

# General FAQ list for Horizon 2020 funded PCP actions

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## 1. What is the deadline for submitting proposals for PCP actions?

Different calls in different work programmes may have different call deadlines. Here is an [overview of all the topics across all the Horizon 2020 Work Programmes that call for PCP actions in 2018-2020](#) (it lists the topic names, budgets, call deadlines). By clicking on the hyperlink of a specific topic (e.g. DTH-14) in this slide set, you go to the page on the Horizon 2020 funding portal that lists all the call conditions for that topic that calls for PCP actions.

For the latest information about specific calls, check the call conditions of the topic that is calling for the PCP actions of your interest on the Horizon 2020 funding portal, e.g. for the topic DTH-14-2020 calling for PCP proposals on 'Pre-Commercial Procurement for digital health and care solutions' the deadline is 22 April 2020 at 17h00 CET as announced [here](#).

## 2. Where can I find the documentation about a specific topic that is calling for a PCP action?

Specific information about the each topic that calls for a PCP action can be found on the Horizon 2020 funding portal. On the funding portal webpage's for each topic you find all the conditions to apply for that topic, links to the relevant documents and the link to the online proposal submission system. e.g. for the topic DTH-14-2020 calling for PCP proposals on 'Pre-Commercial Procurement for digital health and care solutions' all the topic info is [here](#).

### 3. Where can I find the rules and funding conditions for PCP actions?

There is a [webpage with basic information about Horizon 2020 support for innovation procurement in the Horizon 2020 Online Manual](#).

There is a page on the H2020 funding portal that lists [all official reference documents for Horizon 2020](#). Here you find the H2020 Grants Manual, the proposal templates for PCP/PPI actions, the general annexes of the H2020 work program (read in particular Annexes D and E) which detail the funding conditions for the PCP/PPI action funding instruments, the work programs that call for PCP/PPI actions, the (annotated) model grant agreement for PCP/PPI actions etc.

- [All the funding conditions for PCP actions](#) are listed in General Annexes D and E of the Horizon 2020 work program.
- The sections in the [annotated H2020 model grant agreement for PCP action projects](#) provide information and examples that may already answer some of your questions e.g. regarding types of reimbursable costs, pre-financing modalities, role and obligations of the lead procurer and the buyers group in a PCP procurement etc.

On the following [PCP/PPI funding opportunities page](#) you find a summary of the main modalities of the funding instruments for PCP and PPI actions, info about how to submit a proposal/how to find partners and how your proposal will be evaluated, FAQs about PCP and PPI actions.

### 4. Is it true that after 2015 the funding rate for innovation procurement actions has changed? Are there other changes to the funding conditions for PCP actions?

Yes, the maximum funding rate for eligible costs for PCP actions has been increased after WP2015 to 90%. The maximum funding rate for eligible costs for PPI actions has been increased after WP 2015 to 35%. These new maximum funding rates are applicable across all 2016-17 and 2018-2020 Horizon 2020 WPs that call for PCP and PPI actions. They are set in the call conditions in the WP for the topic that calls for the PCP/PPI action. Note that same as in WP2014-15, eligible costs include in addition to direct costs also indirect costs which are calculated as 25% of the direct costs (see FAQ 5).

There is one other change: in the name of the instruments. From WP2016 onwards, the actions are called PCP and PPI actions instead of PCP and PPI Cofund actions. Apart from the increase in funding rates, the other funding conditions for PCP actions remain the same as in the 2014-2015 calls.

The difference in the funding rates (90/35%) is linked to the different scope of PCP and PPI actions:

- PCP actions focus on the public procurement of R&D services to get innovation solutions researched, developed and tested, but not yet deployed at large scale.
- PPI actions use public procurement for early adopter type deployment of innovative solutions. PPI actions focus on commercial diffusion of innovation solutions which may require close-to-market innovation but does not include the procurement of R&D.

## 5. What is the funding rate and which activities can be funded in PCP actions?

In PCP actions the maximum funding rate for all participants is 90 % of the eligible costs, which include direct and indirect costs.

