

Performance Evaluation and Countermeasure Analysis of Innovative Government Procurement Policy

-- Take Wuhan City as an Example

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Abstract

As a demand-side innovation policy, Innovative government procurement plays an important role in guiding the direction of industrial development, reducing innovation risks, improving the competitiveness of enterprises' products, and stimulating users' demand for innovative products. As a reasonable and legal means to protect national economy in international trade, government procurement policy is adopted by most countries. Taking Wuhan as an example, this paper analyzes the innovation promoting government procurement policy in Wuhan from two aspects: Public Procurement Promoting Innovation and private demand stimulating innovation market, and puts forward policy suggestions.

Keywords

Performance Evaluation, Countermeasure, Innovative Government Procurement.

1. Introduction

With China's economy entering the new normal, the mode of economic development is changing from factor driven to innovation driven. In this context, Wuhan, China, is following the trend and vigorously implementing the innovation driven development strategy to support the economic and social development of the whole city.

Innovation policy can be divided into supply side policy and demand side policy. The former mainly promotes innovation by promoting the suppliers of innovation, such as enterprises, universities and institutes. The latter can stimulate the emergence of the market or reconstruct the new market by increasing the demand for innovation, improving the conditions for promoting innovation absorption, and improving the cognition of market demand. Its purpose is to create a market environment conducive to innovation and accelerate innovation diffusion.

As a demand-based innovation policy, innovation promoting government procurement plays an important role in guiding the direction of industrial development, reducing innovation risks, improving the competitiveness of enterprises' products, and stimulating users' demand for innovative products. In the long run, government procurement can stimulate more innovation activities in more fields than R & D subsidies. At the same time, government procurement system, as a non-tariff trade barrier, is an effective means for countries to protect their own industries. It is one of the important ways for developing countries to protect their own interests and gradually get rid of backwardness by using trade protection policies to gradually improve the average productivity of backward countries. As a reasonable and legal means to protect national economy in international trade, government procurement policy is adopted by most countries. Taking Wuhan as an example, this paper analyzes the innovation promoting government procurement policy in Wuhan from two aspects: Public Procurement Promoting

Innovation and private demand stimulating innovation market, and puts forward policy suggestions.

2. Mechanism of Public Procurement Promoting Technological Innovation

Demand is an important potential source of innovation, but the importance of demand as a main driving force of innovation is still ignored in government policies. There are four aspects of government procurement policy in promoting scientific and technological innovation.

The government supports scientific and technological innovation through the guiding role of procurement projects. The guiding role of government procurement to the society is mainly realized through the establishment of price standards and quality standards in the process of government procurement. Especially when the government procurement has a considerable scale in a society, the standards it requires will soon become the production objectives and standards of some enterprises. In fact, the demonstration effect of government procurement may be much higher than the direct effect of government procurement policies and funds themselves.

Preferential policies in government procurement are conducive to scientific and technological innovation. There are many links in the process of government procurement that can reflect the preferential effect of the government on scientific and technological innovation. For example, in terms of the qualification examination of government procurement, the government procurement should formulate and encourage the preferential purchase of scientific and technological innovation products and the use of technological innovation technology.

The competition principle in government procurement promotes scientific and technological innovation. Competition principle is an important core content of government procurement, so standardized and effective government procurement advocates competition. From the perspective of scientific and technological innovation, competition is the source and great power of invention and creation.

Government procurement market can be used as an experimental place for enterprises to carry out scientific and technological innovation activities. Government procurement can provide special compensation to technological innovators through special demand, special market, special form and special price, promote enterprises to increase investment in scientific and technological innovation products, create a hotbed for incubating innovative products, and reduce the risk degree of scientific and technological innovation.

