



# Innovation in public procurement

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# Innovation and public procurement

EU2020 → European economy must become intelligent, sustainable, globally competitive and inclusive by 2020.



Innovative procurement procedures will have a key role among the measures supporting the implementation of EU objectives.

By applying those,

- **savings can be achieved in the procurement budget spent on an annual basis**, and the money saved could be allocated to programs funding RDI;
- **the quality of public services can be improved** through demand-driven, tailored procurement structures;
- **micro, small and medium-sized enterprises will be assisted in reaching new tenders**, which have been proven to be unattainable for them in the past.

According to the currently forming EU strategic documents, Brussels plans to mobilize significant resources for the planning period 2014-2020 to promote and encourage the use of innovative public procurement.

A conceptual illustration featuring two glass fishbowls against a blue sky with white clouds. The smaller fishbowl on the left is partially filled with water. A goldfish is captured mid-jump, having just left the water of the smaller bowl and is moving towards the larger, empty fishbowl on the right. A stream of water is visible trailing behind the fish as it jumps. The larger fishbowl is also partially filled with water. The text 'Traditional public procurement' is centered in the water of the smaller bowl, and 'Innovative procurements' is centered in the water of the larger bowl.

**Traditional  
public procurement**

**Innovative  
procurements**

# Types of innovative procurement methods

*Design contest (Act CVIII of 2011 on Public Procurement (PPA), Article 4./22.)*

*Negotiated procedures with the publication of a contract notice (PPA, Article 89 – 93.)*


*Competitive dialogue (PPA, Article 101 – 107.)*

New framework document by the EU Commission on Public Procurement  
→ *Innovative Partnership*

One type of innovative procurement procedures is PCP, which will receive special attention by EU in the programming period.

# Pre-commercial Procurement (PcP)

## Characteristics:



A cost-cutting and efficiency-enhancing procurement method for the public sector.

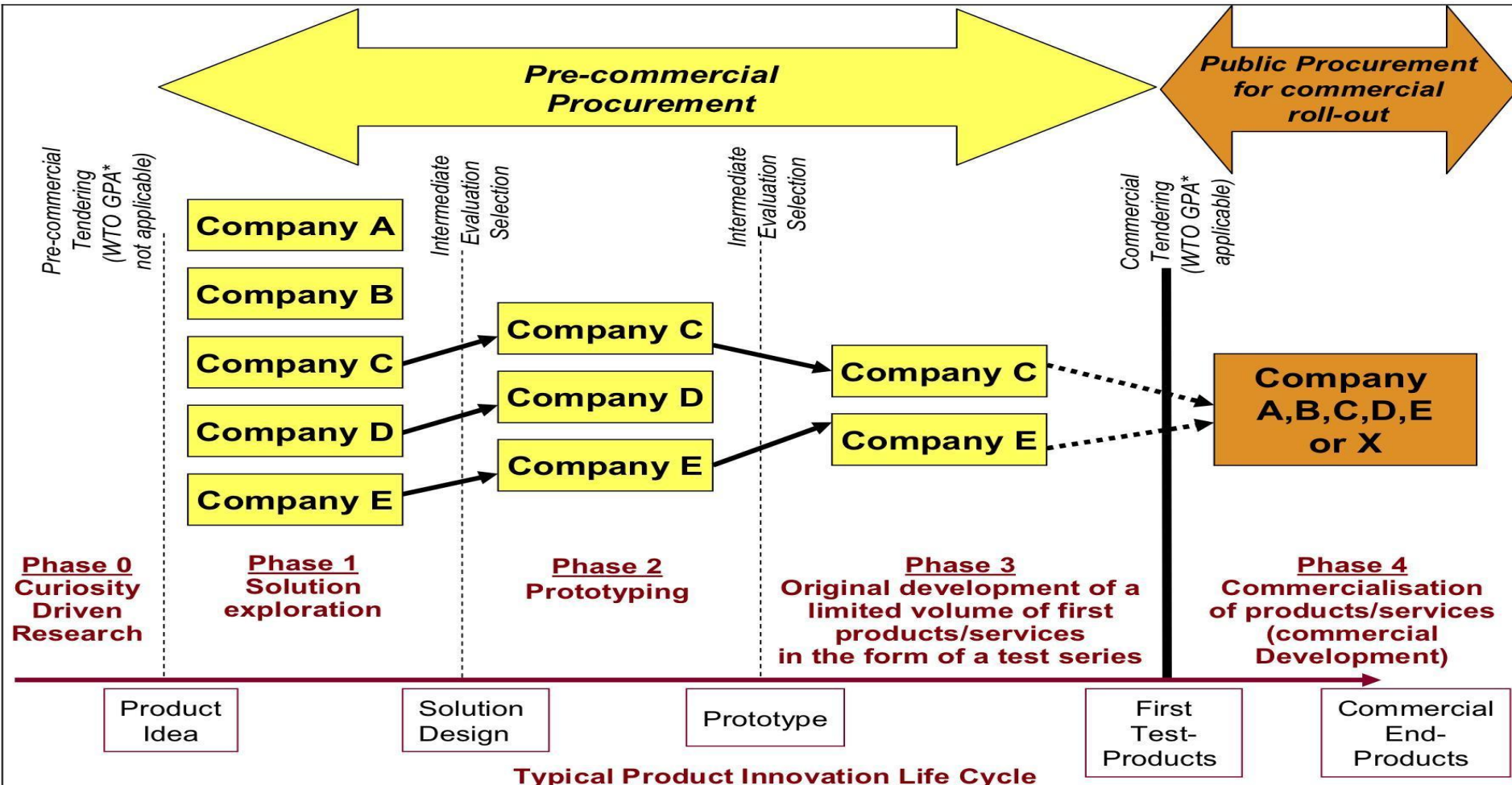
A multi-stage process that precedes public procurement.