- Eligible direct costs include the price of the PCP procurement (called the PCP subcontracting cost in the budget table in the submission system) and the costs for related coordination and networking activities. The latter include coordination and networking activities to prepare, manage and follow-up the PCP procurement (e.g. preparation of tender specifications and open market consultation, monitoring of on-going R&D, validation and testing of solutions at the procurer's premises, dissemination activities, travel for networking activities etc), dissemination activities (in particular to promote the launch of the open market consultation and the call for tender and to disseminate the results of the PCP) and possibly other proposed coordination and networking activities to remove obstacles for introducing the PCP innovations into the market (e.g. activities to deploy newly developed solutions, contribution to standardisation, certification, regulation, awareness raising and experience sharing/training, activities preparing further cooperation among stakeholders and procurers for future PCPs or PPIs, preparation of a follow-up PPI procurement with a wider buyers group to deploy resulting innovative solutions).
- Direct costs are reimbursed as a fixed percentage (90%) of the actual incurred direct costs, so all the estimated direct costs need to be listed therefore specifically in the proposal. Indirect costs are calculated as a flat rate of 25% of the direct costs, so the type of indirect costs do not need to be specified in the proposal. Note that indirect costs are not calculated on all types of budget categories (e.g. there are no indirect costs reimbursed for subcontracting type costs).

In Horizon 2020, all activities/budget categories in a project are reimbursed at the same funding rate (for PCP actions, both the PCP subcontracting costs and the coordination/networking costs, for the total of both direct and indirect costs). So, both the PCP subcontracting costs and coordination/networking costs will be reimbursed at 90%.

Note that VAT that cannot be deducted is also an eligible direct cost (see FAQ 23) as well as in-kind contributions by third parties linked to beneficiaries that are to be used on the premises of the beneficiaries are also an eligible cost.

Please note that there is a limit to the amount of funding that can be requested for coordination and networking activities in PCP actions. The eligible costs of coordination and networking activities may not exceed 30% of the total estimated eligible costs set up in the budget of the action at the signature of the grant agreement (for more info on this see FAQ 31).

The budget table that lists all types of eligible cost categories (and how they are calculated) can be found on page 10 of [the proposal template for the PCP actions](#).

It is recommended to log into the electronic proposal submission system as soon as possible when starting to draft a proposal and the budget table, as there is specific guidance for proposers on how to fill in the budget table also inside the electronic proposal submission system.

An [example of how to fill in the budget table for a concrete PCP proposal](#) can be found here.

All provisions regarding what are the types of eligible costs (with examples of what is considered an eligible costs and how to calculate them) are described in more detail in article 5 and 6 of the [annotated H2020 model grant agreement for PCP action projects](#) on the reference documents page of the H2020 participant portal.

More info about all the funding conditions for PCP actions in the [General Annexes D and E of the Horizon 2020 work program](#).

## **6. How long does it take after the call deadline until I know whether my proposal was selected for funding or not? When can projects really start?**

Horizon 2020 has a target maximum time to grant of 8 months which is divided in the following way: maximum 5 months from the call deadline to informing applicants of the outcome of the evaluation, and maximum 3 months from the information of the outcome of evaluation to grant signature.

Typically projects from April 2016 calls start between the 2Q 2016 and 1Q 2017 (after the typical 8 month time-to-grant), although consortia can also request an earlier start date (the earliest possible start date for a project is the call deadline of the topic) or a later start date (after 1Q 2017).

## **7. Is there an Info Day for people interested in applying for PCP actions? Where can I find partners?**

Each work programme (e.g. ICT, Societal Challenge SC1 health, SC3 energy) or individual topics inside a work programme (e.g. topic DTH-14 in SC1) may organise separate info days or webinars. These are advertised via the websites and mailing lists of the work programme or topic in question. In addition there are from time to time cross-sectorial innovation procurement events. The events and workshops co-organised by DG CNECT are listed also on DG CNECT's [innovation procurement events webpage](#). You can find the agenda and presentations of past events/workshops there.

You can also get connected with other procurers and experts from around Europe that are interested and active on innovation procurement via the [European Innovation Procurement Forum](#).

You may want to have a look at the partners in [ongoing EU funded projects that support PCP/PPI](#). In some areas, alike e-health, there are ongoing CSA actions that are building network procurers across Europe that are preparing the ground for starting new PCP/PPI projects.