3. Problems in Innovative Government Procurement in Wuhan, China

The innovative government procurement policy of Wuhan City in China has three stages from the historical evolution: (1) the words "government procurement of independent innovation products" appeared frequently in the documents from 2006 to 2011. From the perspective of policy implementation, when the Ministry of science and technology's "catalogue of government procurement of independent innovation products" was not published, Wuhan, China announced the procurement standards and product catalog. (2) From 2011 to 2014, due to the influence of national policies, in order to comply with the overall situation of the country, Wuhan, China, desalinated the innovation oriented government procurement, and there was no obvious "government procurement of independent innovation products" in many documents. (3) From 2014 to now, 2015 "several opinions of the CPC Central Committee and the State Council on deepening the reform of system and mechanism and accelerating the implementation of innovation driven development strategy" pointed out that it is necessary to establish and improve the policy system in line with international rules to support the

procurement of innovative products and services. Wuhan, China, has begun to study government procurement oriented to innovation, but so far, it is only limited to the stage of "comprehensive and in-depth research" and "research and improvement", and the specific policies have not yet been implemented. Since the specific policies have not been implemented, the existing problems are impossible to talk about. However, from the current innovation policy and government purchase policy of Wuhan, there are at least the following problems:

3.1. Pay no Attention to Innovative Government Procurement

After reviewing the main documents on government procurement in Wuhan, China since 2003, it can be seen that the main documents related to government procurement in Wuhan, China are concentrated in procurement procedures, budget management, qualification examination, supervision and acceptance, and there are few references to innovative government procurement. In 2011-2014, due to the influence of national policies, in order to comply with the overall situation of the country, Wuhan City in China desalinated the innovation oriented government procurement, many documents did not appear "government procurement of independent innovation products".

In a few documents concerning innovation oriented public procurement, we can see that there are some problems in innovative government procurement in Wuhan, China:

First, the policy implementation of innovative government procurement in Wuhan is mainly concentrated in the East Lake Development Zone of Wuhan, China, but not in the whole province.

As an important part of the national innovation strategy, how to use government procurement measures to implement the guidance and support of the government is of great significance. Wuhan, China has refined and explored the implementation of relevant policies and management measures for independent innovation, the identification of new products, the increase of demonstration and application of independent innovation products, and the new mode of government procurement with the participation of financial institutions, enterprises and finance. However, due to the short implementation time, there are also a series of problems in the policy implementation, such as the government procurement policy system supporting independent innovation is not perfect, the operation of government procurement supporting independent innovation is complex and there is no unified standard, etc.

Second, the innovation policy of Wuhan city is passively affected by the national policy, and lacks the initiative of policy innovation under the condition of national policy permission. In July 2011, the Ministry of science and technology and the Ministry of Finance announced that the implementation of four documents, namely, the administrative measures for the identification of national independent innovation products (for Trial Implementation), the measures for the budget management of government procurement of independent innovation products, the measures for the evaluation of government procurement of independent innovation products, and the measures for the administration of government procurement contracts for independent innovation products, were suspended. At the same time, China's Wuhan innovative government procurement policy has also stopped. Before 2016, the words "government procurement of independent innovation products" rarely appeared in government documents. Many documents only mentioned "priority procurement of energy-saving and environmental protection products" when referring to the tendency of government procurement. In 2015, China issued the implementation opinions on deepening the reform of system and mechanism and accelerating the implementation of innovation driven development strategy. Wuhan City issued its interpretation of the opinions, and then clearly proposed "innovative government procurement", but it was only limited to "comprehensive and in-depth research" and "research and improvement".

It is necessary to obey the overall situation of the country and strictly implement the national policy, but at the same time, it also needs to carry out policy innovation within the scope of national policy. Although the government abolished the government procurement policy documents of China's independent innovation products, it does not mean that the government procurement oriented to innovation has been completely denied. The abolition of the relevant documents is due to the pressure of western countries. However, there are also some common international policies, such as the policy of government procurement supporting the innovation and green development of small and medium-sized enterprises. Therefore, Wuhan city of China needs to construct its own innovative government procurement policy system within the scope of national policy and GPA policy, referring to the internationally accepted innovative government procurement policy.

