



# **Public Demand Driven Innovation Innovation Procurement (PCP and PPI) in Horizon 2020 Updated version for WP2017 calls**

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## State of Play PCP-PPI

# Dual objective



- Public sector efficiency...
- Health care
- Climate Change
- Energy Efficiency
- Transport
- Security



- Public sector is faced with **important challenges**. Addressing these, often requires public sector transformations.
  - In many cases, solutions are near the market and would be provided if clear requirements/sufficient demand expressed by the market (**PPI**)
  - In other cases, still R&D required to de-risk technology, still competing solution approaches to compare before committing to large scale deployment (**PCP**)
- Public procurement/demand driven innovation can open markets for industry/researchers **creating growth & jobs in Europe**
- However, potential is **underutilised in EU** due to fragmentation of demand, lack of incentives -> transnational PCPs/PPIs

# PPI – Public Procurement of Innovative Solutions



- **When**
  - Challenge requires solution which is **almost or already on the market in small quantity** but not meeting requirements for large scale deployment yet. Desired solutions would be provided if clear requirements/sufficient demand would be expressed by the market. **Incremental innovation** (production adaptation, scaling up of production) or non-R&D innovation (e.g. organisational/process innovation) can deliver required quality/price, so **no procurement of R&D** involved.
- **What**
  - Public sector acts as launching customer / **early adopter** / first buyer for **innovative** products and services that are newly arriving on the market (**not widely commercially available yet**)
- **How**
  - Public sector acts as facilitator establishing a **buyers group** with critical mass that triggers industry to scale up its production chain to bring products on the market with desired quality / price ratio within a specific time. After **potentially a test / certification / labelling**, the buyers group buys a significant volume of solutions.



- When

- Challenge needs radical innovation, no solution 'on' or 'close to' market yet. There are different competing 'potential' solution approaches / ideas, but still **R&D needed** to de-risk and compare / validate the pros and cons of different technological alternatives: **No commitment to large scale deployment (PPI) yet**. Procurer wants to **induce step change in the market** (e.g. moving from proprietary / vendor lock-in situation to better open systems and multiple vendor environment including new players)

- What

- Public sector buys R&D to **steer development of solutions to its needs**, gather info about pros / cons of alternative solutions to be **better informed to make specs for a follow-up PPI** possibly later, to **avoid supplier lock-in** (create competitive supply base)

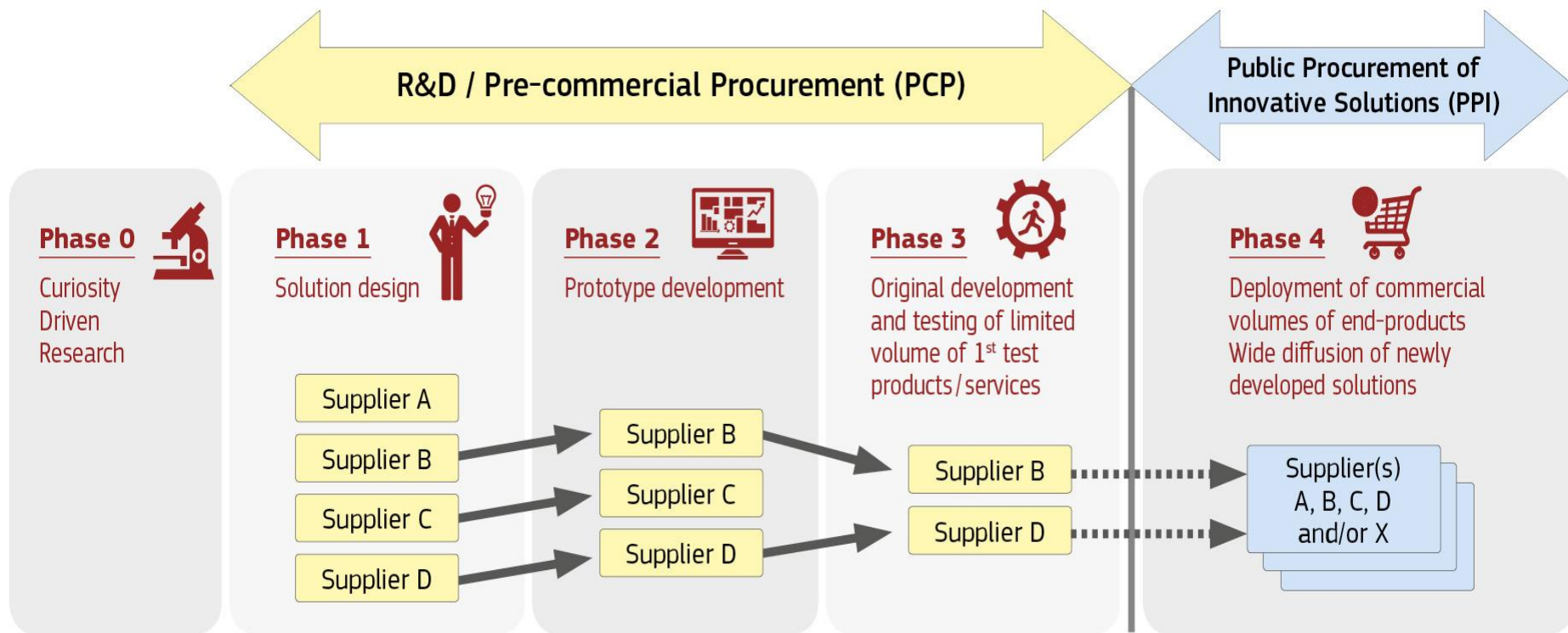
- How

- Public sector buys R&D from **several suppliers in parallel** (comparing alternative solution approaches), in form of competition **evaluating progress after critical milestones** (design, prototyping, test phase), risks & benefits of R&D (in particular related to IPRs) shared with suppliers to maximise incentives for wide commercialisation

# Innovation Procurement: PCP + PPI Complementarity



- **PCP** to steer the development of solutions towards concrete public sector needs, whilst comparing/validating alternative solution approaches from various vendors
- **PPI** to act as launching customer / early adopter / first buyer of innovative commercial end-solutions newly arriving on the market



# Complementarity / split between PCP and PPI and phased approach enables to...



- Get 20% better value for money products(US defense data)
- Use PPI also if no(more) R&D needed for procurement need
- Use a small budget PCP to de-risk a large budget PPI
  - PPI spec can be 'completely rephrased' benefiting from PCP lessons learnt
- Use conditions that encourage job creation 'in Europe'
  - Because PCP falls outside WTO rules
- Prevent foreclosing of competition & crowding out of private investment in R&D
  - Companies that are not financing their R&D via procurement/PCP (e.g. via grants, own company resources) can still bid for deployment contracts/PPIs
- Facilitates access to procurement market for SMEs
  - Gradually increasing contract sizes, tasks, required manpower
  - Stringent financial guarantee/qualification requirements:'no' in PCP,'ltd' in PPI

