



## Measuring the impact of procurement on innovation in the United States



Public Procurement Principle: **Evaluation**



Procurement Stage: **Post-award**



Audience: **Policy maker, Procuring entity**

### Description

The US government conducted an assessment of defence-related public procurement data from the National Archives and Records Administration (NARA) in order to assess the impact of spending on innovation procurement. To conduct the analysis, the US used data from procurement activity over an extended time period (1996-2003).

The analysis involved a comparison between suppliers, including those that: 1) had previously been involved in the public procurement system, but had not been successful; and 2) those that had been successful. The data included the amount of spending that all companies had dedicated to R&D activity, as well as the impact government contracts had on these companies' overall revenues. Finally, analysts studied connections between these firms', requests for new patents and past obligations with regards to patents.

The resulting analysis showed that companies previously involved in the public procurement system were twice as likely to report R&D expenditure as firms that did not receive a contract from the US Federal Government. Furthermore, the R&D expenses of businesses that had supplied to the government increased by 0.2% if the value of government contracts in the previous year had increased by 10%. However, the largest increase of company-sponsored R&D activity was brought about by contracts that were not specifically for R&D activity, namely those that were tendered through normal defence-related procurement.

*Source:* OECD (2019), [Public Procurement in Germany: Strategic Dimensions for Well-being and Growth](#), OECD Public Governance Reviews, OECD Publishing, Paris

