



INNOVATION PROCUREMENT

*POSSIBLE SYNERGIES BETWEEN
EUROPEAN STRUCTURAL AND INVESTMENT FUNDS(ESIF) AND
HORIZON 2020(H2020)
IN THE PROGRAMMING PERIOD 2014-2020*

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INNOVATION PROCUREMENT IN THE COHESION POLICY CONTEXT

Why should MA and Regions be interested in Innovation Procurement?

.....it is a win-win situation for

✓Public authorities

- by engaging actively as first potential customers in getting new solutions developed and tested, involved in PCPs, can act as a "seal of approval" confirming the market potential of new emerging technological developments, thereby attracting new investors.
- by triggering the development of breakthrough solutions ahead of the rest of the market, can through their role of demanding first buyer create opportunities for companies in Europe to take international leadership in new markets.
- by increasing "local" public sector demand to develop innovative solutions for the societal challenges of the future, can help combat delocalisation and encourage companies to invest in highly qualified R&D in Europe.
- can get more efficient infrastructures and service solutions

✓Innovators

- can get first client for new product (lead customer)

SETTING THE SCENE

- ✓ **The implementation of a PCP and/or PPI should take place in the framework of a holistic approach that involves R&I to achieve the goals set for the development of each region mainly reflected through the Smart Specialisation Strategy and provides clear impact on competitiveness, job creation and growth.**
- ✓ **The Smart Specialization strategies will set out the national or regional frameworks for investments in research and innovation not only from ESIF but from all funding sources. In that way synergies with H2020 will be better ensured and actions will be in line with the Europe 2020 objectives.**
- ✓ **What is important at strategic level**

The relevant OPs and European Territorial Cooperation Programs should be designed in a way to support public demand driven innovation in terms of PCP/PPI implementation as well as coordination, consortium building, networking and preparation activities

Cohesion Policy may support measures in the framework of the Operational Programs to:

➤ **Foster more innovative public procurement procedures and administrative capacities**

TO 11 (IP11) Enhancing institutional capacity and an efficient public administration

TO 2 (IP2C) strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health

Target group: procurement officers

➤ **Foster innovation through public procurement - both PCP and PPI**

TO 1 (IP1B) Strengthening research, technological development and innovation

Target group: public authorities

➤ **Foster better meeting of public needs through buying innovative solutions**

TO 1 (IP1A) enhancing research and innovation (R&I) infrastructure

TO 2 (IP2C) strengthening ICT applications for e-government, e-learning, e-inclusion, e-culture and e-health

TO 4 (all IPs) supporting the shift toward a low-carbon economy in all sectors

TO 5 (all IPs) promoting climate change adaptation, risk prevention and management

TO 6 (all IPs) preserving and protecting the environment and promoting resource efficiency

TO 7 (all IPs) promoting sustainable transport and removing bottlenecks in key network infrastructures

Target group: town planners, transport, environment, health etc. ministries – ERDF, Cohesion Fund and ESF

Cohesion Policy may also support:

- **Major projects / Joint Action Plans** in cooperation with other Regions and key players in the Cohesion Policy
- **Coordination, Networking and Preparation actions for the implementation of a PCP and/or PPI** through European Territorial Cooperation Programs

INNOVATION PROCUREMENT IN THE FRAMEWORK OF THE OPs

OPERATIONAL PROGRAMME

**PCP/PPI UNDER A SPECIFIC THEMATIC
OBJECTIVE.
BUDGET ALLOCATION FOR SPECIFIC
CALLS FOR PROPOSALS BY THE MAs
ON PCP/PPI**

Specific calls on PCP/PPI are launched with reference to related priority axis of each respective Regional Operational Program

**HORIZONTAL PRESENCE - AFFECT ALL
THEMATIC OBJECTIVES/INVESTMENT
PRIORITIES.
NO SPECIFIC CALLS FOR PROPOSALS
BY THE MAs ON PCP/PPI.**

PCPs/PPIs are implemented as projects in the context of relevant calls for proposals launched by the MA of each respective OP

Measuring progress on PCP/PPI in ESIF

Possible Output Indicators



UNIT	NAME	DEFINITION/COMMENTS
EUR	Investment -Procurement budget that was spent on Pre-Commercial Procurement	Total value of the procurement budget that was spent by the public procurers to buy R&D services through Pre-Commercial Procurement (PCP) aiming at tackling concrete public challenges and modernizing the public services.