*... above not the case if R&D is procured as part of/inside large deployment contract*

# Growing impact at Member State level



*PCP and PPI in ESIF: PL, HU, IE, FR,...  
EE, LV develop innov. proc. strategy*

*DE, PL put innov. proc. in R&D&I strategy  
IT (€ 150M), ES (€ 250M) to PCP/PPI struct funds  
Baltics (LT, LV, EE) join Norden agreement  
FR sets 2% target for innov. proc.*

*NO, FI, SE, DK, IS min. agreement on cross border innov.  
proc. collaboration (including 2,5% target)*

*AT, NO, DK, IS, IT include innov. proc. in R&D&I strategy  
ES (3%), NL and UK (2,5%) set expenditure target for innov. proc.*

*FI, SE, ES, Flanders (BE) launch support program & competence center for procurers*

*FI, SE, ES, Flander (BE) include innov. Proc. in R&D&I strategy*

*UK NHS and MOD PCPs and PPIs, NL launching customer (PPI)*

2008 2009 2010 2011 2012 2013 2014 2015 2016

# Growing impact at European level



More info on these EU policy initiatives on innovation procurement

[http://ec.europa.eu/information\\_society/newsroom/cf/dae/itemdetail.cfm?item\\_id=16605](http://ec.europa.eu/information_society/newsroom/cf/dae/itemdetail.cfm?item_id=16605)

Network national competence centers on innov proc

European Council asking for more balanced use of supply and demand side instruments (in particular more PCP)

ERAC council recommendations

eafip launched

1<sup>st</sup> joint cross-border PPI launched

2014 public proc dirs, EU state aid rules  
ESIF and H2020 reinforce PCP/PPI support

European award for innovation proc  
Study quantifying econ impact PCP

First joint cross-border PCPs launched (FP7)

Increasing amount of EU funding for PCP & PPI  
4,5€M in 2009-10, 43 €M in 2011-12, 94 €M in 2013,  
130 €M in 2014-15, 130 €M in 2016-17

Study measuring amount of R&D procured in all MS  
First national PCPs started by procurers in MS without EU funding

Europe 2020: IU and DAE targets for PCP and PPI

EC Survey on state of implementation of PCP across MS (national legal FW)

FP7 & CIP: awareness raising/networking procurers

Council & EP conclusions  
on PCP Communication

2008 2009 2010 2011 2012 2013 2014-15 2016-17

# What can countries/regions do?



## Political encouragement

- Modernising public sector 'a priority'  
Quality-efficiency improvement targets  
e.g. Lombardia/IT, UK
- Target % proc budgets to innovation  
Monitoring framework  
e.g. UK, NL, ES, Nordics, FR

## Implementation

- Innov Proc Competence center  
Training / assisting procurers  
(e.g. SE, FI, ES, EE, DE)
- Innov Proc financial support program  
(e.g. SE, FI, ES, EE, HU, DE)

## Encourage demand side to meet supply side

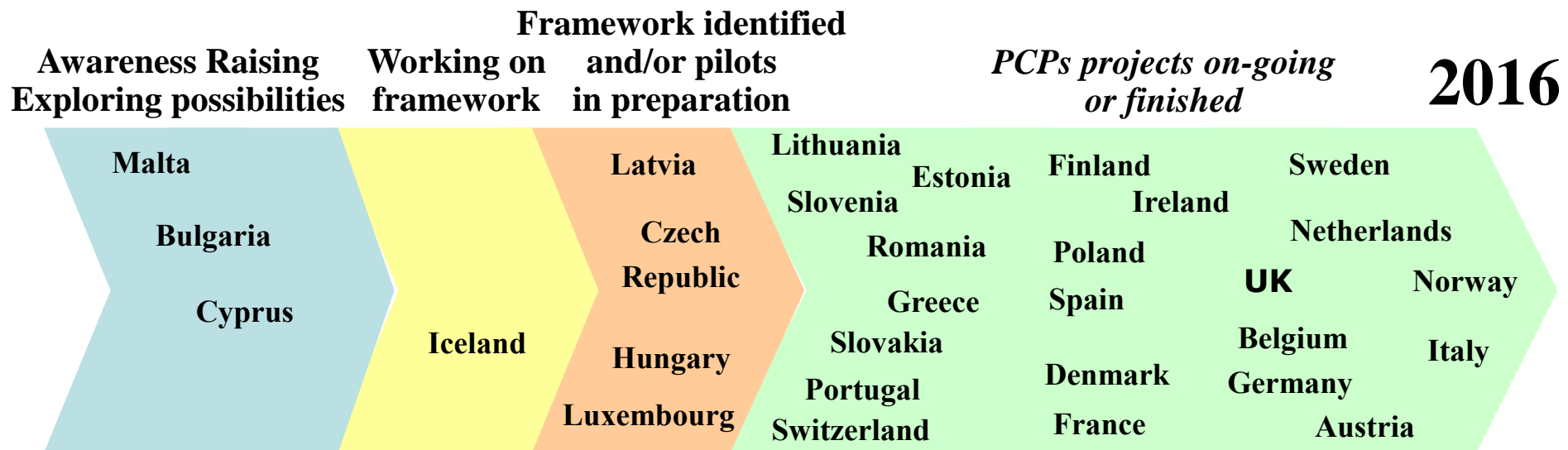
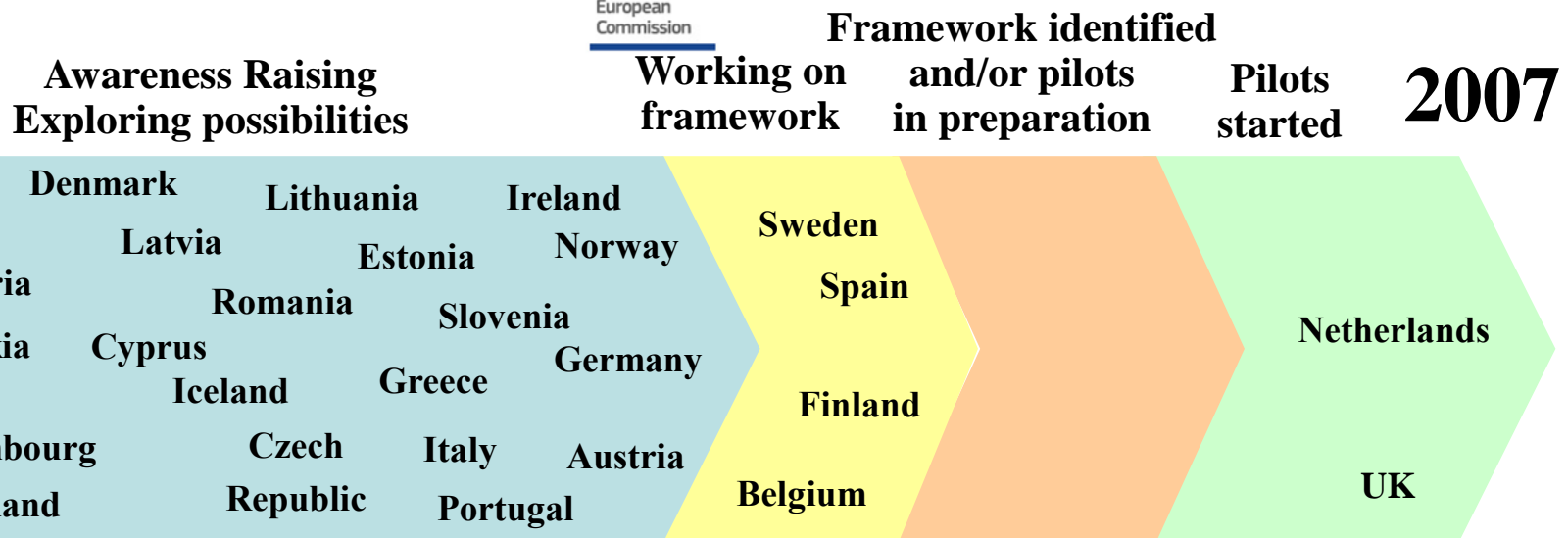
- Early notification innov proc needs
  - Open market consultations  
Meet the buyers events