A public-private partnership to enhance innovation from the demand side (innovative SMEs have better chances in public tenders)

Based on sharing risks and benefits.

EU is already using PCP as a primary means of support.

# The PcP process (according to EU)





# The implementation of PcP in Hungary



## Legal background

### COM(2007) 799 of the EU Commission–

"pre-commercial procurement" is intended to describe an approach to procuring R&D services other than those where "the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs, on condition that the service provided is wholly remunerated by the contracting authority".

### Act CVIII of 2011 on Public Procurement (PPA) Article 9. /5,f

In case of pre-commercial procurement, if the the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs, on condition that the service provided is wholly remunerated by the contracting authority, then the exception does not apply to procurement of the R&D service and the conduct of a public procurement is needed. *(According to the Public Procurement Authority of Hungary)*

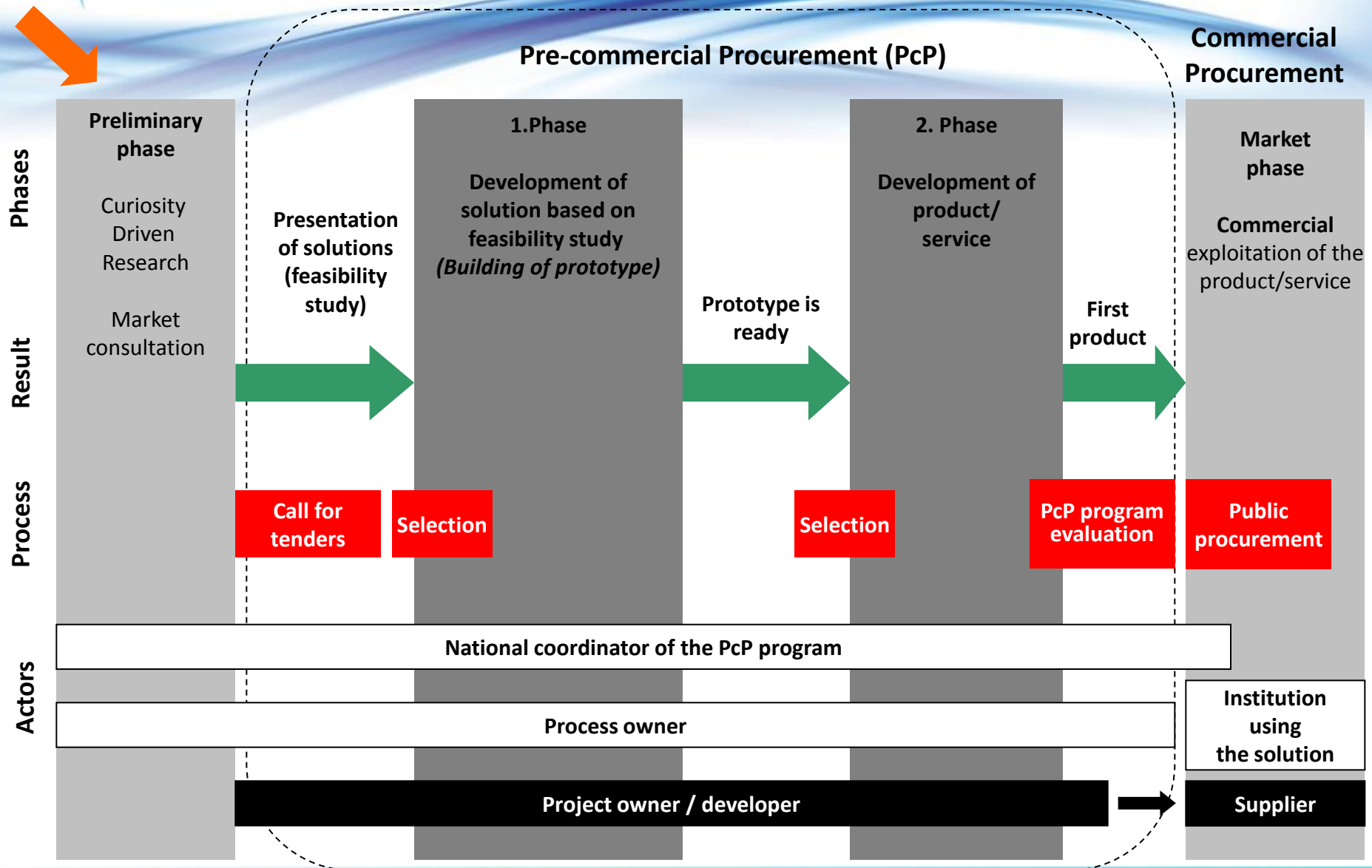
### Act No. CXXXIV of 2004 on Research and Development and Technological Innovation Chapter II. Interpretative Instructions

Article 4. For the purpose of this Act,

d) Research and development: includes basic research, applied research and experimental development.

