

Innovation procurement drives innovation from the demand side. This enables faster modernization of public services while opening market opportunities for companies in Europe. Horizon 2020 provides EU funding to start innovation procurements. This funding is targeted at potential buyers of innovative solutions. European Commission has created **2 funding instruments to provide support for innovative public procurers** across Europe when procuring innovative solutions:

- Solutions are near the market and would be provided if clear requirements/sufficient demand is expressed by the market - **Public Procurement of Innovative solutions (PPI)**
- R&D is still required to de-risk technology, compare competing solution before committing to large scale deployment - **Pre-Commercial Procurement (PCP)**

PRE-COMMERCIAL PROCUREMENT (PCP)

PCP can be used when there are no near-to-the-market solutions yet that meet all the procurers’ requirements and new R&D is needed to get new solutions developed and tested to address the procurement need. PCP can then compare the pros and cons of alternative solutions approaches and de-risk the promising innovations step-by-step via solution design, prototyping, development and first product testing. PCP is a public procurement of R&D services that does not include the deployment of commercial volumes of end-products (see PPI for the latter).

Funding

Reimbursement rate: 90% of eligible direct cost, flat rate 25% for indirect cost

- More information in General Annexes, part D and E on Participant Portal

PUBLIC PROCUREMENT OF INNOVATIVE SOLUTIONS (PPI)

PPI can be used when challenges of public interest can be addressed by innovative solutions that are nearly or already in small quantity on the market. PPI can thus be used when there is no need for procurement of new R&D to bring solutions to the market, but a clear signal from a sizeable amount of early adopters/launch customers that they are willing to purchase/deploy the innovative solutions if those can be delivered with the desired quality and price by a specific moment in time. A PPI may still involve conformance testing before deployment.

Funding

Reimbursement rate: 35% of eligible direct cost, flat rate 25% for indirect

- More information in General Annexes, part D and E on Participant Portal

APPLICANTS FOR PCP AND PPI

PCP and PPI provide EU funding for a **group of public procurers - buyers group** to undertake together one joint PCP or PPI procurement, so that there is one joint call for tender, one joint evaluation of offers, and a lead procurer awarding the R&D service contracts in the name and on behalf of the buyers group.

Minimum of 3 independent legal entities from 3 different Member States or associated countries, minimum 2 of which are public procurers from 2 different Member States or associated countries.

- They can be complemented by other types of procurers that are providing services of public interest and share the same need to procure R&D or innovative solutions.
- Other entities can participate as direct beneficiaries on condition that they add value to the action, have no conflict of interest.

BUYERS GROUP

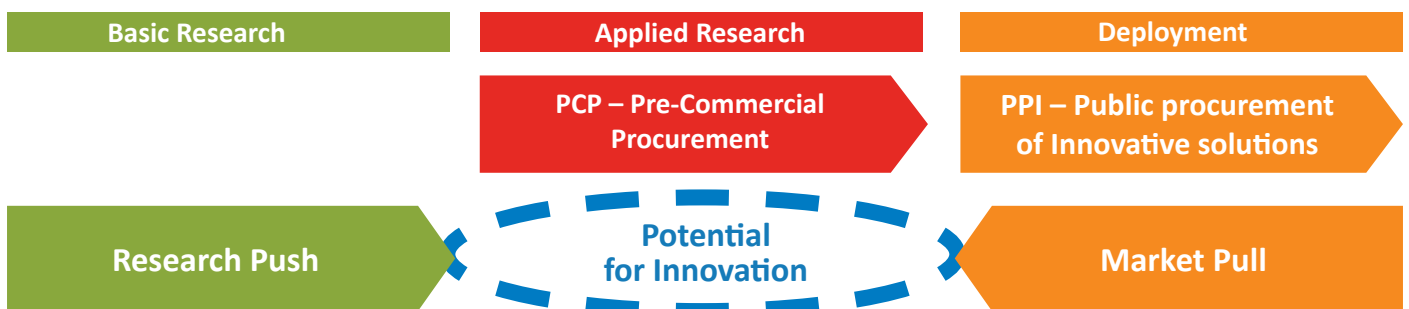
Buyers group are procurers in the project that provide the financial commitments to undertake the PCP or PPI procurement.

LEAD PROCURER

Procurer appointed by buyers group to lead and coordinate the PCP or PPI.

PUBLIC PROCURER

Public procurers are organisations that are contracting authorities or contracting entities according to the definition in the EU public procurement directives 2014/24/EU, 2004/25/EU, 2009/81/EC.



PCP AND PPI ELIGIBLE ACTIVITIES:

DURING PREPARATION STAGE:

- Preparation of one joint PCP or PPI procurement per project
- Open market consultation
- Other coordination or networking activities relevant to project
- Outcome: Agreed common tender specifications + Joint procurement agreement or confirmation of commitment on availability of financial commitments to start PCP/PPI

DURING EXECUTION STAGE:

- Joint procurement of the R&D services (PCP) or innovative solutions (PPI)
- Implementation of the procurement contracts
- Assessment of the outcomes of the procurement
- Confirmation of “after PCP/PPI” strategy for dissemination/exploitation of results
- Differences between PCP and PPI

DIFFERENCIES BETWEEN PCP AND PPI:

CATEGORY	PCP	PPI
Consortium	3 legal entities from 3 MS or AC, minimum 2 of them public procurers	3 legal entities from 3 MS or AC, minimum 2 of them public procurers
Funding	90%	35%
When?	Requires R&D to get new solutions developed. Problem clear, but pros/cons of competing solutions not compared/validated yet. No commitment to deploy yet.	Requires solution which is almost on the market/already on the market in small quantity, but not meeting public sector requirements for large scale deployment yet. No R&D involved.
What?	Public sector buys R&D to steer development of solutions to its needs, gather knowledge about pros/cons of alternative solutions, to avoid supplier lock-in later.	Public sector acts as launching customer/early adopter/first buyer for innovative products and services that are newly arriving on the market.
How?	Public sector buys R&D from several suppliers in parallel (comparing alternative solution approaches), in form of competition evaluating progress after critical milestones, risks and benefits of R&D) shared with suppliers to maximize incentives for the wide commercialisation.	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 a test and/or certification, the buyers group purchases a significant volume of products.

HELPDESK

Guidelines for PCP and PPI on Participant Portal – H2020 Online Manual
European Assistance on Innovation Procurement
Procurement of Innovation Platform

Don't forget to discuss your project idea and rules of participation with your NCP