You may want to check if there is an innovation procurement competence/support center in your region or country where you could find information and/or assistance. Look up your country in the [table that benchmarks innovation procurement support](#) in all EU Member States, Norway and Switzerland. You may also contact the [EU funded network of national innovation procurement competence centers](#) that can help you get in touch with other countries.

[National Contact Points \(NCPs\) for Horizon 2020 in every Member State](#) offer information and guidance in your own language about how to apply for Horizon 2020 funding and may also help with partner search.

## **8. Is there any pre-proposal check foreseen for calls for PCP actions?**

Pre-proposal checks or advice on scope and eligibility of consortia from NCPs is possible.

You can find the National Contact Point (NCPs) for Horizon 2020 in your country [here](#).

Pre-proposal check does not constitute in any respect a pre-evaluation of the proposal in terms of scientific and technical quality. The advice given is strictly informal.

## 9. Is there a possibility to adapt the proposal after the evaluation?

Proposals will be evaluated "as they are". Evaluators can only recommend minor adaptations, which the consortium can implement straightforward.

## 10. Is there a minimum or maximum project duration or project budget?

The funding instrument "PCP action" itself, sets no formal limits on project duration. However, check if the topic that is calling for the PCP in question sets any requirements or guidance on project duration. Proposers should choose the project duration in the proposal so that it enables them to address their PCP appropriately. Projects with very complex R&D or demanding national testing (e.g. ethical board approval) or certification requirements (e.g. medical device certification, safety certifications) to be performed may require a longer duration than other projects.

As an example, typical on-going PCP projects last 2,5 - 4 years. This includes the duration for preparatory coordination and networks activities before launching the call for tender (typically 6-12 months) which includes the open market consultation, preparation of the tender documents and possible other coordination/networking activities + the duration for the actual PCP procurement (typically minimum 1,5 - 2 years) + the duration for any coordination and networking activities after the end of the PCP (e.g. for dissemination activities and to prepare a follow-up PPI procurement to deploy resulting innovative solutions). Foresee enough time in the proposal for each part of your project (including the preparation stage – open market consultation and tender specification) as well as enough time to make the transition from one PCP phase to the next. A PCP is a task based process: not all beneficiaries are active all the time. Foreseeing decent time margins from the beginning to complete various tasks (e.g. legal checks etc.) and for completing all R&D phases (e.g. intermediate evaluations between phases and ethical approvals needed before testing if applicable) improves the risk management.

The funding instrument "PCP action" itself, sets no formal limits on minimum or maximum total project budget. However, check if the topic that is calling for the PCP in question sets any requirements on project budget. Proposers should choose the proposed budget for their project in the proposal so that it enables them to address their challenge appropriately. Projects with very expensive type R&D or very expensive test environments/lengthy test period may need more budget than others. Please note however that for PCP actions the amount of EC funding that can be used for the networking and coordination activities to prepare and manage the PPI procurement is limited to maximum 30% of the total requested EC contribution for the entire project. For smaller procurements, check that this is feasible for your project.

You may also get inspiration from the [overview of on-going and completed PCP/PPI projects](#).

## 11. Is previous experience in EU projects required to submit a proposal?

Typically no previous experience in European projects is required. The consortium and the partners need to have the competence and operational capacity to carry out the tasks of the proposed project. However, check whether the topic calling for the PCP actions calls for specific types of procurers or end-users e.g. that are active in a specific sector of public interest to participate.

PCP actions are typically not limited to proposers that were already in other EU funded projects or are not limited to projects that follow-up previous FP7, CIP or H2020 research and innovation projects. PCP actions can be a next step for such projects, but totally new proposals are equally

welcome. However, check whether the topic that is calling for the PCP actions calls for starting PCP actions that make use of results/findings of a preceding CSA action that explored the ground for starting future PCPs.

## **12. What is the available funding for a PCP action?**

The work programme defines an indicative funding for each topic or group of topics. An overview of the indicative funding for all topics calling in 2018-20 for PCP actions is listed [here](#). It is possible to submit projects with a budget that is smaller or bigger than the indicative funding for the topic.