UNIT	NAME	DEFINITION/COMMENTS
	Number of Pre-Commercial Procurement	Total number of completed Pre-Commercial Procurements

UNIT	NAME	DEFINITION/COMMENTS
EUR	Investment -Procurement budget that was spent on Public Procurement of Innovative Solutions	Total value of the procurement budget that was spent by the public procurers to buy innovative solutions through Public Procurement of Innovative Solutions (PPI) aiming at tackling concrete public challenges and modernizing the public services.

UNIT	NAME	DEFINITION/COMMENTS
	Number of Public Procurements of Innovative Solution	Total number of completed Public Procurements of Innovative Solutions

PCP

PPI

***POSSIBLE SYNERGIES BETWEEN
ESIF AND H2020
ON INNOVATION PROCUREMENT
(PCP/ PPI)***

SYNERGIES BETWEEN H2020 AND ESIF ON PCP/PPI WHY?

BECAUSE:

- ❖ The value of support for research, development and innovation could be further enhanced by combining funding resources (increase of effects at regional level)
- ❖ Procurers could **choose** higher **ESIF co-funding** rates **instead of H2020 co-funding** rates' whilst participating to H2020 funded Innovation Procurement projects.
- ❖ Better communication between "regional development community" and "Horizon-Science community"
- ❖ A regional development scheme through the participation in a H2020 project acquires a European perspective

CONDITIONS FOR SUCCESS

- Include innovation procurement in the RIS3 SWOT and policy mix.
- Build PCP/PPI references into OPs in every relevant thematic objective.
- Ensure support of public demand driven innovation in the framework of the European Territorial Cooperation.
- Involve MA from the beginning to ensure availability of ESIF & synchronisation.

GENERAL RULE

IT IS NOT ALLOWED !!!!!

- To use ESIF and H2020 funding accumulatively to finance the same cost/expenditure item
- To finance the own contribution of the participant from H2020 or ESIF

CATEGORIES OF POSSIBLE SYNERGIES BETWEEN H2020 AND ESIF ON PCP/PPI

Joint or simultaneous use of funds

Sequential funding

Additional funding

Alternative funding

A. JOINT OR SIMULTANEOUS USE OF FUNDS

**Different funding sources in the same project.
This is only possible if the cost items (eligible and submitted)
are NOT the same.**

Requires very strict financial management to separate the cost items clearly from the conception phase of the project and will only work if the funding decisions of H2020 and ESIF are synchronised.

The rules of both funding sources (ESIF – H2020) should be respected by all beneficiaries even if they receive co-financing from only one funding source.

A partner who receives co-financing from ESIF to participate in a H2020 project should also respect the H2020 rules and vice versa.

Possible Scenario #1* on PCP

- **Preparatory, coordination etc. activities are co-funded by the ESIF**
(in particular in the framework of European Territorial Cooperation Programs)
- **Execution of a PCP is co-funded by H2020**

Scenario # 1 on PCP

**Coordination ,
preparatory etc.
activities are co-
financed by the ESIF**

**OPs
or European Territorial
Cooperation Programs –
Cross Border or
Transnational or
Interregional**

***THE CO-FUNDING RATE
IS DEPENDED ON THE
PROGRAM AND/OR THE
PARTICIPANT***



**A mature project proposal in the
framework of the PCP actions calls
(H2020) is submitted.
In case of approval it will receive
co-funding for the execution of a
joint PCP**

***CO-FUNDING RATE 90%* FOR ALL
TYPES OF PROCURERS
(+ 25% indirect costs except on
the procurement cost and in-kind
contributions not used on the
beneficiaries premises)***

Possible scenario #2 on the execution of a PCP

- In the framework of PCP action calls, some participants of the buyers group may receive co-funding from the ESIF and others from H2020.
- This case is applicable only if there is a clear distinction between budgets offered per OP and between expenditures co-funded by the ESIF (per OP) vs expenditures co-funded by H2020.

