

Examples and Challenges of Innovative Procurement and Collaboration in Procurement Discussed at EUROCITIES Mobility Forum in Toulouse

About the workshop

EUROCITIES, the supporter of the SPICE project kindly invited the SPICE team to facilitate a discussion with city representatives in its Mobility Forum in Toulouse on 18th October. The overarching topic of the Mobility Forum was “Innovative mobility for better urban space”, and it gathered around 100 city representatives to Toulouse. The SPICE team was grateful to take this opportunity and was represented there by Piia Karjalainen (ERTICO – ITS Europe), Lasse Stender (North Denmark Region), Sebe Vogel (Rijkswaterstaat) and Bianca Kapl and Florian Kressler (AustriaTech). Since the session was on the last day of the Mobility Forum, approximately 50 persons were present when SPICE held its presentation and workshop. The topic turned out to be fresh and quite interesting for the audience, given that only 1/6 of them were somehow involved in procurements in their work. The SPICE team delivered a successful workshop, thanks to active participation of those who were genuinely interested in the topics.

Public procurements for innovative and sustainable urban mobility – plenary presentations

In the beginning of the session, Piia Karjalainen gave a general introduction about the topics of procurement, sustainability and innovation. She also thanked EUROCITIES for their



support during the project and invitation to organise this workshop. In her presentation, she underlined that procurement plays a significant role when allocating public funding and therefore sustainability and innovation aspects should always be taken into account in any procurement processes and procurement should be used as a means to support these goals.

Lasse Stender gave an introduction on the legal aspects of public procurement, in particular

explaining the difference between R&D procurement and procurement of innovation. Bianca Kapl underlined the role of new procurement culture. “We need need-based specifications”, she said, meaning that solutions-based specifications often do not leave enough space for innovation. Bianca presented several best practises on the procurement of electric vehicles and also gave some examples of the different forms of the Common Buyers Group.

The SPICE team was happy to notice that procurement of electric vehicles is a topical question in cities at the moment. Approximately half of the participants said they have electric bus lines in their city. When asked if they would believe that all city bus lines could be electrified, the audience was still hesitant.

From theory to practice

In the workshop, the group was divided into two smaller groups to facilitate discussions. In the first group the topic was “Public procurement of innovative and sustainable mobility: examples, challenges and expectations” and in the other group - “Building partnerships for joint procurement of sustainable and innovative mobility”.

Takeaways from Workshop 1: Public procurement of innovative and sustainable mobility: examples, challenges and expectations

The discussions in this workshop focused on the challenges related to innovative public procurement and experiences of different stakeholders. The first point raised was that sometimes different departments within an administration have different and even conflicting goals (e.g. zero emissions vs. existing procurement guidelines or demands for cost savings). Experience shows that in the end it is often a political decision of which goal is deemed to be more important.

Another challenge is that even if a stated goal of having e.g. 15 % innovative procurement exists, it still needs designated funding and appropriate procurement procedures. One participant highlighted that cities often do not know what exists on the market. Here it was pointed out that having a market dialogue/consultation as part of the procurement process can help fill this information gap. Innovative procurement can also be hampered by having criteria which rule out innovative solutions. One participant gave accessibility criteria for buses as an example, for which no offers for electric vehicles were submitted.

Joint procurement involving different cities was seen as a challenge when the specifications are very different from city to city. Here the involvement of a central purchaser or procurement agency was suggested as a possible approach. But again, setting down the rules for such an agency can be a challenge if goals are very different for departments and cities.

In some countries, the decision of where to invest (e.g. in electric vehicles) lies with the regional government and not the city. Depending on whether a policy of public

procurement exists or not, other policies (e.g. on city emissions) can also influence procurement decisions ("money follows policy" principle).

As an example, participants discussed procurement of public transport in Eindhoven, which is done on a concession basis. The region is in charge of concessions and setting goals (50% electric buses by 2018, 100% by 2020) as part of the contract. This policy is the outcome of a dialogue process and also seen as an opportunity for industry to showcase their products. In this case the city acts as a spokesperson of the region, voicing both city and regional needs. The results are promising and the services procurement contract also includes charging stations. Concessions are awarded on a 10-year basis.

The concession system is also used in London and it was pointed out that this makes it possible to leave procurement procedures to private enterprises. London is currently using about 20 suppliers to run different services and also sees this as a chance to continually learn and improve the process.

Overall, it was felt by the participants that it is important to look as far ahead as possible but often cities are reluctant to make long term plans in case they run out of money. Innovation partnerships are part of the new Procurement Directive from the European Commission and should help ensure that pilot activities do not stop after the research has been carried out but lead to the implementation of innovative new solutions.

In an example of innovation partnership from Germany, it was mentioned that the mechanism for pricing the developed solution for later commercial procurement was based on the current budget, i.e. the new solution must not cost more than the current solution.

