

## Review of Measures in Support of Public Procurement of Innovation

This report is a literature-based review of government initiatives supporting public procurement of innovation. Policy makers at regional, national and supranational levels have in recent years shown an increased interest in the use of demand side measures (see Edler, 2013) and in particular public procurement to harness innovation. This has coincided with a renewed interest in the academic literature on the importance of demand for innovation, and the relevance of the public sector as an innovator in its own right. Despite this academic and policy interest, issues remain in relation to the precise definition and articulation of such policies. Problems in delineating these interventions make it difficult to precisely allocate specific instruments into the category of public procurement of innovation. Boundaries between public procurement of innovation and normal procurement, and between procurement and other demand side measures and even supply side interventions are blurred, rendering its delineation somewhat artificial (Edler, 2013). Further, the aspirations and political rhetoric on demand side policies are often not translated into concrete implementation, let alone provisions for their assessment and evaluation. Existing evidence of the implementation of these policy instruments is therefore limited, and when it exists implementation is rarely accompanied by monitoring and evaluation activities to evaluate impacts. The objective of this report is to review the upsurge of initiatives to support public procurement of innovation and offer insights into the effectiveness of these policies. To do so, it firstly elaborates a delineation of these policies and summarises the main academic rationales for intervention. It further considers conceptual and methodological issues influencing the assessment of such policies. It then moves on to examine specific policy measures that have been introduced in support of the public procurement of innovation and existing evidence of their impact. The reviewed interventions vary in nature and so do available evaluations. Most of the interventions reviewed have not been evaluated, and the few that have been evaluated are not assessed with innovation impacts in mind. This report complements other reports of the NESTA Compendium of Innovation dealing with related interventions on the demand side. In particular Edler (2013) focuses on support measures for private demand, covering direct financial support and, to a much lesser extent due to poor existing evidence, awareness measures and labels. Rigby (2013) covers pre-commercial public procurement schemes such as the US SBIR and the UK SBRI and Gok (2013) deals with innovation inducement prices. Four more of our Compendium reports have some demand side aspects: regulation and innovation (Blind 2012), standardisation and innovation (Blind, 2013) and foresight and innovation policy (Harper, 2013). Edler (2013) presents a broad picture of the importance of demand on innovation and a typology and main rationales of demand side policies. This report only makes a brief mention to such debates.

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