Example - each R&D provider is paid pro rata by each procurer in the buyers group according to the share of each procurer's contribution to the jointly committed budget.

Condition for success : synchronization between the ESIF calls and the H2020 PCP action calls

Scenario # 2 on PCP

Coordination, Preparatory etc. activities are co-funded by H2020 (CSAs)

CO-FUNDING RATE 100% + 25% for eligible indirect costs

OR

Coordination, Preparatory etc. activities are co-funded by the ESIF

DIFFERENT CO-FUNDING RATE PER PROGRAM AND/OR PARTICIPANT



<p>PROCURER A (Less developed Region)</p> <p>CO-FUNDS HIS CONTRIBUTION TO THE JOINTLY COMMITTED BUDGET THROUGH THE ESIF</p> <p>CO-FUNDING RATE up to 85% (for his contribution)</p>	<p>PROCURER C</p> <p>CO-FUNDS HIS CONTRIBUTION TO THE JOINTLY COMMITTED BUDGET THROUGH H2020</p> <p>CO-FUNDING RATE 90% + 25% for eligible indirect costs (for his contribution)</p>
<p>EXECUTION OF A JOINT PCP</p>	
<p>PROCURER B (Transitional Region)</p> <p>CO-FUNDS HIS CONTRIBUTION TO THE JOINTLY COMMITTED BUDGET THROUGH THE ESIF</p> <p>CO-FUNDING RATE up to 60% (for his contribution)</p>	<p>PROCURER D</p> <p>CO-FUNDS HIS CONTRIBUTION TO THE JOINTLY COMMITTED BUDGET THROUGH H2020</p> <p>CO-FUNDING RATE 90% + 25% for eligible indirect costs (for his contribution)</p>

Possible Scenario # 1 on PPI

ESIF or H2020 co-finance the preparation of the PPI

- ✓ Preparation of the call(s), Drafting the tender documents
- ✓ Other related networking and coordination activities...

All procurers use H2020 support to co-finance the execution of the PPI (the purchase of the innovative solutions)

➤ *The lead procurer launches one procurement procedure, signs all the contracts and pays all the invoices on behalf of all procurers in the buyers group.*

or

➤ *The lead procurer launches one procurement procedure and awards the Framework Contract/Agreement (possibly with lots per procurer). Procurers in the buyers group implement separate specific contracts (for their lot) under their national law and pay individually the invoices corresponding to the innovative solutions they each procure.*

or

➤ *Each procurer in the buyers group launches separate coordinated procurement procedures under its own national law (using commonly agreed tender specs), signs the contract(s) and pays all the invoices for the solutions it procures for itself.*

Scenario # 1 on PPI

Coordination, Preparation
etc. activities are co-funded
by H2020 (CSA)

**CO-FUNDING RATE 100% +
25% for eligible indirect
costs**

OR

Coordination, Preparation
etc. activities are co-funded
by the ESIF (e.g. ETC
program)

**DIFFERENT CO-FUNDING
RATE PER PROGRAM
AND/OR PARTICIPANT**



One joint or several separate but
coordinated PPI(s) that were
prepared with the support of the
ESIF is executed.
The execution of the PPI(s) is co-
funded by H2020
(PPI action calls)

**CO-FUNDING RATE 35%* FOR ALL
TYPES OF PROCURERS
(+ 25% indirect costs except on
the procurement cost and in-kind
contributions not used on the
beneficiaries premises)**

Possible Scenario #2 on PPI

ESIF or H2020 co-finance the preparation of the PPI

In case that they haven't received co-financing for the preparatory activities these can be co-funded by the PPI actions.

Some procurers located in a less developed Region use co-funding from the ESIF (up to 85% rate) and other procurers in other MS use co-funding from H2020 (35% rate) to purchase the innovative solution.