## Leverage EU funding

- Horizon 2020
  - ESIF
  - EIB loans
- } Increased support for innov proc

# Progress PCP implementation

## Learn from first movers



Examples of initiatives without EU support: <http://ec.europa.eu/digital-agenda/news/innovation-procurement-initiatives-around-europe>  
 Overview of EU funded PCPs/PPIs: <http://ec.europa.eu/digital-agenda/eu-funded-projects>

# Examples PCPs

## EU funded Transport



# Non-EU funded Health

## CHARM



**URL:** [tinyurl.com/CHARM-PCP](http://tinyurl.com/CHARM-PCP)

3 road authority procurers: Rijkswaterstaat (NL), Highways Agency (UK), Department Mobility and Public Works - MOW (BE).

Joint procurement of R&D services via the PCP to move towards an open modular traffic management architecture by getting modules developed that will optimise network performance, increase road safety and reduce CO2 emissions by improving network management, incident prediction and prevention and cooperative ITS.

Benchmarking: 20% expected cost savings



## Niguarda Hospital PCP

**URL:** [http://inspirecampus.eu/wp-content/uploads/2014/09/INSPIRE\\_case\\_study\\_LOMBARDY\\_hospital\\_pcp3.pdf](http://inspirecampus.eu/wp-content/uploads/2014/09/INSPIRE_case_study_LOMBARDY_hospital_pcp3.pdf)

Entities involved: Lombardy region, Niguarda hospital, ARCA regional purchasing body

PCP to develop and test: easy-to-use automated universal system for moving hospital beds, with anti-collision and safety systems, not needing guide lines or tracks even on non rectilinear routes

Benchmarking: 40% expected cost savings (cheaper solution + less accidents and functional limitations)



## HAPPI

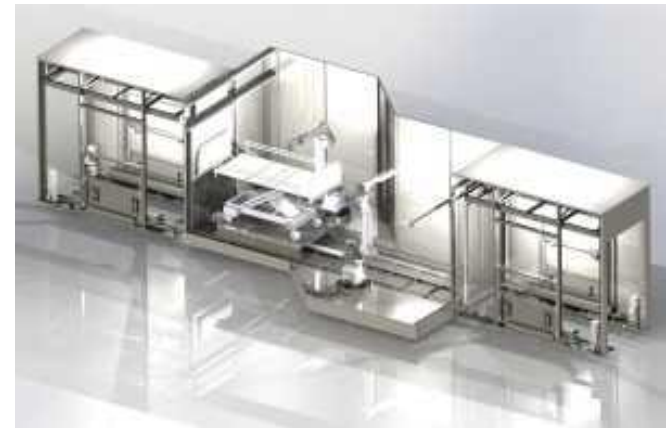


**URL: [www.happi-project.eu](http://www.happi-project.eu)**

6 healthcare purchasing groups from FR, UK, IT, BE and LU launched on 30 September 2014 the first 'joint' transnational PPI procurement in the healthcare domain in Europe: Resah-Idf (FR), NHS commercial solutions (UK), SCR Piemonte (IT), Centrale de Marchés Mercure (BE), Entente des hôpitaux (LU).

The French lead procurer is procuring (established a framework agreement with several vendors under French law) on behalf of the whole group of procurers to procure 5 different lots of equipment. All 6 purchasing groups have then setup specific contracts under their own national legislation to buy products from any vendor selected under the framework agreement.

## Erasmus University Medical Center PPI



**URL: <http://www.innovation-procurement.org/award/erasmus-mc/>**

Robotics based bed washing system  
One of the PPI procurements of [www.ecoquip.eu](http://www.ecoquip.eu)  
Won European PPI award 2014

More efficient and sustainable healthcare solution  
Cost reduction: 35%  
CO2 footprint reduction: 65%

# Why European cooperation on PCP-PPI?



- **Speed up public sector modernisation** – improve quality and efficiency of public services with breakthrough solutions
- **Get better value for money through cooperation** - enable public sector around Europe to share cost + experience to buy new solutions that can respond to concrete public needs
- **Address issues of common interest together** – e.g. where interoperability and coherence of solutions across borders, pooling of resources or market defragmentation is required
- **Create growth and jobs in Europe** – help innovators bring European R&D to the market (the majority of R&D in H2020 funded PCPs should take place in Europe, ltd set of first test products can be bought in the PPI from companies in the PCP)

