



Policy Recommendations for Innovation Procurement Policymakers

By the BUILD project and its synergies network

*For boosting the demand for innovative goods and
services in Europe by increasing capacities of cities in
Innovation Procurement*



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Introduction

Innovation procurement is a strategic tool that enables public authorities to acquire pioneering solutions. It offers cities the unique opportunity not only to support innovation and sustainability but also to address pressing social, economic, and environmental challenges. Procurers, as key stakeholders, are instrumental in implementing EU priorities at the local level, ensuring that the benefits of innovation are tailored to real needs and to the advancement of the digital and green transitions.

The recommendations presented in this booklet are a culmination of the BUILD project's experiences, combined with the collective insights of some projects under the Innovation Procurement Task Force (IPTF), such as PROCEDIN and The Urban Agenda Partnership, alongside various EU policy initiatives on Innovation Procurement. Together, these efforts provide a comprehensive roadmap for enhancing innovation procurement, driving public sector modernisation, and fostering sustainable growth across Europe.



Key Policy Recommendations

1. Establish clear guiding principles for Innovation Procurement

1.1 Objective setting

- **Formulate clear objectives:** Innovation procurement should be strategically aligned with broader policy goals such as sustainability, efficiency, and economic growth. Setting clear objectives ensures that procurement activities support these overarching goals.
- **Need-driven approach:** focus on a bottom-up approach (*source: SIPE, An Schrijvers, Insights Report*) where public authorities present unresolved problems to stimulate innovation. This ensures that innovation procurement is driven by real needs and creates tangible value.
- **Clear policy mandate:** establish a clear policy vision at the political level to provide institutions and professionals involved in strategic procurement with the necessary mandate to act¹. This vision should be supported by long-term budgetary commitments to ensure successful implementation.
- **Whole-of-government approach:** Adopt a whole-of-government approach to digitalization efforts, integrating innovation procurement into national roadmaps. This approach consolidates, streamlines,

¹ [Commission notice - Guidance on Innovation Procurement](#)

and coordinates policy actions at all levels, ensuring integration into the broader digital transformation strategy².

1.2 Stakeholder involvement

- **Early and continuous involvement** of all relevant stakeholders in the procurement process to ensure transparency and buy-in.
- **Strategic procurement roles:** advocate for procurement stakeholders to be part of strategic decision-making processes, ensuring that procurement plays a key role in achieving organisational goals.³
- **Systematic dialogue and engagement:** develop systematic binding dialogue and engagement of local governments at the European level.⁴

1.3 Transparency and accountability

- **Transparent procurement processes** with well-defined accountability mechanisms to ensure public trust and effective implementation.
- **Standardization and coordination:** Make innovation procurement a standard practice rather than a niche activity. Policies should support this shift to modernise public services effectively.
- **Align goals and methods:** Ensure that public procurement rules and strategies are better aligned with EU-wide policies on the twin transitions (green and digital), as well as economic and social challenges, emphasising sector-specific priorities where necessary.⁵

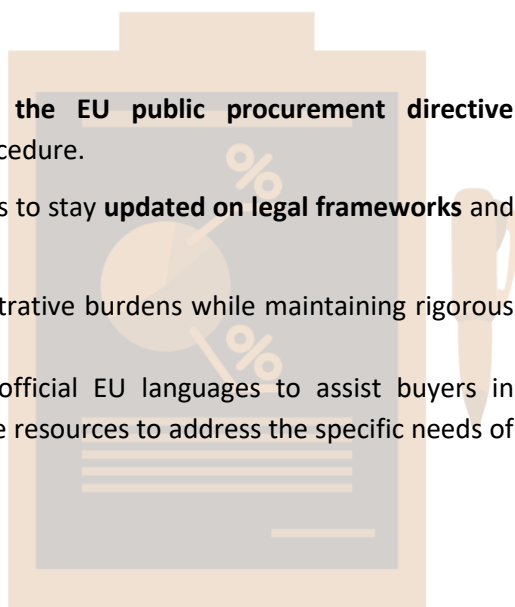
2. Legal frameworks and procedures

- **Ensure national legislation is harmonized with the EU public procurement directive (2014/24/EU)**, emphasising the innovation partnership procedure.
- **Implement training programs** for procurement officials to stay **updated on legal frameworks** and procedural best practices.
- **Simplify compliance requirements** to reduce administrative burdens while maintaining rigorous standards.
- **Resource support:** Establish a resource center in official EU languages to assist buyers in understanding and implementing regulations, and provide resources to address the specific needs of stakeholders of different sizes.⁶

² [Digital decade report 2024](#)

³ [SIPE Conference](#)

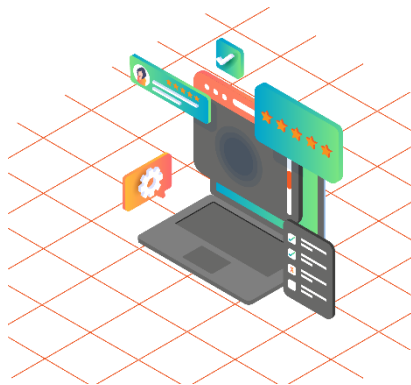
^{4 5 6} Position paper by Urban Agenda for Responsible Procurement



3. Promote preliminary Market Consultation

- **Encourage public entities to conduct thorough market research** to understand supplier capabilities and innovation potential.
- **Pre-tender ecosystem:** encourage and support the creation of a pre-tender ecosystem that enables information exchange between buyers and suppliers, facilitating better market understanding and preparation for innovation procurement.⁷
- Develop **standardised engagement protocols** for preliminary market consultations to gather valuable insights from the market.
- **Establish formal feedback mechanisms** to incorporate market input into the procurement planning process.