Each topic may also indicate that judging from the size of on-going projects in previous calls, the Commission considers that proposals requesting a contribution from the EU of about EUR ... million (amount specified under the topic) would allow the specific challenge of that topic to be addressed appropriately. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts.

## **13. Is there a maximum or minimum number of PCP projects defined that will be funded per topic?**

It is possible that a topic defines the minimum or maximum number of projects it expects to fund. However this is usually not the case. Check the topic description that is calling for the PCP of your interest.

Topics are typically part of a large call for which the evaluation will be carried out by independent experts that score all proposals in the call based on pre-defined evaluation criteria. It is possible that more proposals than expected are funded for any given topic, e.g. if proposals requesting lower budget than the indicative topic budget are received and selected, or if more than expected high quality proposals requesting more funding than the indicative topic budget are received whereas other parts of the call receive less than expected or lower quality than expected proposals.

More info on the evaluation procedure in [General Annex H of the Horizon 2020 work program](#)

## **14. Can I be involved in more than one project as coordinator or as partner?**

Yes, as long as the beneficiary has the operational capacity to carry out its work under different actions, it is allowed. Note that the beneficiary must be able to justify the resources used to perform its work under each action, as each grant must not be diverted to finance other actions or activities (see also article 6 of the MGA, model grant agreement, in the [H2020 funding Portal](#)).

## **15. How many partners from how many countries should be in a consortium? Are there requirements on who can be lead procurer and who can be in the buyers group?**

- According to [General Annex C to the Horizon 2020 Work programme 2018-2020](#), which lists the standard eligibility criteria, the minimum required number of partners in a PCP action is at least three legal entities that are each of the three established in a different Member State or associated country (country associated to Horizon 2020). All three legal entities shall be independent of each other.



Minimum of two of those must be independent legal entities which are public procurers from two different Member States or associated countries (for the buyers group). The third entity that is minimum required in a PCP project can thus be another procurer (a public procurer or another non-public type procurer, see FAQ 16) or another type of entity that is not a procurer (see FAQ 18). There can of course also be more than 3 partners in a project (3 is only the minimum required).

- In every PCP action, there needs to be a buyers group and a lead procurer. [General Annex D to the Horizon 2020 Work Programme 2018-20](#) lists the specific participation requirements for the buyers group and lead procurer.

**The buyers group** consists of the procurers that provide the financial commitments to jointly finance the PCP procurement. Each procurer in the buyers group contributes its individual financial contribution to the total budget necessary to jointly finance the PCP. The buyers group must contain minimum two legal entities which are public procurers that are established in two different Member States or associated countries (in addition to the minimum 2 public procurers, other types of procurers can also participate see FAQ 16). Both legal entities must be independent of each other.

The procurers in the buyers group must -represent the demand side- be responsible for the acquisition and/or regulatory strategy for the targeted innovative solutions and aim to obtain ambitious quality and efficiency improvements in the area of public interest addressed by the PCP, or be entities with a mandate from one or more of such procurers to act on their behalf in the procurement.

- Examples of procurers that are responsible for the acquisition strategy (i.e. the definition of the requirements/priorities for procurement and/or the actual purchase itself) for the targeted innovative solutions: a hospital that needs an innovative solution for its own use and is responsible for the defining the requirements that such a solution should fulfil (and/or potentially purchasing the ultimate solution); a regional central purchasing body for healthcare that is responsible for the purchase of the actual solutions for hospitals in its region. In the case of a hospital that is buying via a central purchasing body, it is recommended to include also the central purchasing body in the project.
- Examples of procurers that are responsible for the regulatory strategy for the targeted innovative solutions: a ministry of energy that needs an innovative solution for the end-users on the market it regulates. In other words a ministry that represents the demand side by setting regulatory requirements on end-user aspects of innovative products and that can encourage the ultimate deployment of the solutions e.g. by regulating the use of the solutions or providing subsidies or tax incentives to end-users to deploy the solutions (e.g. regulation that ban environmentally damaging products from the market to encourage the deployment of new environmental friendlier alternative solutions, subsidies or tax incentives that encourage users to buy solar panels or buy more environmental friendly cars etc.).
- Examples of procurers that have a mandate from one of more procurers to act on their behalf in a procurement (NB: The mandate does not have to be a permanent mandate. It can also be a one-time project specific mandate): a CPB (Central Purchasing Body), EGTC (European Grouping of Territorial Cooperation) or an ERIC (European Research Infrastructure Consortium) that has a mandate from some of its member to procure on their behalf, an International Organisation mandated to procure on behalf of some of its members (e.g. CERN, ESA), a private association mandated to procure on behalf of some of its members (e.g. an AISBL, or an association of cities mandated by some of its member cities to procure on their behalf).