# Overview EU funded projects doing PCPs (FP7)

More info on: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>



## HEALTH AGEING

### **THALEA (PCP)**

*Tele-detection/care of ICU patients*

### **SILVER (PCP)**

*Robotics ageing well*

### **DECIPHER (PCP)**

*Services mobile health data*

### **MAGIC (PCP)**

*Post stroke recovery*

### **EMPATTICS (PCP)**

*Chronic disease self-management*

### **NYMPHA-MD (PCP)**

*Mental care for bipolar disorders*

### **UNWIRED-HEALTH (PCP)**

*Mobile care for vaccination & heart failure*

### **PCP in Human Brain Project**

*PCP on supercomputing / brain modelling*

### **RELIEF (PCP)**

*Pain self-management*

### **ANTISUPERBUGS (PCP)**

*Detection of superbugs*

# Overview EU funded projects doing PCPs (FP7/H2020)

More info on: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>



## E-GOV

**SELECTforCities (PCP)**

*Open City IT platform for cities*

**HNSciClouds (PCP)**

*Research Science Cloud*

**Cloud for Europe (PCP)**

*Cloud computing e-gov*

**PREFORMA (PCP)**

*Long term digital preservation*

## TRANSPORT

**CHARM (PCP)**

*Traffic Management*

**V-CON (PCP)**

*Virtual road infrastructure modelling*

## EDUCATION

**IMALE (PCP)**

*Personalised learning needs*

## SAFETY

**SMART@FIRE (PCP)**

*Smart Textiles ICT for fire fighters*

## SUSTAINABILITY

**PRACE 3IP (PCP)**

*High Performance Computing*

## RESEARCH

**QUACO (PCP)**

*More powerful quadrupole magnets*

# Overview EU funded projects doing PPIs (CIP/H2020)

More info on: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>



## HEALTH AGEING

**HAPPI (PPI)**

*Healthy Ageing*

**STOP AND GO (PPI)**

*Telecare for elderly with multiple conditions*

**ECOQUIP & LCB-HEALTHCARE (PPI)**

*Low carbon healthcare*

**THALEA (PPI)**

*Telemedicine for ICU patients*

## TRANSPORT

**FIRED-UP (PPI)**

*Vehicles Fire Fighters*

**SYNCRO (PPI)**

*Smart roads communication*

## SUSTAINABILITY

**PRO-LITE (PPI)**

*Cities/Metro Lighting*

**INNOBOOSTER (PPI)**

*Office Furniture & Lighting*

**PROBIS (PPI)**

*Sustainable construction*

**SPEA (PPI)**

*Sustainable buildings*

**INNOBUILD (PPI)**

*Sustainable buildings*

**INNOCAT (PPI)**

*Sustainable catering*

**PAPIRUS (PPI)**

*Sustainable construction*

# EU funded CSAs/Networks of procurers (FP7/CIP/H2020)

More info on: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>



## HEALTH AGEING

**SAEPP (preparing PCP)**

*Ambulance ICT*

**C4BI (networking)**

*Cities on healthcare*

**PRO4VIP (preparing PCP)**

*ICT for Visually impaired*

**EPP-eHealth (preparing PCP/PPI)**

*Cities on e-health*

**INSPIRE (Training PCP, link with VC)**

*E-health procurers*

## TRANSPORT

**P4ITS (Preparing PPI)**

*Intelligent Transport Systems*

**TRANSFORM (Networking)**

*City/Regional transport*

## ICT

**PICSE (Preparing PCP/PPI)**

*Cloud computing research cloud*

**COMPLETE (Preparing PPI)**

*Photonics broadband*

## SUSTAINABILITY

**WATER PIPP**

*Water procurers*

**EURECA (prep PPI)**

*Green data centers*

**GREENS (prep PPI)**

*Energy agencies – CO2*

**CEPPI 2 (prep PPI)**

*Cities – energy consumption*

**SPP regions (capacity building)**

*PPI – sustainability*

**InnProBio Forum (capacity building)**

*PPI – bio based products*

**BRODISE**

*Cities brown field  
decontamination*

**PPI4WASTE**

*Authorities  
Waste management*

# Evidence on impact from successful examples

More info - PCP impact study- on: <https://ec.europa.eu/digital-agenda/en/news/quantifying-impact-pcp-europe-study-smart2014-0009>



- **Shortening of time-to-market:** Customer drive & feedback-> solution design to tested product -full R&D- in 18 mths (e.g. THALEA PCP)
- **Min 20% cheaper products and higher product quality:** evidence from US defense multi-competitor, multi-phase PCP procurements
- **Removal of supplier lock-in -> 20% cost reduction:** outcome of benchmarking of e.g. Lombardy and CHARM PCP
- **Opening market to new players and stimulating cross-border company growth:** in EU funded PCPs 2,5 X more new players and 25 X more cross-border contracts compared to procurement average in EU
- **Creating lead markets:** Companies in UK ministry of defence PCPs are selling now also to US department of defence
- **Retaining lead market position:** possible via sustained PCP/PPI procurements (e.g. 60 ys of supercomputing PCPs -> IBM, Cray, HP)
- **Benefits on local economy:** Estonia PPI buying Mitsubishi electric vehicles increased local Estonian economic activity in related sectors

# Results of first (11 out of 13) FP7 funded PCPs



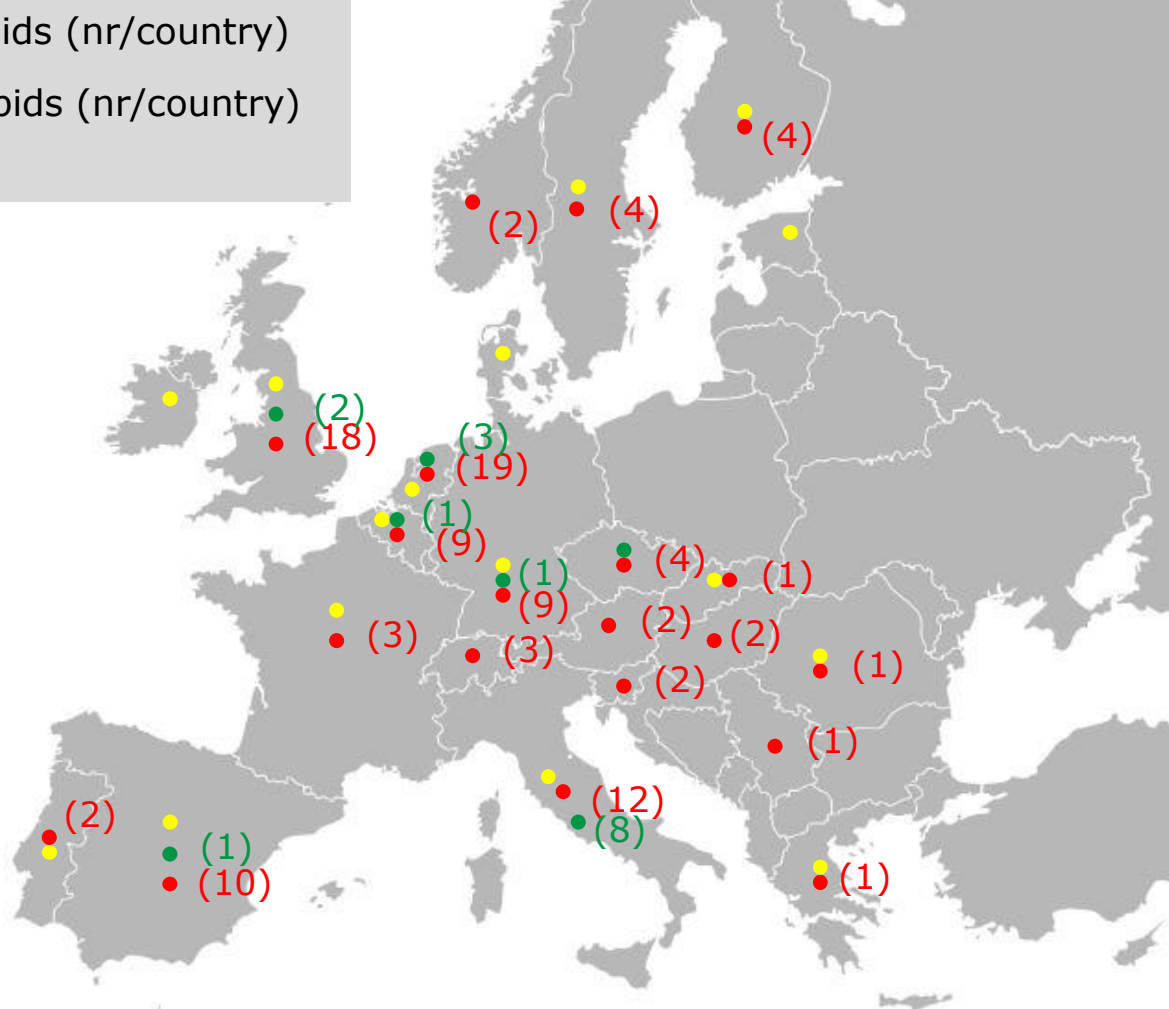
- **Opening route-to-market for new players/SMEs**
  - 71% of contracts won by SMEs (SME lead bidder, bidding alone or with partners)
  - Compared to 29% in public procurements across Europe