Third, Wuhan city does not pay attention to innovative government procurement. Innovation policies focus on the supply side, and there are no special regulations on innovative government procurement.

By combing the innovation policies of Wuhan in recent ten years, we can see that there are many kinds of innovation policies in Wuhan, China, which almost cover all the classification of innovation policies mentioned above. However, in terms of importance, Wuhan's innovation policies are mainly concentrated on the supply side, while the two tools in the innovation policies on the demand side, namely, innovation oriented public procurement and policies to stimulate innovation demand, are seldom mentioned. As far as public procurement for innovation is concerned, Wuhan city of China has been referring to and practicing government procurement to support innovative products in recent years, but the support is not strong enough and there are no special laws and regulations.

3.2. Pay no Attention to the Purchase of Innovative Products of Small and Medium-sized Enterprises

Small and medium-sized enterprises are playing a more and more important role in prospering economy, increasing employment, promoting innovation, promoting industry and expanding domestic demand. Throughout the policy support for SMEs in Wuhan, China, almost all of them focus on the supply side. These policies mainly include: venture capital, tax incentives, R & D funding, policy support for the transformation of scientific and technological achievements, establishment of research centers, infrastructure construction, credit support, entrepreneurship training, consulting service patent database, intellectual property protection, etc. It is difficult to find the shadow of demand side policy in these policies.

When the Ministry of science and technology and the Ministry of Finance announced that they would stop implementing innovative government procurement documents in July 2011, some international popular policies, such as the government procurement policy to support innovation and green development of small and medium-sized enterprises, were also abolished. It is not necessary to abolish these policies, because it is a common practice in the world that government procurement supports the innovation of small and medium-sized enterprises. What China needs to do is to actively absorb the reasonable suggestions of developed countries, restore and improve relevant policies, and formulate government procurement policies in line with international rules to support China's independent innovation, rather than abolish the documents of innovative government procurement at the same time.

Subsequently, in March 2015, the CPC Central Committee and the State Council put forward several opinions on deepening the reform of the system and mechanism and accelerating the implementation of the innovation driven development strategy, pointed out that it was necessary to establish and improve the policy system for supporting the procurement of innovative products and services in line with international rules, implement and improve the relevant measures of government procurement to promote the innovation and development of

small and medium-sized enterprises, and increase the procurement of innovative products and services.

According to the central document, Wuhan, China, responded quickly. In 2016, the CPC Wuhan Municipal Committee and the Wuhan Municipal People's Government of China clearly put forward five measures in the interpretation of the implementation opinions on deepening the reform of system and mechanism and accelerating the implementation of innovation driven development strategy, including strengthening the implementation of national inclusive fiscal and taxation policies and innovative product procurement policies, and implementing the relevant measures of government procurement to promote the innovation and development of small and medium-sized enterprises. From the current situation, "government procurement to promote the innovation and development of small and medium-sized enterprises" is still in the opinion interpretation, and the specific policy has not been implemented.

3.3. The Implementation of Green Procurement Policy is not Effective

"Green procurement" means that the government, through huge purchasing power, gives priority to the purchase of environmental label products with less negative impact on the environment, so as to promote the improvement of enterprise's environmental behavior, so as to promote and demonstrate the green consumption of the society. Today, with the rapid development of science and technology, most green products are products with technological content and innovative products. Green products are also products that meet the development needs of strategic emerging industries. As green procurement is a common international practice, it has not been affected by the abolition of innovative government procurement in 2007. Wuhan city of China also responded positively, and the government procurement of energy-saving and environmental protection goods has been regulated accordingly. In addition, in 2009, Wuhan development and Reform Commission issued a notice on the recommended catalogue of energy-saving and environmental protection products in Wuhan, China, which makes the government procurement of energy-saving and environmental protection products more operable. However, there are still many problems in green procurement in Wuhan, China, which are mainly manifested in the following aspects:

First, from the perspective of policy text, green procurement policy is not prominent, and there is less explanation in the policy text.