**The lead procurer** is a public procurer and is the beneficiary appointed by the buyers group to coordinate and lead the procurement. The lead procurer can be either one of the procurers in the buyers group (e.g. one of the hospitals in a buyers group of hospitals that all invest in the PCP budget) or another beneficiary in the action that is established or designated by the procurers in the buyer group to act as lead procurer (e.g. a central purchasing body that does not need the solution

itself and does not invest money from its own pocket in the procurement itself, but that is just a professional organisation specialised in public procurements and only performs the procurement procedure for a group of hospitals that form the actual buyers group).

## **16. Is my organisation a public procurer?**

As explained in the [Horizon 2020 online manual](#), public procurers are organizations that are contracting authorities or contracting entities according to the definition of those terms in the EU public procurement directives 2014/24/EU, 2004/25/EU, 2009/81/EC.

- ‘Contracting authority’ means the State, regional or local authorities, bodies governed by public law, associations formed by one or several of such authorities or one or several of such bodies governed by public law (for the full definition, see Article 2(1)(1) of Directive 2014/24/EU). Bodies governed by public law also include entities financed mostly by the State, regional or local authorities, or other bodies governed by public law and entities controlled by those bodies (for the full definition, see Article 2(1)(4) of Directive 2014/24/EU). This includes for example ministries, regions, cities, road management authorities, public hospitals, central purchasing bodies etc.
- ‘Contracting entities’ refers to entities operating in specific sectors (such as utilities for water, energy, transport, postal services covered by Directive 2014/25/EU and contracting entities in the field of security covered by Directive 2009/81/EC). They may be contracting authorities, public undertakings or entities operating on the basis of special or exclusive rights (for the full definition, see Article 4 of Directive 2014/25/EU).

For the purpose of Horizon 2020, public procurers includes also entities that are contracting authorities/entities according to the above definition but to which the EU public procurement Directives itself do not apply (e.g. international organisations such as ERICs - European Research Infrastructure Consortia - which are formed by several contracting authorities).

## **17. Can other types of procurers also participate and for which types of costs are they eligible?**

Yes. As explained in [General annex D to the Horizon 2020 work programme](#), in addition to the minimum two public procurers (see FAQ 14), other types of procurers that are providing services of public interest and share the same procurement need can participate in the action. They are eligible to EU co-financing for the same types of costs as the public procurers in the consortium, so they can be part of the coordination and networking activities and part of the buyers group and receive EU co-financing also for their contribution to the budget for the PCP. Please note that the lead procurer in a PCP action needs to be a public procurer (see FAQ 15).

A consortium can thus for example exist of two public hospitals (public procurers) + private hospitals (private procurers) + Médecins sans frontières (NGO type procurer).

**18. Can procurers that are already in on-going PCP, PPI or CSA projects (CSAs that fund networks of procurers to prepare the ground for starting future PCPs or PPIs) participate in new PCP projects?**

Yes, as long as there is no double funding of the same activity in different projects. Procurers may want to focus a PCP proposal on new procurement needs that are not addressed yet in on-going PCP or PPI projects. Procurers may want to focus a PCP proposal on a starting a real PCP procurement for an R&D procurement need that was identified in a preceding CSA action.