Mostly small young SMEs: 27% below 10 people, 60% below 50 people, 49,5% less than 10 years old
- **Joint procurement stimulates cross-border company growth**
  - 31% of contracts won by bidders that are not from a country of any of the procurers in the buyers group (e.g. DE company working for UK+NL procurers)
  - Compared to 1,26% in public procurements across Europe (also in national PCPs)
- **Relevance to universities & bringing scientific results to market**
  - 32% of winning contracts have university/R&D center partner in consortium
  - Winning SMEs are also often university start-ups
- **Encouraging commercialisation – budget efficiency**
  - Bidders offered ~ 50% price reduction on R&D cost (market beyond procurers)
  - > PCPs can get twice as much R&D done for same budget as R&I action
- **Creating growth and jobs in Europe**
  - 97,5% of bidders do 100% of R&D in Europe
  - (2 have committed to do minimum 68% resp. 85% of R&D in Europe)

# Geographic location winning bidders & procurers



- Companies in winning bids (nr/country)
- Universities in winning bids (nr/country)
- Procurers



Still companies out there that don't know about these contract opportunities.  
New additional Horizon 2020 PCPs will launch their call for tenders in coming months.

Who can help promote such upcoming call for tenders in their countries?

Overview on-going projects: <http://ec.europa.eu/digital-agenda/en/eu-funded-projects>



# Horizon 2020 Funding Instruments in support of PCP-PPI

# Forms of support



- ❖ Coordination and Support Actions (**100%** funding rate):
  - Support only coordination activities e.g. preparation of a PCP or PPI by a group of procurers (investigating feasibility to start PCP/PPI, open market consultation with industry before initiating a concrete PCP or PPI etc)
  - CSAs do not provide EU co-financing for an actual PCP or PPI procurement
- ❖ PCP Actions (**90%** funding rate):
  - Provide EU co-financing for an actual PCP procurement (one joint PCP procurement per PCP action) + for related coordination and networking activities (e.g. to prepare, manage and follow-up the PCP procurement)
- ❖ PPI Actions (**35%** funding rate):
  - Provide EU co-financing for the actual PPI procurement(s) (one joint procurement **or several separate but coordinated PPI procurements** per PPI action) + for related coordination and networking activities (e.g. to prepare, manage and follow-up the PPI procurement(s))

***! New from WP2017 onwards !***

# PCP and PPI actions – participation requirement



**Minimum 3 independent participants from 3 different MS or AC, of which minimum 2 public procurers (buyers group) from 2 different MS or AC**

In addition, other entities can also participate

- In buyers group: also private/NGO procurers providing services of public interest
- In coordination/networking activities: any private/public type of entity (e.g. experts, end-users, certification bodies that assist procurers) that has no conflict of interest (no potential suppliers of solutions for the PCP/PPI)

**Sole participants** can be also eligible if the minimum conditions are met by the legal entities forming the sole participant (e.g. central purchasing bodies, European Research Infrastructure Consortia, European Groupings of Territorial Cooperation)

Public procurers are contracting authorities or contracting entities as defined by the EU public procurement directives

MS = Member States, AC = Countries Associated to Horizon 2020

# PCP and PPI actions - Role of different actors



## ❑ **Beneficiaries and third parties**

- Action involves beneficiaries that undertake together the PCP procurement or PPI procurement(s), i.e. the buyers group & the lead procurer
- Action can include third parties that can make in-kind contributions (make available resources / equipment to the beneficiaries to carry out the PCP or PPI(s)). E.g. end-users (fire brigades) as 3<sup>rd</sup> party associated to procurer/beneficiary (min. of interior)

## ❑ **Buyers group**

- Procurers in the action that provide the financial commitments for the PCP or PPI(s)
- Min 2 public procurers from 2 different Member States or associated countries
- Representing the demand side (responsible for acquisition and/or regulatory strategy, or having a mandate from one of more of such procurers to act on their behalf in the procurement e.g. central purchasing bodies)
- Seeking ambitious quality and/or efficiency improvements in services of public interest

## ❑ **Lead procurer**

- Procurer appointed by buyers group to lead and coordinate the PCP or PPI(s). Can be one of the procurers in the buyers group or another procurer.