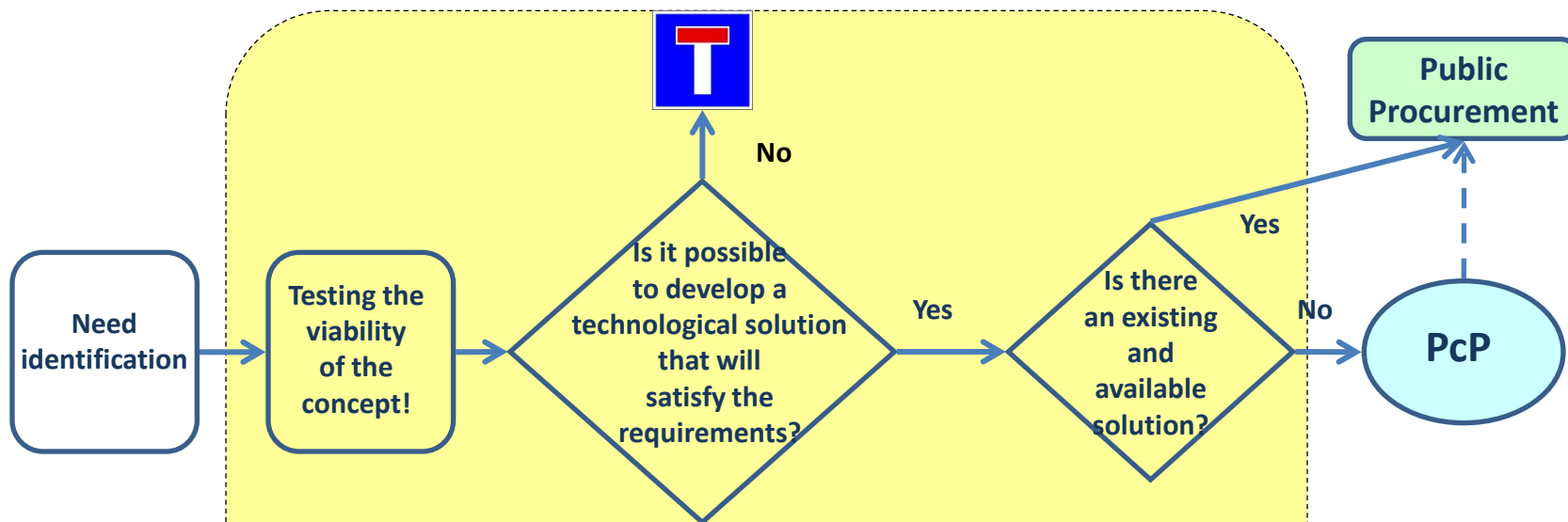


# The planned process of a Hungarian pilot PcP



# Preliminary phase

Preliminary phase