➤ *The lead procurer launches one procurement procedure, signs all the contracts and pays all the invoices on behalf of all procurers in the buyers group.*

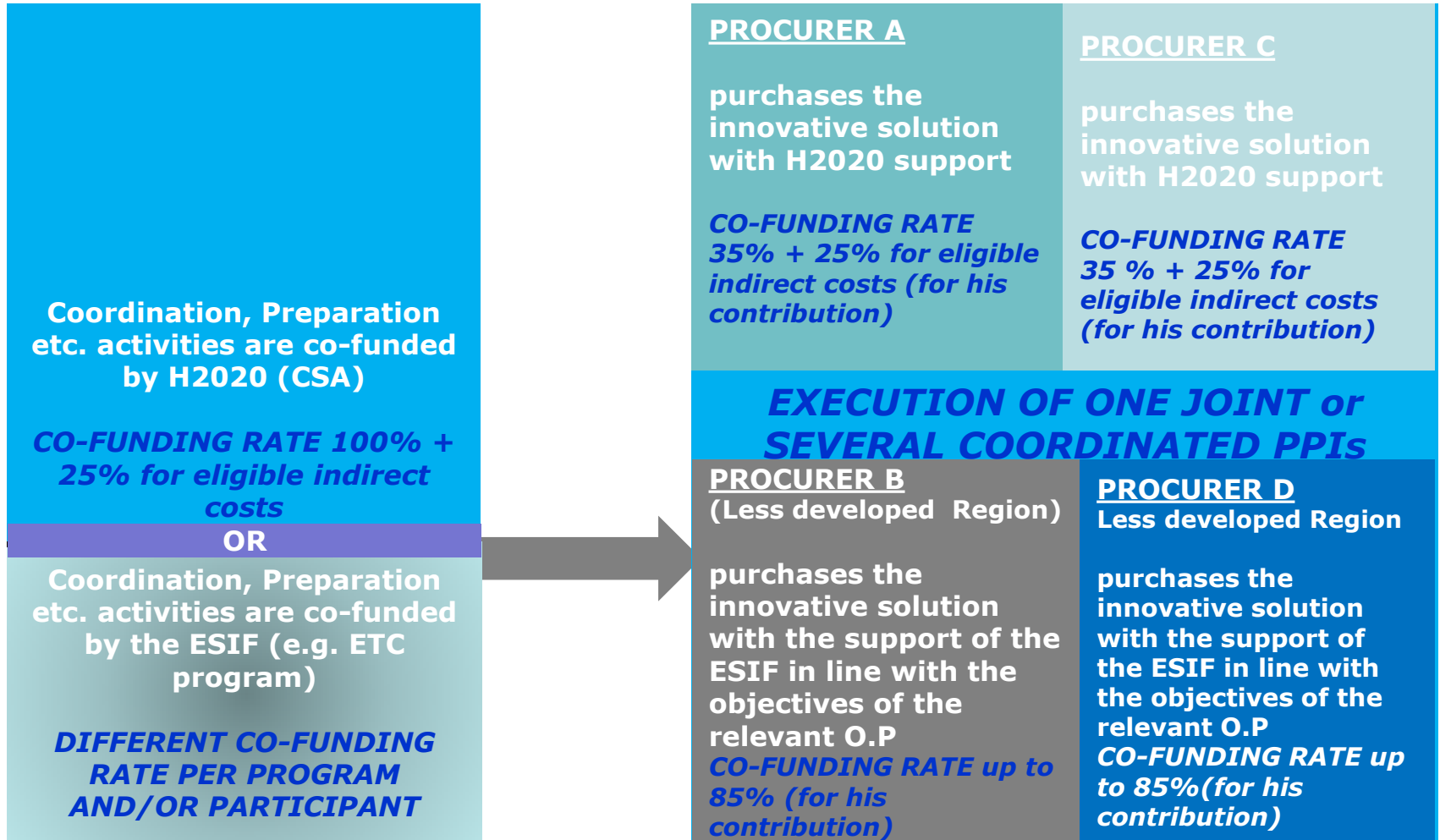
or

➤ *The lead procurer launches one procurement procedure and awards the Framework Contract/Agreement (possibly with lots per procurer). Procurers in the buyers group implement separate specific contracts (for their lot) under their national law and pay individually the invoices corresponding to the innovative solutions they each procure.*

or

➤ *Each procurer in the buyers group launches separate coordinated procurement procedures under its own national law (using commonly agreed tender specs), signs the contract(s) and pays all the invoices for the solutions it procures for itself.*

