Innovation in the public sector
National policy experience from Sweden

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UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE
STATE COMMITTEE ON SCIENCE AND TECHNOLOGY OF THE REPUBLIC OF BELARUS
WORKSHOP
“Innovations in the public sector”
26 November 2013, Minsk
Embedding innovation in the public sector into main stream innovation policy
Putting innovation in the public sector on the policy agenda in Sweden

<table>
<thead>
<tr>
<th>Strategy/report</th>
<th>Responsible</th>
<th>Description/ objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and innovation, Government bill (2012)</td>
<td>Ministry of Education and Research</td>
<td>Aim to promote continued freedom for universities, increase research quality, initiatives for society and business, and increased utilisation of research.</td>
</tr>
<tr>
<td>Future Challenges for Sweden by the Commission on the Future of Sweden (2013)</td>
<td>The prime minister’s office</td>
<td>Aim to identify the challenges facing Sweden in the longer term (2050). Particular attention is given to sustainable growth, demographic development, labour market integration and social cohesion.</td>
</tr>
<tr>
<td>ICT for everyone – A digital agenda for Sweden (2011)</td>
<td>Ministry of Enterprise, Energy and Communication</td>
<td>Sweden is a prominent ICT nation but as ICT spans many policy areas this agenda aim to highlight ICT as enabler in to attain policy goals (e.g. regional growth, green growth).</td>
</tr>
<tr>
<td>Swedish strategy for increased service innovation (2010)</td>
<td>Ministry of Enterprise, Energy and Communication</td>
<td>The strategy provides a better understanding of service innovation – what it is, what role it plays in the economy. It also highlights the need to adapt public support structures.</td>
</tr>
</tbody>
</table>
Swedish Innovation Strategy

• Broad view on innovation
  – All parts of the national innovation system are important thus the policy rationale is not emphasised
  – Challenges demands wider view than that of the “engineer”

• Visions and areas for improvement

• No specific budget, no operational goals

• The assignment to **Growth Analysis**
  – To make an annual “follow-up” of the Swedish *Climate for Innovation* at the national and regional level
A new framework to analyze the innovation policy mix in Sweden

**Policy design**
Find the areas where state intervention is needed

*Need:*
- Identify the policy rationale for innovation
- Coordinate with different policy domains such as research and trade policy

**Diagnostic**
Identify barriers in the innovation system

*Need:*
- Common indicators that measure the Swedish innovation climate

**Reflexive monitoring of progress**
Revision of objectives and advancement steps

*Need:*
- Learn from experience

**Mapping policy instrument mix**
Implement innovation policy

*Need:*
- Coordinate fragmented agencies that give support
- Map the setting into which new policy instrument are introduced

Source: Growth Analysis forthcoming report on “A learning innovation Policy” based on a development of OECD, STI Outlook 2010 and 2012
National Innovation strategy – Areas for improvement

- Innovative people
- Research and higher education for innovation
- Framework conditions and infrastructure for innovation
- Innovative businesses and organisation
- Innovative public organisations
- Innovative regions and environments
A brief overview of Growth Analysis follow up of innovative public services

- Swedish national innovation strategy
  - Innovative public services
    - Public sector organisations work systematically with innovation in order to increase efficiency and quality
    - Public sector organisations contribute in developing innovative ways of meeting societal challenges
    - Efficient public sector support for innovation with a focus on customer benefit
      - Pilot survey of public sector innovation (MEPIN)
      - Survey of innovation and quality in the public sector (Innovation council)
      - Survey of public procurement by the Swedish competition authority
      - UN E-Government Survey

Source: Growth Analysis (2013), Sweden’s innovative climate, Indicators for the national innovation strategy 2013
### Suggested indicators on public sector innovation activity to increase quality

**Suggested indicator: public sector innovation activity**

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Percentage that conduct some form of innovation activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>78</td>
</tr>
<tr>
<td>Private sector</td>
<td>60</td>
</tr>
</tbody>
</table>

**Suggested indicator: increased quality**

<table>
<thead>
<tr>
<th>The four most important area raised by the public authorities</th>
<th>Percentage of the public authorities that see the need to improve quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>eServices</td>
<td>61</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>60</td>
</tr>
<tr>
<td>Collaboration with other public/private organisations in order to improve for the customers</td>
<td>48</td>
</tr>
<tr>
<td>Create value for the customers</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Growth Analysis (2013), Sweden’s innovative climate, Indicators for the national innovation strategy 2013
### Award criteria for public procurement

<table>
<thead>
<tr>
<th>Award criteria for public procurement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price and quality</td>
<td>48</td>
</tr>
<tr>
<td>Only lowest price</td>
<td>36</td>
</tr>
<tr>
<td>Not registered</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Swedish innovation Agency has 5 pilots on innovative procurement

Public procurement and innovative procurement = different regulations
Firms have the same information (firms participating in the innovation process cannot participate in the public procurement)

Source: Growth Analysis (2013), Sweden’s innovative climate, Indicators for the national innovation strategy 2013
Support instruments
VINNOVA budget on strategic areas (million SEK)
## Overview of policy instruments

<table>
<thead>
<tr>
<th>Name of policy instrument</th>
<th>Instrument character</th>
<th>Supply/Demand oriented</th>
<th>Targeted/non-targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge-driven innovation</td>
<td>The programme target societal challenge covering; Information society 3.0, Sustainable Attractive Cities and Future Healthcare</td>
<td>Demand</td>
<td>Non-targeted</td>
</tr>
<tr>
<td>Innovative procurement</td>
<td>Programme aim to promote and develop the use of innovative procurement in the public sector</td>
<td>Demand</td>
<td>Targeted</td>
</tr>
<tr>
<td>Council for Innovation in the Public Sector</td>
<td>The National Council for Innovation and Quality in the Public Sector supported knowledge creation of innovation and change in public services, which could result in improvements for citizens and businesses</td>
<td>Supply</td>
<td>Non-targeted</td>
</tr>
<tr>
<td>Citizen-Centric eGovernment Services</td>
<td>The call aimed at developing a prototype of new national e-government services, or improvement of existing e-services, based on citizens’ and societal needs</td>
<td>Demand</td>
<td>Targeted</td>
</tr>
<tr>
<td>Innovative users in a collaborative eGovernment</td>
<td>The call aimed to contribute towards the creation of successful new cooperation models, organisational solutions and digitised services, based on the citizens’/users’ needs and participation in the innovation process</td>
<td>Supply</td>
<td>Targeted</td>
</tr>
</tbody>
</table>
Using the framework to learn

**Diagnostics**
- The Swedish innovation climate report
- Barriers to innovation in the public sector

**The policy design**
- Usability of e-services
- Innovation friendly public procurement

**The policy instrument mix**
- Uptake of service innovation in innovative procurement
- Develop e-services based on user-needs (User-driven innovation)
The blurring boundary – Public and private sector services

- New evidence suggests that PPP is essential to address global challenges
  - (OECD ministerial meeting 2012)

The share of services in the Swedish economy

- About 60% of GDP
- Services value added is over 50% of total export
- The new jobs are created by service businesses

The importance of public sector innovation (e.g. different objectives)

- Counter cyclical
- Can drive demand for innovation
- New approaches to societal challenges (e.g. aging, greening)
Empirical data in the policy inventory

- The Swedish innovation strategy
- The Swedish research and innovation bill
- The Commission on the future of Sweden
- The digital agenda for Sweden