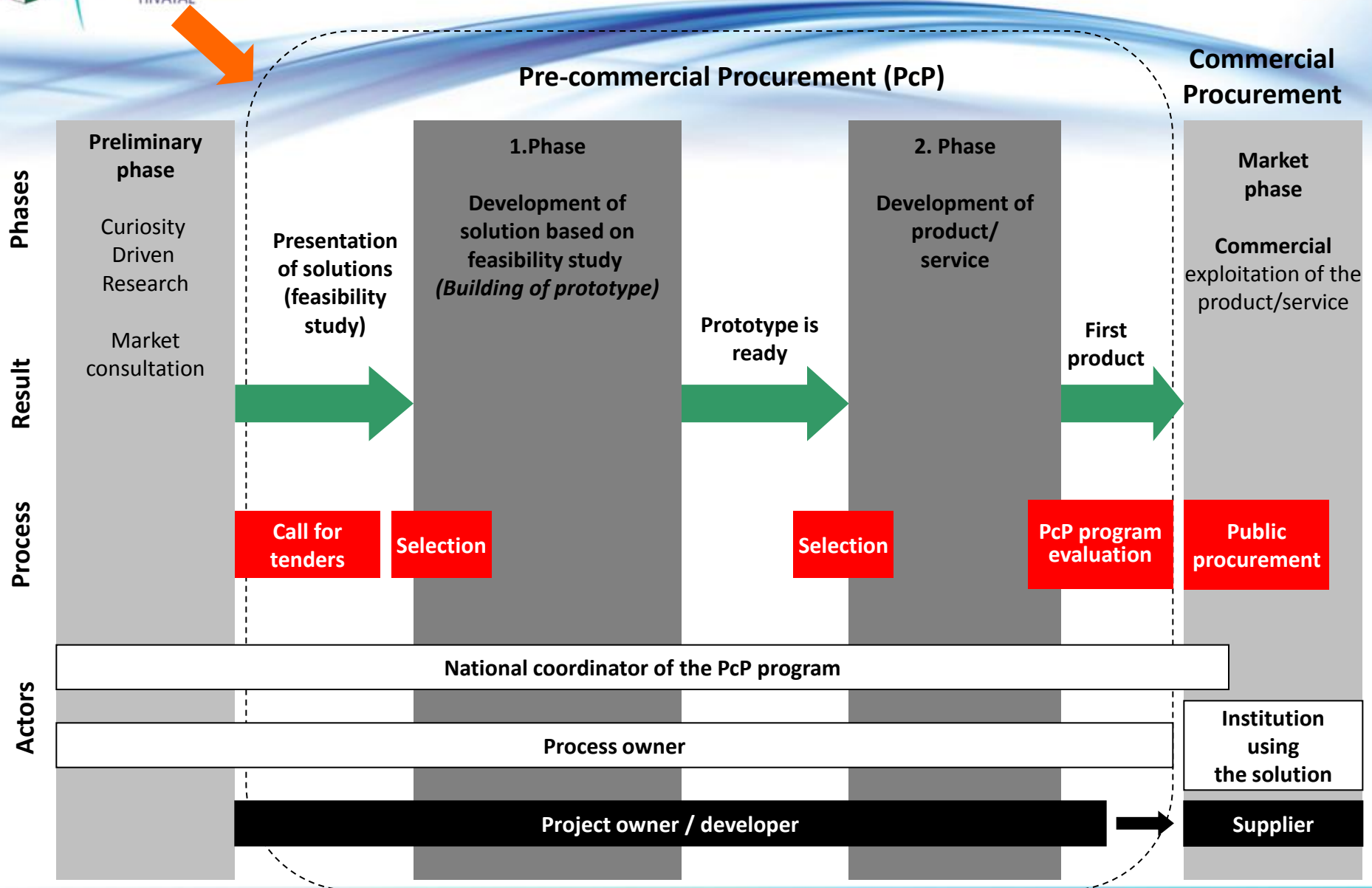
Innovation Platform (market consultation with stakeholders)