Scenario # 2 on PPI



Possible scenario for the coordination and networking activities to prepare for PCP and PPI

In one project/consortium that prepares a future joint PCP or joint/coordinated PPI, Procurers A and B from less developed regions are co-funded by the ESIF (up to 85% co-funding rate) and procurers B and C are co-funded by H2020 (via a CSA – if there is a specific CSA call with co-funding rate 100% + 25% for eligible indirect costs)

- ❖ The execution of the joint PCP/PPI can follow one of the scenarios presented in the previous slides.
- ❖ Minimum conditions for success:
 - Separate and distinguished cost/expenditure items even at project proposal level
 - Synchronization and coordination between ESIF MAs and H2020 Managing Bodies

PROCURER A
(Less developed Region)

Coordination and networking activities to prepare for a PCP are co-funded by the ESIF

CO-FUNDING RATE up to 85% (for his contribution)

PROCURER B
(Transitional Region)

Coordination and networking activities to prepare for a PCP are co-funded by the ESIF

CO-FUNDING RATE up to 60% (for his contribution)

PROCURER C

Coordination and networking activities to prepare for a PCP are co-funded by H2020 (CSA)

CO-FUNDING RATE 100% + 25% for eligible indirect costs (for his contribution)

PROCURER D

Coordination and networking activities to prepare for a PCP are co-funded by H2020 (CSA)

CO-FUNDING RATE 100% + 25% for eligible indirect costs (for his contribution)



**EXECUTION
OF A JOINT
PCP**

PROCURER A
(Less developed Region)

Coordination and preparation etc. activities for a PPI are co-funded by the ESIF

CO-FUNDING RATE up to 85% (for his contribution)

PROCURER B
(Transitional Region)

Coordination and preparation etc. activities for a PPI are co-funded by the ESIF

CO-FUNDING RATE up to 60% (for his contribution)

PROCURER C

Coordination and preparation etc. activities for a PCP are co-funded by H2020 (CSA)

FLAT CO-FUNDING RATE 100% + 25% for eligible indirect costs (for his contribution)

PROCURER D

Coordination and preparation etc. activities for a PCP are co-funded by H2020 (CSA)

FLAT CO-FUNDING RATE 100% + 25% for eligible indirect costs (for his contribution)



**EXECUTION
OF A JOINT
PPI or
SEVERAL
COORDINATED
PPIs**

B. SEQUENTIAL FUNDING

Separate successive and legally/financially not linked projects with alternating H2020 or ESIF support –
- First PCP and then PPI –

This is an easier way to combine funds with less risk of (involuntarily) creating double co-funding scenarios.

Sequential funding can go in both directions:
First ESIF and then H2020 or vice versa.