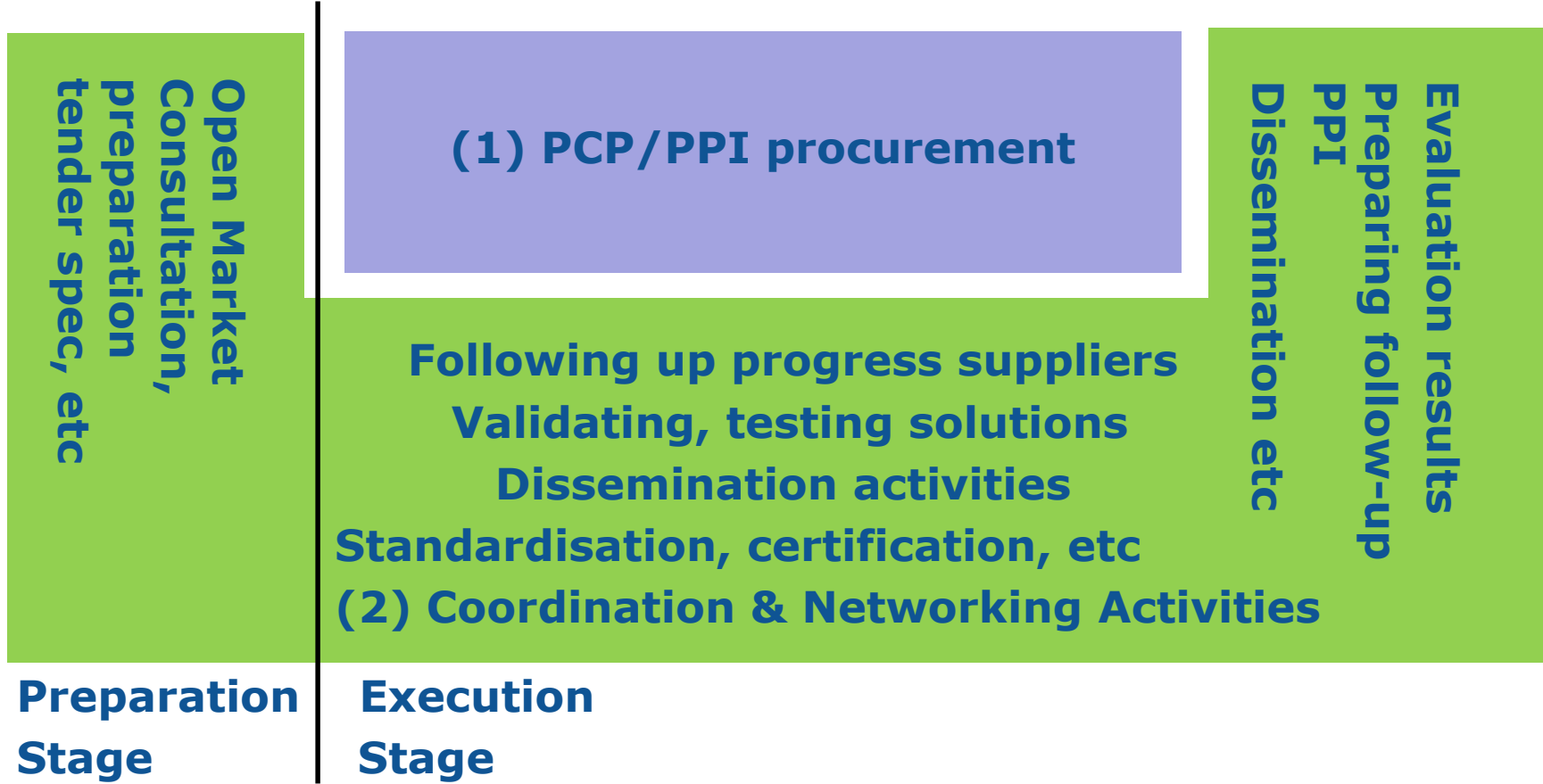
## ❑ **Subcontractors**

- Successful tenderers, selected by the buyers group & lead procurer as result of the PCP or PPI call for tender, to provide the R&D services (PCP) or innovative solutions (PPI). They do 'NOT' enter the grant agreement with the EC and are not paid by the EC

# PCP and PPI actions – What is covered



## PCP/PPI actions co-finance (1) + (2)



Every project goes through a preparation stage and an execution stage

# PCP and PPI actions – Proposal preparation



In the proposal, the consortium shall already identify

- **A concrete 'common challenge' on which the PCP/PPI(s) will focus**  
(e.g. new solution needed to improve energy efficiency of data centres)
- **KPIs (targeted quality/efficiency improvements) for the PCP/PPI(s)**  
(e.g. target is energy efficiency improvement of min 30%)
- **Illustrating how this challenge fits in the innovation strategy / plans of the participating procurers that require innovative solutions**  
(e.g. city procurer a/b/x aims to upgrade x/y/z data centres by 2018)
- Requested budget per participant and plan for preparing and executing the procurement + for the coordination and networking activities

Example proposal: contact IMAILE PCP project ([www.imaile.eu](http://www.imaile.eu))

Note this is an FP7 not H2020 proposal (differences in funding rates & proposal template)

Material Info day: Practical info how to find partners, how to prepare a proposal etc ([ppts + video](#))

Attractive success rates for proposers

# PCP and PPI actions - Eligible activities



## ❑ Preparation stage

- Preparation of **one joint** PCP procurement per PCP action or **one joint or several separate but coordinated** PPI procurements per PPI action
- Open market consultation /verification of market readiness to meet procurement need
- Outcome
  - Agreed common tender specifications + Procurement agreement
  - Confirmation of availability of financial commitments to start PCP/PPI

## ❑ Execution stage

- Procurement of the R&D services (PCP) or innovative solutions (PPI)
- Follow-up of suppliers and validation of results
  - PCP: Validation/comparison of the performance of the competing PCP solutions against jointly defined criteria in real-life operational conditions
  - PPI: Evaluation of results of deploying and operating the procured solutions in real-life operating conditions
- Dissemination/exploitation of results

Other coordination/networking activities relevant to the action (e.g. preparation of follow-up PPI, contribution to standardisation / regulation / certification)

# PCP and PPI actions – EU contribution



- ❑ **Reimbursement rate direct costs: Max 90% respectively 35% of eligible costs for PCP actions respectively PPI actions**
  - Eligible direct costs to carry out eligible activities defined in WP include:
    - Price of the R&D services (PCP) or innovative solutions (PPI) procured (if procurement conducted in compliance with requirements in Annex E WP)
    - Eligible coordination and networking activities
    - May include in-kind contributions (e.g. third parties putting resources at disposal of beneficiaries e.g. for testing of solutions)
    - VAT is an eligible cost unless for beneficiaries that can deduct it
  - Requested reimbursement for coordination and networking activities can comprise max 30% (for PCP) / max 50% (for PPI) of total requested grant
- ❑ **Plus 25% for indirect costs.** But, no indirect costs on the price of the PCP/PPI procurement or on 3<sup>rd</sup> party resources not used at the beneficiary premises
- ❑ **Pre-financing:** Yes, 1<sup>st</sup> pre-financing at start project for costs for preparation stage, 2<sup>nd</sup> pre-financing before execution stage for rest of costs (incl. call for tender)