# Preliminary phase

**Market consultation with stakeholders =  
INNOVATION PLATFORM**



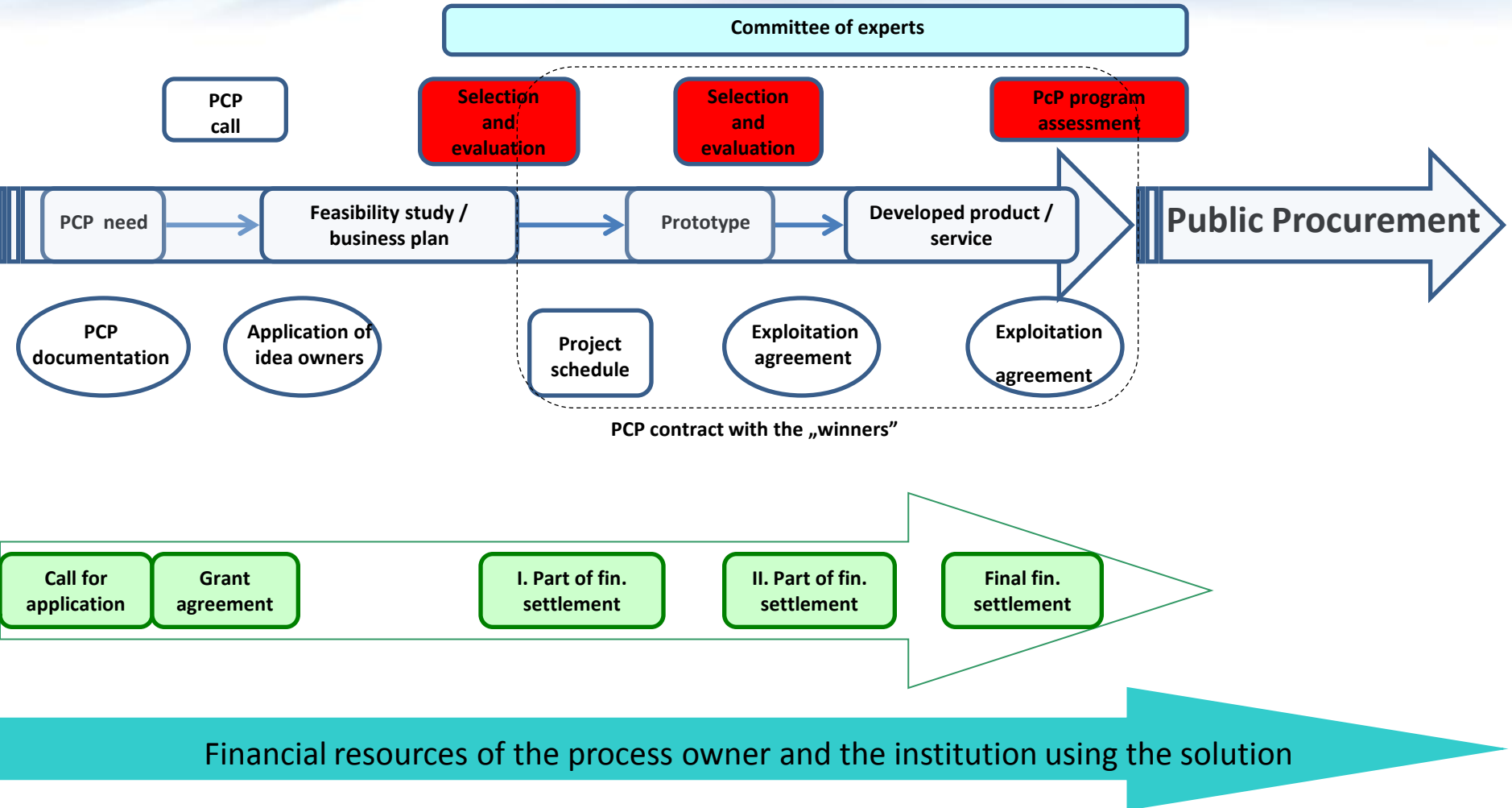
# The planned process of the Hungarian pilot PcP