The policy texts about green procurement in Wuhan city of China are mainly the catalogue of government procurement in Wuhan city of China (or the catalogue and quota standard of government procurement in Wuhan city of China) and the key points of government procurement in Wuhan City, China. In these texts, there are only one or two sentences about green procurement. In the government procurement catalogue of each year, the requirements for green procurement are often placed in the last "other requirements" of the policy text. Because there are only one or two sentences about green procurement, the executive departments often feel that green procurement is irrelevant when they operate. After passively implementing the central government's compulsory procurement projects, they no longer pay attention to green procurement, which leads to the discount of green procurement policy implementation.

Second, only emphasizing "priority procurement" greatly limits the operability of the policy.

From the perspective of policy texts, the most frequently used words in the green procurement policies in Wuhan city of China are "priority procurement", followed by "continue to strengthen" and "actively implement". It is difficult to define what is "priority" and what is "positive". At the same time, there is no corresponding implementation rules and policy interpretation for these policies, which reduces the operability of the policies.

Third, there are many difficulties in the implementation of green procurement in Wuhan

Due to the above reasons, there are many difficulties in the implementation of green procurement in Wuhan, China

In the government procurement of Wuhan City, China, the comprehensive scoring method is adopted for the government procurement of some goods and services. The primary factor to be considered in this method is the price factor. Although the proportion of the price score in the total score (i.e. the weight) has become reasonable after adjustment, it can be seen from the comprehensive score table of dozens of government procurement investigated by the research group that the comprehensive score table does not reflect the tendentious support for purchasing energy-saving and environmental protection products, innovative products and innovative products of small and medium-sized enterprises.

In the bidding announcement of Wuhan government procurement, there are few requirements for green procurement. The bidding announcement mainly focuses on whether the price and technology meet the requirements of the unit, the qualification of the bidder and after-sales service.

From the perspective of limited procurement contracts, most of the procurement contracts do not provide for energy-saving and environmental protection products. In a small number of contracts that stipulate the requirements of energy conservation and environmental protection, they only require to choose whether the purchased products are energy-saving and environmental protection products, and there is no unified standard for the definition of energy conservation and environmental protection.

4. Research on the Countermeasures for the Problems of Innovative Government Procurement Policy in Wuhan

4.1. Study and Formulate the Policy System of Innovative Government Procurement as soon as Possible

Although the central government clearly pointed out the implementation and improvement of government procurement related measures to promote the innovation and development of small and medium-sized enterprises and increase the procurement of innovative products and services, the specific policies and implementation rules have not yet been issued. Due to the unpredictability of the issuing time of the central policy documents, Wuhan city of China should speed up the pace and formulate the policy documents of innovative government procurement as soon as possible.

From the current situation, there are two difficulties in the introduction of these policies: (1) the innovative government procurement policy is easy to go to the shackles of local protectionism, which is questioned and criticized by other provinces or foreign countries. (2) At present, China is in the negotiation stage of joining the GPA, so the policy-making needs to follow the rules of GPA, refer to the innovative government procurement policies of western countries and other provinces in China, and combine with the provincial conditions of Wuhan.

In view of these two difficulties, the policy-making of innovative government procurement needs the relevant research group composed of academic circles and government to study and formulate relevant policy system.

4.2. Revise and Improve the Certification Catalogue of Independent Innovation Products in Wuhan, China

From the current policy text and implementation effect, we need to improve from the following aspects:

First, the goal of Wuhan innovation product plan is mainly the industrialization and marketing of scientific and technological achievements. Although the tendency of government

procurement is also pointed out in the policy text, in fact, there is not too much government procurement intervention. Therefore, it is necessary to reflect the tendency of government procurement in the policy text, and there should be more implementation rules and other normative documents to support it.