# Example PCP action

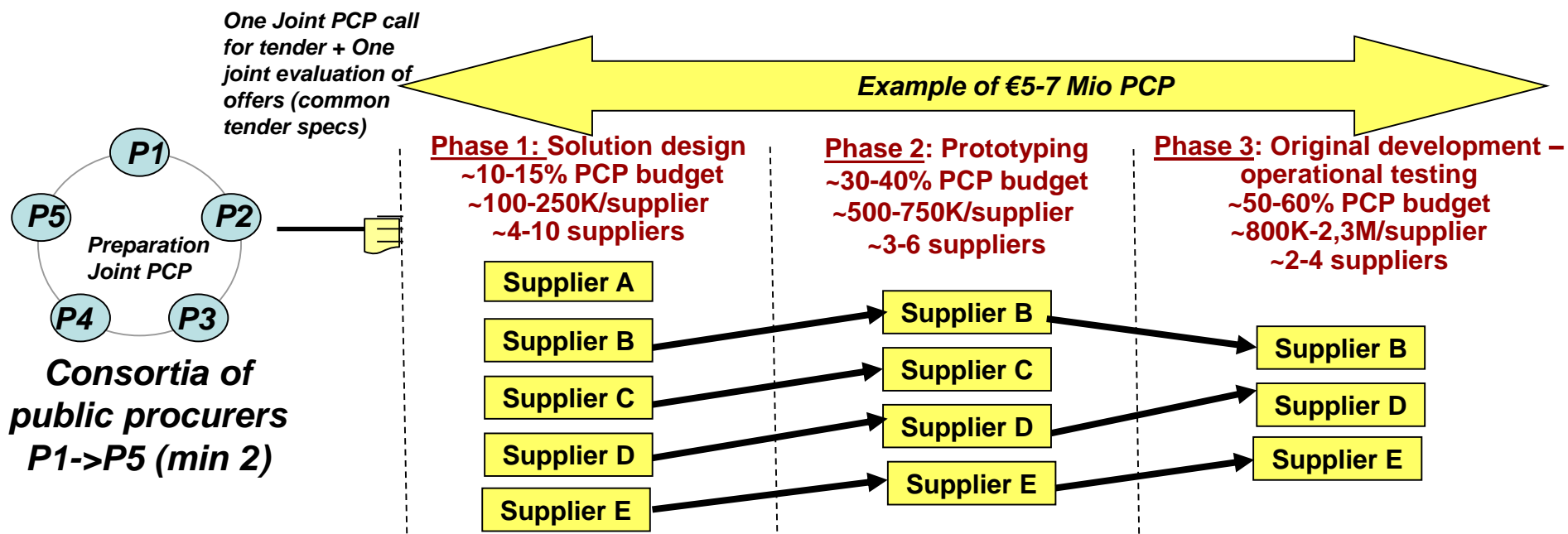


## ❑ Example: 5 €M PCP action grant

- ❑ EU contribution: e.g. 0,7 €M for coordination + 4,3 €M for PCP (procurement of 4,77 €M)
- ❑ EU contribution: Max 1,5 €M for coordination + 3,5 €M for PCP (procurement of 3,88 €M)

## ❑ Example: 3 €M PCP action grant

- ❑ EU contribution: e.g. 0,7 €M for coordination + 2,3 €M for PCP (procurement of 2,55 €M)
- ❑ EU contribution: Max 0,9 €M for coordination + 2,1 €M for PCP (procurement of 2,33 €M)



# One joint PCP coordinated by the lead procurer



- In their proposal, consortium shall have already identified one concrete procurement need as proposed focus for the PCP that is identified as a **common challenge** in the innovation plans of the buyers group and requires R&D!
- One joint call for tender published EU wide
  - One joint evaluation of offers based on common tender specs
  - One lead procurer awarding all contracts in the name and on behalf of all procurers in buyers group
    - Each winning tenderer gets: 1 framework agreement to participate in the PCP + one specific contract per PCP phase (solution design, prototyping, testing)
  - One joint total budget (grouping financial commitments of all procurers in buyers group) from which all R&D providers are paid
- But, actual payments can be carried out centralised or distributed
    - Either all R&D providers paid by the lead procurer
    - Or each R&D provider paid pro rata by each procurer in the buyers group according to the share of each procurer's contribution to the common pot
  - Also supervising suppliers and testing of solutions can be centralised or distributed
    - Choice between testing all solutions of all R&D providers in 1 procurers site or on several sites procurers sites etc

# Specific requirements PCP procedure (Annex E WP)



- ❑ Procedure: Compliance with applicable national procurement rules + compliance with additional specific requirements
  - Definition PCP (Horizon 2020 RfP and PCP communication)
  - EU-wide published open market dialogue and call for tender
  - PCP call for tender open for at least 60 days
  - Same objective evaluation criteria
  - Functional / performance based specifications
  - Best value for money award criteria
  - Majority of R&D activities performed in MS/AS
  
- ❑ IPR arrangements for PCP
  - R&D providers generating results in PCP shall own attached IPRs
  - Procurers shall enjoy royalty-free access rights to use R&D results for own use
  - Procurers shall also enjoy the right to grant or to require participating R&D providers to grant non-exclusive licenses to third parties to exploit the results under fair and reasonable market conditions without any right to sublicense

# Example PPI action



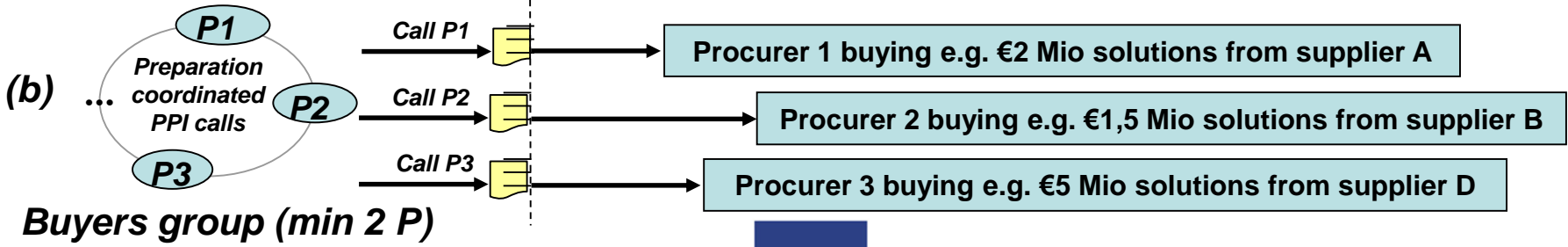
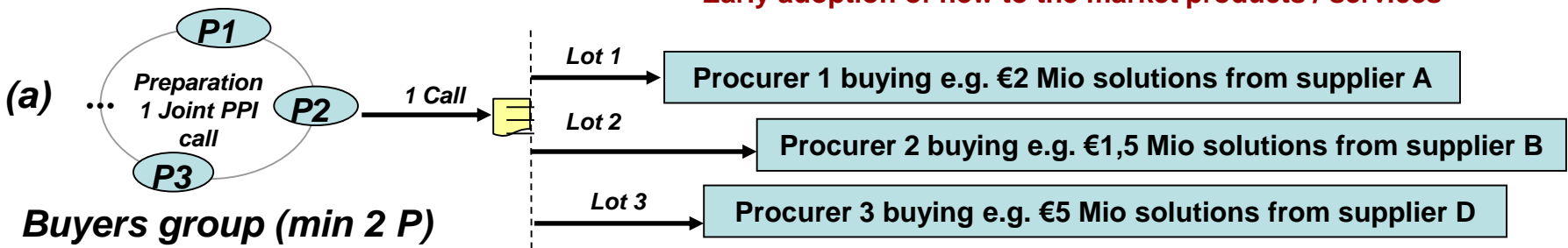
## Example: 5 €M PPI action grant

