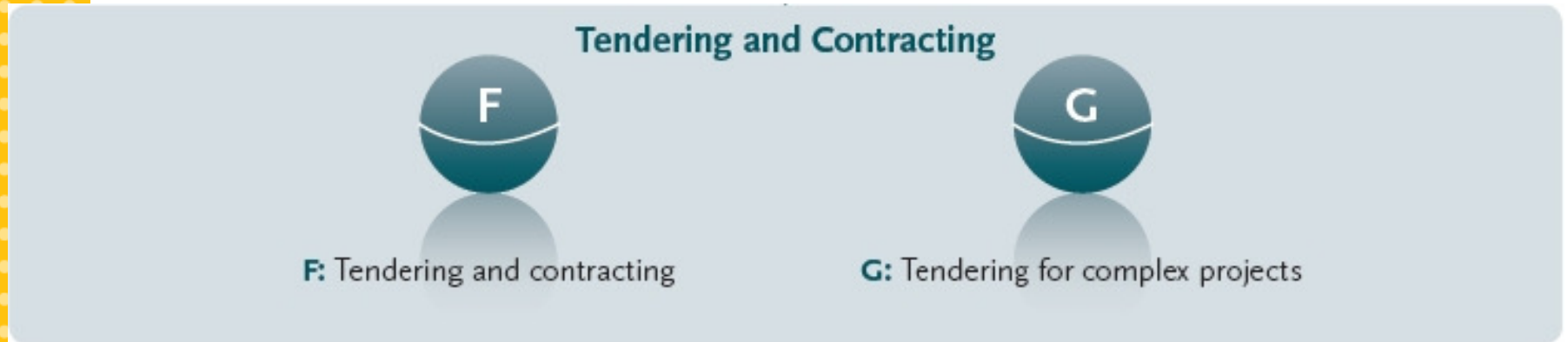
Guiding principles & activities for encouraging innovation (II)



Consider the following:

- Identify & communicate your needs in terms of performance & function
- Engage with the market to identify what's possible (respecting confidentiality & ensuring transparency)
- Give the market sufficient warning, e.g. 6-12 months in advance of actual tendering

Guiding principles & activities for encouraging innovation (III)



Consider the following:

- Consider the full life-cycle costs of the product (operation, maintenance, disposal)
- Use non-financial award criteria intelligently, e.g. CO₂ emissions
- Make your tender SME-friendly (consider lots or consortia to bid to make volumes manageable)
- Monitor impacts & performance: Lessons learnt?