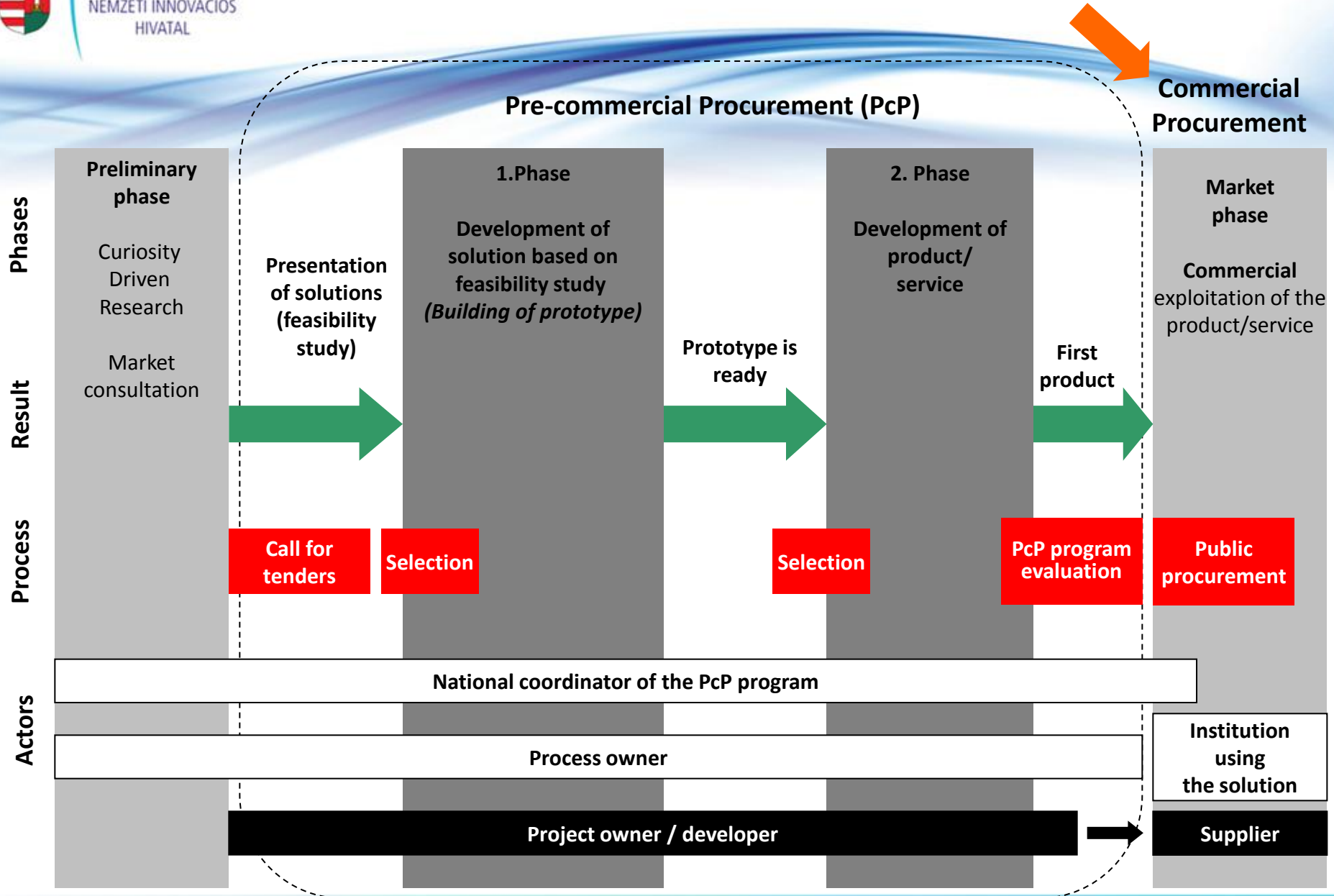
# Flowchart of the Hungarian pilot PcP

## PCP 1. phase

## PCP 2. phase



# The planned process of a Hungarian pilot PcP





# CORDIS

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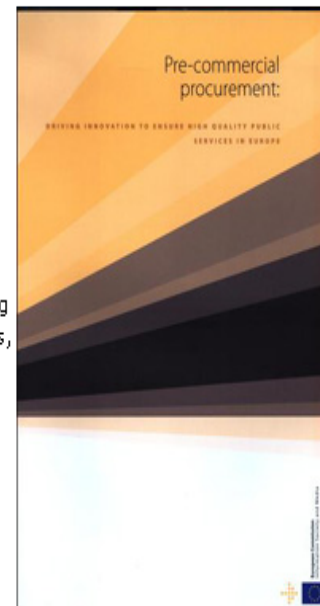
### Pre-Commercial Procurement

#### Pre-Commercial Procurement

**By acting as technologically demanding first buyers, public procurers can drive innovation from the demand side. In addition to improving the quality and effectiveness of public services this can help creating opportunities for companies to take international leadership in new markets.**

Pre-Commercial procurement (PCP) is an approach for procuring R&D services which enables public procurers to:

- ❖ share the risks and benefits of designing, prototyping and testing a limited volume of new products and services with the suppliers, without involving State aid;
- ❖ create the optimum conditions for wide commercialization and take-up of R&D results through standardization and/or publication.
- ❖ pool the efforts of several procurers;



#### News

[€32M EC funding for joint cross-border PCPs in FP7-ICT-2013](#)

[€12M EC funding for cross-border PPIs in CIP-PSP-ICT-2013](#)

[Continued PCP support in Horizon 2020 and new 2014 procurement directives](#)