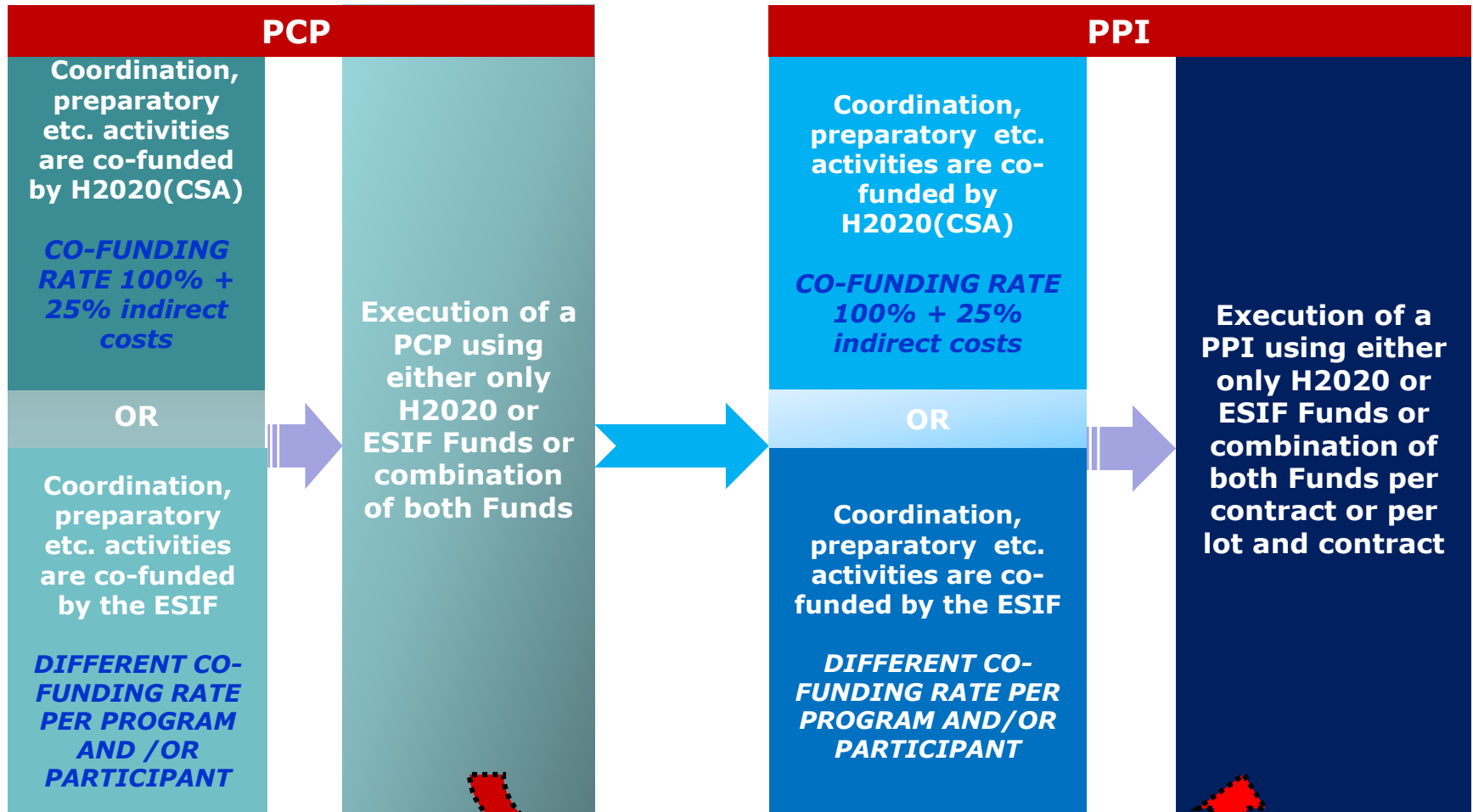
Possible Scenario

First PCP (ESIF) to develop and test the innovative solution and then PPI (H2020) for the deployment of the innovative solutions developed and tested through PCP and vice versa (H2020 for PCP and ESIF for PPI)

Example:

A group of Public Procurers from different cities are looking for a new sustainable public water supply system. It requires R&D. At first they implement a PCP (Phases 1,2,3) with the support of H2020 and different solutions are developed and tested.

Thereafter they implement a PPI with the support of ESIF/ERDF to co-fund the preparation of the call for tender(s) and the purchase of these new solutions (each MA for the territory covered by its OP).



Directly without CSAs or preparatory activities

(Option)

C. ADDITIONAL/PARALLEL USE OF FUNDS

ESIF money is not linked to a H2020 project (PCP/PPI), but a regional/national authority decides to co-fund a regional/national project or beneficiaries to enhance the H2020 project or programme in its region.

This may be particularly relevant to skills development or capacity building in innovation and cooperation

Example

Skills enhancement of the public procurer focused on the use of the innovative product that is purchased in the framework of a PPI that is co-funded by H2020

D. ALTERNATIVE FUNDING

ESI Funds could be used for project proposals that have received positive evaluation under H2020 and could not be co-funded due to lack of H2020 funds under the call.

These proposals could be reoriented towards ESIF requirements and submitted at national/regional level, if this type and topic of project fits into the operational programmes of the concerned territories.

Thank you for your attention

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