Procurement examples in Germany and Eindhoven show that often current costs are the limit for future budgets, i.e. better service at similar or lower costs. On the question as to the reaction of the suppliers it was confirmed that the companies are still interested to participate in the procurement process. Thus, market consultations, including long term planning market consultations, should also include potential sub-suppliers as innovative solutions and the supply-chain may very well depend on sub-suppliers too.



Takeaways from Workshop 2: Building partnerships for joint procurements of sustainable and innovative mobility

The topics discussed in this workshop were:

- 1) Existing experiences with Common Buyers Groups?
- 2) Ideas for the potential Common Buyers Groups?
- 3) Existing city networks which could be used to encourage / boost joint procurements?
- 4) What kind of support would you expect from the SPICE project?

In the beginning, Sebe Vogel gave a brief introduction to different forms of the Common Buyers Groups. Then discussions were furthered by questions from participants. Many interesting points were raised during the group discussions. Cities admitted that sometimes ambitious local sustainability policies are challenged by the procurement processes implemented by central units, which might not always share the same ambitions and priorities. That is often the case when individual cities have stronger green policies than those enforced at national level. In order to successfully execute innovative procurement, support from the political level is needed: sometimes innovation might be more costly than the old-school solution but it responds to many policy targets with one hit. It should also be acknowledged that procurement units have to deal not just with one but numerous policy

goals, e.g. sustainability, innovatively, accessibility, resource efficiency and sometimes these goals could be contradictory or impossible to achieve with just one solution.

An interesting point of “more user-centric procurement” was also raised in the discussion. In practice, this would mean better usability and more agile and timely procedures. Another highly relevant question at the moment seems to be the implementation of MaaS through procurement. Urban mobility is attracting many new players into the market and this requires an open communication culture from the procurement units in order not to exclude any one (or any innovations). Among start-ups and new-born companies there is also clearly a need for general information on how to get involved in public tenders.



In the Netherlands, several cities are now looking into the replacement of current contracts for public transport with Mobility-as-a-Service-type contracts. In this case, procurement is executed by a central purchasing body due to the lack of knowledge in smaller procurement units. So far, the feedback from the suppliers’ side has been good and active. There are also many new players in the market who have been interested in participating in the tender processes. Procurement units now have an unforeseen need to communicate their plan openly and clearly, also to new stakeholders in order to ensure that feasible innovative options are not excluded due to lack of communication.

When asked how SPICE could support public procurement, the answer was straightforward: we need guidance on how to do it differently without breaking the rules. Also the question “how to tackle the questions of confidentiality and confidential information during the procedures?” was raised in the workshop discussions. Participants were curious to know if there are any successful examples of cross-border procurement. The evaluation criteria for innovation also remained a tricky question.

General Conclusions

This workshop cast light, in particular, on the needs and expectations of cities for the SPICE project. Cities need very concrete tools in order to be ready to procure innovation. Supportive tools could include, for example, a “check list” for innovative procurement and evaluation criteria for common / joint procurement.

Some topics might be interesting to further investigate in the SPICE project, including what kind of procurement would be most suitable for joint / common procurement, and how new mobility service providers could be better included in public tenders. This is an important thing to keep in mind, given also that the EC often underlines the importance of supporting and stimulating European SMEs.

Overall, the SPICE team was satisfied with the results of the workshop. The workshop would have been even more fruitful if there was more time for discussions. It was evident that people are eager to discuss in smaller groups. Again, the quality made the workshop, not the quantity, and it was good to have fewer but well-motivated attendees. The whole SPICE team wants to cordially thank EUROCITIES (Peter and Natalia) and all participants for their efforts and contributions!

Annex

Workshop Agenda

Name: Public procurements for innovative and sustainable urban mobility

Time: 11:15 – 12:45, 18 October 2017

Location: Toulouse Metropole 6, Toulouse, France

11.15 – 12.45	30'	PUBLIC PROCUREMENTS FOR INNOVATIVE AND SUSTAINABLE URBAN MOBILITY Plenary presentation by Piia Karjalainen, Lasse Stender and Bianca Kapl (SPICE project)	
	Roundtable discussions		
	25'	Round 1	
		Public procurement of innovative and sustainable mobility: examples, challenges and expectations Room & moderator tbc	Building partnerships for joint procurements of sustainable and innovative mobility Room & moderator tbc
	5'	Change-over	
	25'	Round 2	
Public procurement of sustainable and innovative mobility: examples, challenges and expectations Room & moderator tbc		Building partnerships for joint procurements of sustainable and innovative mobility Room & moderator tbc	

Background information:

The workshop showcased inspiring examples on public procurement of innovative mobility concepts collected through the SPICE project, a H2020 project coordinated by the city of Copenhagen. Through a series of parallel workshops, EURO CITIES members had the opportunity to discuss more about common challenges and solutions for the procurement of advanced Intelligent Transport Systems, alternatively fuelled vehicles, mobility services and other sustainable transport services. In addition, we tried to identify common buyers groups and opportunities for joint procurements.