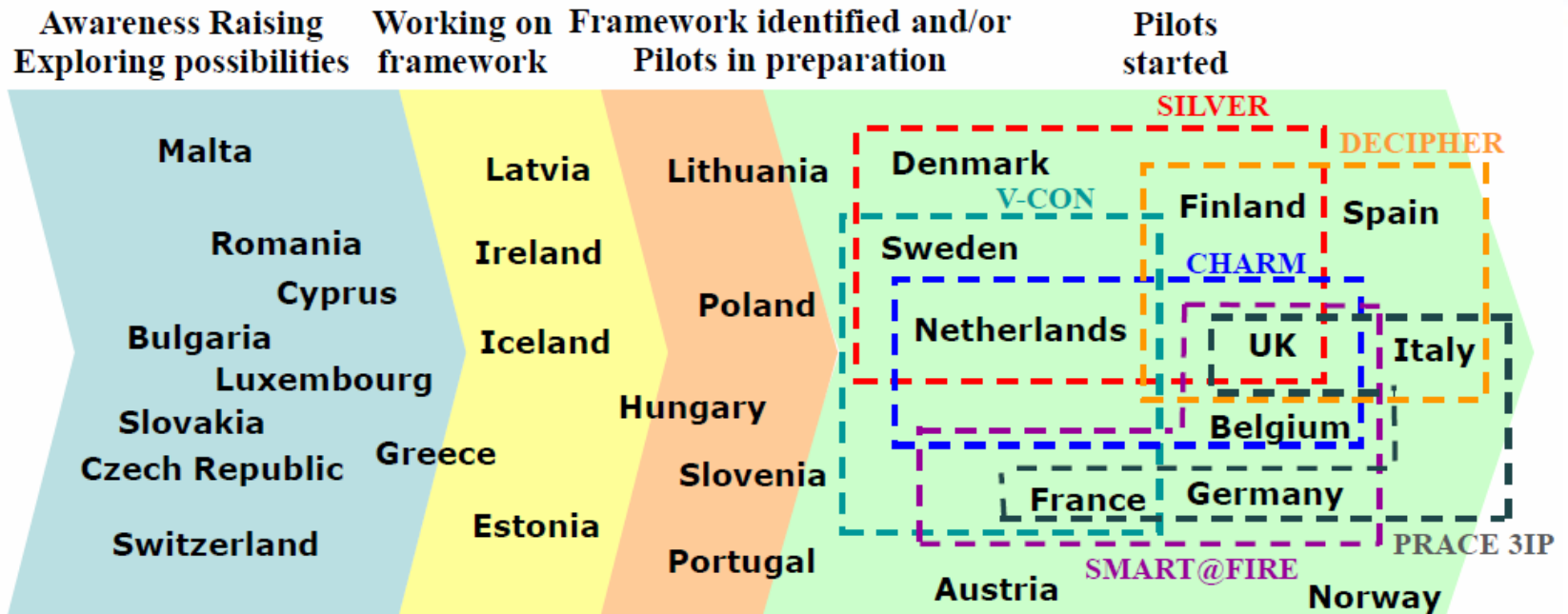
[New PCP & PPI initiatives in Member States and first cross-border PCPs started](#)

[January 2013 PCP Newsletter](#)

Upcoming [PCP & PPI Info days & networking events](#)

[MEP Malcolm Harbour on PCP](#)  
Press release EPP-ED Group regarding European Parliament resolution on PCP

# International project recently founded by EU



Projects in dotted-line are cross-border EC funded PCP projects that have started:

**SILVER:** started January 2012 (Supporting Independent Living of Elderly through Robotics)

**CHARM:** started September 2012 (Common Highways Agency / Rijkswaterstaat Model for traffic management of the future)

**V-CON:** started October 2012 (Virtual Construction / Modelling of Roads)

**SMART@FIRE:** started Nov 2012 (Integrated ICTs for Smart Personal Protective Equipment for Fire Fighters and First Responders)

**DECIPHER:** started February 2013 (new applications based on Distributed EC Individual Personal Health Records)

**PRACE 3IP:** started July 2012 (PRACE 3<sup>rd</sup> phase on high energy efficient high performance computing)

More Info about national PCP initiatives in Member States: [http://cordis.europa.eu/fp7/ict/pcp/msinitiatives\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/msinitiatives_en.html)

More info about EU funded cross border PCP projects: [http://cordis.europa.eu/fp7/ict/pcp/projects\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/projects_en.html)





# Pilot projects in Hungary



## **RAPIDE**

**The project RAPIDE** - Bringing innovative products and services to the market more quickly- was an example of a RFEC project active on pre-commercial procurement. The *RAPIDE Innovative Procurement Working Group* led by **Észak-Alföld Region (HU)** piloted the application of structural funds resources to setup pre-commercial procurement programmes.

Further information: <http://www.rapidenetwork.eu>

**ProgrEAST**  
Pre-commercial Procurement

The goal of **PROGR-EAST** was to encourage the use of Pre-Commercial Procurement (PCP), in 5 targeted European Countries (PL, CZ, SK, HU and SL), taking into consideration the specific needs and constraints for public procurement and in particular for the procurement of R&D existing in Eastern Europe. The aim is to introduce innovative PCP strategies to public authorities, universities and industrial stakeholders, and transfer successful experiences implemented in other European and external regions to implement innovative public services.

Pilot project → *Puskás Tivadar Foundation CERT-Hungary*

Further information: <http://www.progreast.eu>

# International examples

**Non-invasive Glucose Meter - UK**



**Temporary Side Room - UK**





**Thank you for your kind  
attention!**