4. Support Pre-commercial Procurement (PCP)



- Allocate funding for pilot projects to test innovative solutions before full-scale procurement.
- **Develop risk-sharing frameworks** where both public buyers and suppliers share the risks and rewards of developing new solutions.
- Advocate for **iterative development processes**, allowing adjustments based on pilot feedback and performance.
- **Launch co-investment initiatives** to jointly fund the development of innovative technologies.

5. Facilitate competitive dialogue and negotiation

5.1 Structured dialogue

- Promote the use of competitive dialogue procedures to foster detailed communication between buyers and suppliers.
- Invest in training programs to enhance the negotiation skills of procurement officials.

5.2 Outcome-focused contracts

- Encourage the adoption of outcome-focused contracts that specify desired results rather than prescriptive solutions.

⁷ Position paper by Urban Agenda for Responsible Procurement

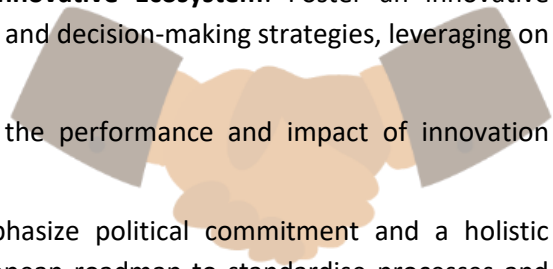
6. Foster innovation partnerships

- Support the formation of **long-term innovation partnerships** between public entities and private sector innovators.

- **Proactive Problem-solving and Promoting an Innovative Ecosystem:** Foster an innovative ecosystem by implementing proactive problem-solving and decision-making strategies, leveraging on existing innovation projects as examples. ⁸

- **Implement robust monitoring systems** to track the performance and impact of innovation partnerships.

- **Holistic approach and European roadmap:** emphasize political commitment and a holistic approach to innovation procurement, creating a European roadmap to standardise processes and coordinate efforts at national and regional levels. ⁹



7. Address legal and risk considerations

- **Introduce contractual safeguards** to manage risks and ensure legal and regulatory compliance.

- Establish efficient **dispute resolution mechanisms** to handle conflicts in procurement processes.

- **Formulate strategies to mitigate identified risks**, ensuring continuity and success of procurement initiatives and advocate for continuous risk monitoring throughout the procurement lifecycle, allowing for proactive adjustments.

8. Risk aversion

- **Addressing risk aversion:** Incorporate training and top-down communication to tackle risk aversion among public buyers, creating a supportive regulatory environment. *(source: SIPE Conference)*. Develop comprehensive risk management frameworks tailored to innovation procurement.

- **Incentives to Innovate:** Address risk aversion by creating financial and non-financial incentives for public buyers, such as innovation procurement awards and setting innovation as an objective in performance evaluations.

- **Rebranding Public Procurement:** rebrand public procurement to attract innovative talent and involve citizens more directly in the process. ¹⁰

9. Legislation and Regulation

- **Top-down incentives and political prioritisation:** elevate innovation procurement on the political agenda by ensuring it is politically prioritized with adequate staffing and resources.

^{8 9 10} [SIPE Conference](#)

- **Feedback and monitoring:** facilitate direct feedback and enhance monitoring of the effects of EU regulations on innovative and sustainable public procurement through the resource center in official EU languages.

- **Translating ambitions into actions:** develop a strategic policy framework and an action plan for innovation procurement that includes clear objectives, roles, responsibilities, and timelines. Ensure stakeholder engagement to secure commitment across all parties involved.

- **Increase Innovation Procurement investments:** Recognize that Europe is underinvesting in innovation procurement. The target should be 20% of public procurement or 3.6% of GDP. Doubling current efforts will accelerate public sector modernization, enhance industrial competitiveness, and foster economic growth.¹¹

10. Capacity Building

- **Building up capacity:** Invest in capacity building for innovation procurement, including specialized training, cooperative procurement, and fostering an entrepreneurial culture. Establish national competence centers to provide support and raise awareness among public buyers.

- **Support and collaboration with existing networks:** focus on building upon existing networks like the European Public Procurement Alliance to ensure sustainability and broader impact. Centralise information and resources.



11. Focus on Strategic Sectors

- **Focus on Information and Communication Technologies-Based innovations:** prioritise the adoption and procurement of ICT-based solutions, as they are key drivers of productivity, modernisation, and economic growth. Increasing the public procurement of ICT-based innovations is essential to enhance public sector efficiency and competitiveness, as well as to support the growth of new emerging markets.

- **Circular Economy:** Public bodies should play a leading role in generating a re-use and repair service economy in accordance with circularity principles.¹²

¹¹ [Benchmarking Innovation Procurement investments and policy frameworks across Europe](#)

¹² Position paper by Urban Agenda for Responsible Procurement

Conclusion and call to action

These recommendations emphasise the importance of establishing clear guiding principles, enhancing legal frameworks, centralising information on innovation procurement initiatives, promoting market consultations, supporting pre-commercial procurement, and fostering innovation partnerships. Additionally, they highlight the critical need for capacity building, addressing legal and risk considerations, and setting ambitious targets to significantly increase innovation procurement investments.

Implementing these strategies will not only help cities and regions address pressing social, economic, and environmental challenges but also position Europe as a leader in the global digital and green transitions, harnessing the full potential of innovation procurement.

For further guidance and support, policymakers and procurement officials can refer to the contacts and support resources listed in the appendices of this booklet.



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