Second, in 2007, the administrative measures for the identification of independent innovation products in Wuhan, China (for Trial Implementation) stipulated that the products should have their own brand, that is, the applicant has the ownership of the registered trademark of the product. However, this article has been removed from the notice on the identification of independent innovation products in Wuhan in 2010 and the administrative measures for the identification of innovative products in Wuhan, China in 2016. Independent brand is an important link in the identification of innovative products. Removing this provision will affect the support of government procurement policy for local innovation. Therefore, it is necessary to take "possessing patent and other (technical) intellectual property rights or the right to use" and "having the exclusive right or right to use the registered trademark of goods" as conditions for its government procurement. Even products with "foreign patents, trademarks and other intellectual property rights or use rights" can also be recognized as innovative products in China. Even if the innovative products with general license rights can be included in the scope of Chinese government procurement, this is not only in line with the non discrimination principle of WTO, but also conducive to the introduction of advanced technology and the promotion of local employment and economic growth.

In practice, the concepts of "innovative products" and "new products" are confused. On July 1, 2016, the science and Technology Bureau of Wuhan City, China, the development and Reform Commission of Wuhan City, China and the Finance Bureau of Wuhan City, China jointly issued a notice on printing and distributing the administrative measures for the identification of innovative products in Wuhan, China. It is pointed out in Article 6 of the conditions for the identification of innovative products that the products applied for identification should be the products put into the market for the first time. Here, "products put on the market for the first time" belong to new products, not innovative products. The concepts of "innovative products" and "new products" are confused. Innovative products are often new products, but new products are not necessarily innovative products.

4.3. Improving the Scoring Method of Government Procurement in Wuhan, China

As mentioned above, the comprehensive scoring method of Wuhan municipal government procurement in China lacks the tendency of government procurement to promote technological innovation. It pays more attention to whether the price and technology meet the requirements of the unit, the qualification of the bidder and after-sales service. Priority procurement and preferential policies are implemented for independent innovation products that meet the requirements of independent innovation products. Independent innovation products should be given different degrees of bonus points or price deduction. The specific measures are as follows: A certain range of price deduction will be given to the procurement project evaluated by the lowest bid evaluation method;

For the procurement project evaluated by the comprehensive scoring method, a certain proportion of the total score of price evaluation and technical evaluation shall be given in the price evaluation item;

For the procurement projects evaluated by the cost performance method, scientific and technological progress, energy conservation and environmental protection score factors can be added and a certain proportion of price deduction can be given.

4.4. Improve and Implement the Government Procurement Policy of "First Product"

Although the "administrative measures for the government's first purchase and ordering of independent innovation products" issued by China in 2007 has not been abolished, one of the conditions for the first purchase and ordering of products is "products of independent innovation recognized by the state". Since the policy of identifying independent innovation products has been abolished, the policy is actually abolished. The first set of products is an important policy for government procurement to promote independent innovation of large and medium-sized enterprises. On the one hand, the government's first purchase can effectively reduce the risk of enterprise research and development, on the other hand, it has a significant demand pulling and demonstration role for large equipment new products to enter the market for the first time. To improve the current government procurement policy of first purchase and order, the key point is to change the recognition conditions of government procurement policy for first purchase and order to "national and local new products". The research and development cost of the first set of products is high and the risk is high. The first purchase only plays a role in market development and demonstration effect, but the research and development cost of the first set of products has not been reduced.

In official policy texts and leaders' speeches in Wuhan, China, the government procurement policy of "the first product" has been mentioned all the time. For the first set of innovative products, it is generally not suitable for ordinary government procurement, because the government procurement has strong direction. If the ordinary government procurement is adopted, it is difficult to achieve the matching of supply and demand in a certain period of time. In order to give full play to the incentive role of the first set of products, we should allow the implementation of inclusive post compensation R & D procurement policy under the condition of conforming to WTO GPA, that is to subsidize a certain proportion of R & D funds according to the R & D cost of the first set of equipment.

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