- EU contribution: e.g. 0,2 €M for coordination + 4,8 €M for PPI (procurement of 13,7 €M)
- EU contribution: Max 2,5 €M for coordination + 2,5 €M for PPI (procurement of 7,14 €M)

## Example: 2,5 €M PPI action grant

- EU contribution: e.g. 0,2 €M for coordination + 2,3 €M for PPI (procurement of 6,57 €M)
- EU contribution: Max 1,25 €M for coordination+ 1,25 €M for PPI (procurement of 3,57 €M)

(a) One Joint PPI call for tender (e.g. with lots)  
or (b) several separate but coordinated PPI call  
for tenders. In both cases, evaluation of offers  
based on common tender specs 📄 )



# One joint PPI or several coordinated PPIs coordinated by the lead procurer



- In their proposal, consortium shall have already identified one concrete procurement need as proposed focus for the PPI that is identified as a **common challenge** in the innovation plans of the buyers group and requires innovative solutions!
- EU wide publication of **one joint or several separate call for tender(s)** that are coordinated based on common tender specifications (If PPI procures a limited set of prototypes / test products developed in a preceding PCP, then negotiated procedure without publication foreseen in EU public procurement directives is possible)
- Evaluation of offers based on common tender specs (**same core functionality** and performance characteristics for solutions procured by all procurers, but possible **additional local functionality** for each procurer)
- But contract award can be centralised or distributed
  - In case of 1 Joint procurement:
    - Either one lead procurer awarding all contracts to all suppliers on behalf of all procurers in the buyers group
    - Or one lead procurer only awarding a framework contract with lots to each supplier (e.g. lot per procurer), and each procurer awarding (a) specific contract(s) for his lot(s) to the supplier(s) delivering the solution(s) he buys
  - In case of several separate but coordinated procurements:
    - Each procurer awarding his own contract(s) directly himself
- Also supervising suppliers and payments can be centralised or distributed

# Specific requirements PPI procedure (Annex E WP)



- Procedure: Compliance with applicable national procurement rules + compliance with additional specific requirements

- Definition PPI (Horizon 2020 RfP). Choice between procurement procedures covered by procurement directives that do not include procurement of R&D
- EU wide publication of open market consultation, early announcement of target date for launching the PPI open market consultation and call for tender(s)
- PPI call for tender(s) open for at least 60 days
- PPI call for tender(s) open to tenderers from EU Member States and H2020 associated countries + (if applicable) additional countries that ratified WTO GPA
- Possibility of conformance testing before contract award
- Same objective evaluation criteria
- Functional / performance based specifications
- Best value for money award criteria

Unless PPI limited to prototypes,  
test-products developed during  
pre-ceding PCP action

- IPR arrangements for PPI

- IPRs attached to results generated during PPI shall be owned by the party that generated the results, unless duly justified cases (e.g. party generating results is not able to exploit IPRs)

# Other obligations related to implementation of call



- Beneficiaries must ensure wide publication for open market consultation & contract notice, unless for PPI procuring PCP results
  - At least via H2020 sites and NCPs (encourage also via relevant brochures, specialised press, relevant major events, mailing lists relevant industry/research associations etc)
- The beneficiaries must formally notify the Commission:
  - 5 days before publication in OJEU: copy of PIN open market consultation
  - 30 days before publication in OJEU: copy of contract notice & its contents
- Open market consultation to be announced well in advance to market
  - Min 2 months in advance via publication of PIN in OJEU (except for PPIs limited to procuring limited set of prototypes/first test products that are outcomes of PCP actions)
- Joint call for tender shall remain open
  - At least 60 days: for PCP and PPI

# Differences PCP/PPI piloting vs Horizon 2020

## Lessons Learnt



- ❑ New 2014 public procurement directives will provide now clear legal basis for joint cross-border procurement in all EU countries
- ❑ Flexible implementation of payment of suppliers possible (either all supplier paid by lead procurer or pro rata by each procurer in buyers group)
- ❑ H2020 enables to better leverage out differences in VAT across EU countries
- ❑ H2020 provides template PCP/PPI tender documents
- ❑ Coordination/networking costs not reduced proportionally automatically if final call for tender price lower than expected e.g. cheaper offers received (coordination/networking costs max 30% / 50% of maximum requested grant amount – not actual spent grant amount - for PCP/PPI actions)
- ❑ Sole participants also possible in PCP/PPI actions
- ❑ Synergies between Horizon 2020 and structural funds (ESIF) possible
- ❑ Flexibility to shift budget from networking/coordination to call for tender part of the grant or other way around
- ❑ Increased funding rates (90% for PCP, 35% for PPI)
  
- ❑ Especially for PPIs also: Choice to implement one joint or several coordinated procurements. Large scale testing is optional i.s.o. mandatory (was considered by some as tough requirement in CIP ehealth PPI pilot call).



- ❑ More info on Innovation Procurement (news, upcoming events and info days, case examples): <http://ec.europa.eu/digital-agenda/en/innovation-procurement>
- ❑ Ongoing PCP/PPI projects in ICT (and other) domains: <https://ec.europa.eu/digital-single-market/en/eu-funded-projects>
- ❑ Overview ppts and FAQs on H2020 funding for innovation procurement: <https://ec.europa.eu/digital-single-market/en/news/calls-eu-funding-opportunities-pre-commercial-procurement-and-public-procurement-innovative>
- ❑ Horizon 2020 online manual about innovation procurement: [http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/innovation-procurement\\_en.htm](http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/innovation-procurement_en.htm)
- ❑ Info about scope of each call topic, online drafting and submission of proposals on H2020 participants portal (search per topic e.g. ICT-33): [http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/search/search\\_topics.html](http://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/search/search_topics.html)
- ❑ More detailed info on modalities of PCP/PPI action instrument, evaluation criteria etc in General Annexes to the H2020 Work Program: [http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference\\_docs.html#h2020-work-programmes-2016-17](http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-work-programmes-2016-17)
- ❑ Finding partners: [EU procurement forum](#), [PCP-PPI LinkedIn group](#)