**19. Can there be only procurers in PCP actions? Or can other types of entities also participate as beneficiaries in PCP actions? What about suppliers or supply side associations, universities and consultants?**

As explained in [General Annex D and E of the Horizon 2020 work programme](#), any type of entity that is not a potential provider of solutions sought for by a PCP and that does not have another type of conflict of interest with the PCP procurement undertaken in the action, can participate as beneficiary in the action, in particular also in the coordination and networking activities part of the action. The participation of those entities should be well justified, clearly add value to the action and support the preparation and execution of the PCP or embed the PCP into a wider set of demand side activities (see FAQ 4 for examples of such activities: this can include also assisting procurers with market analysis, defining evaluation criteria or proof of compliance/test methods, helping to evaluate offers, helping with standardisation/certification related activities etc).

Examples of entities that are not procurers that could participate are **end-users / consumer organisations, certification / standardisation bodies, entities specialised in dissemination activities.**

Can **suppliers or supply side associations** participate as beneficiaries in PCP actions?

- Suppliers that are potential providers of solutions sought for by the PCP cannot participate as beneficiaries in a PCP action. The procurers in the project will interact with the supply side once the project is started, by organising an open market consultation before the call for tender will be launched (to broach the view of the supply side on the upcoming call for tender) and by selecting suppliers via the open PCP call for tender procedure to perform R&D services for the PCP (those suppliers will not enter the grant agreement that the procurers sign with the EC, they remain subcontractors outside of the grant agreement that only sign procurement contracts with the procurers in the project).

- Supply side associations or other entities representing supply side interests (e.g. standardisation bodies) can participate in PCP actions as long as they ensure that their participation does not create a conflict of interest with the preparation and/or execution of the PCP procurement. Such organisations should explain in the proposal how they intend to strike a careful balance in not breaching the integrity of the procurement process (including maintaining confidentiality and avoiding potential conflicts of interest) and allowing the project to benefit from the input, expertise and capacities of the industry association, for example by committing themselves as association to:

- Complete transparency of the roles of industry members versus professional staff of the industry association vis-à-vis the procurers;
- Allowing only professional or contracted staff of the industry association to support the procurers;
- Conducting all their activities in the project either with staff of the industry association only, or with third parties that have no involvement in any tenders;

- Notifying the consortium promptly if any industry members become involved in the project or gain access to confidential information, with the result that their companies be excluded from the tender process.

Can **universities** participate in/interact with PCP actions? Universities/public research centres can participate in/interact with PCP actions in different ways:

- (1) as public procurer that wants to buy R&D (e.g. university hospitals, university libraries, university research centres that need to get an innovative equipment developed/tested for their own use)
- (2) as beneficiary that is assisting the procurers in a PCP in the preparation and/or follow-up of the procurement
- (3) as the part of a tenderer (can consist of a group of entities) that submits an offer to the PCP call for tender to perform R&D services for the procurers.

In the case of (1) or (2) the university cannot make offers for the PCP call for tender, in the case of (3) the university cannot be part of the consortium that implements the PCP action.

Can **consultants** participate in PCP actions? Yes, for example entities specialised in dissemination or market analysis activities, legal procurement advice, project management that assist the procurers in the project with the coordination / networking and/or project management activities (see also FAQ 19 about the project coordinator).

## 20. Who can be project coordinator? Does it have to be the lead procurer?

There are no Horizon 2020 restrictions on which type of entities can be project coordinators: any type of entity that has the operational capacity to carry out this task can act in principle as project coordinator. There is thus no requirement that the project coordinator has to be the lead procurer.

However, having the lead procurer also as project coordinator has clear advantages:

- As all activities implemented in a PCP action are centred around the PCP procurement, having the lead procurer as project coordinator can ensure a stronger/smooth coordination between the overall management of the project and the management of the PCP procurement
- As the project coordinator coordinates the whole communication channel between the EC and the project partners, having the lead procurer as project coordinator facilitates faster communication between the lead procurer and the EC on the PCP procurement implementation during the project
- As the project coordinator coordinates the financial contributions received from the EC and the lead procurer coordinates the PCP procurement, having the lead procurer as project coordinator facilitates the management of the contractual/financial flows between the project partners and suppliers.

## 21. Can a PCP project focus on more than 1 challenge? Can the different procurers in a PCP project focus on different challenges? If not, how can a PCP accommodate the local differences between countries?

As explained in [general Annex D of the Horizon 2020 work programme](#), in each PCP action the PCP shall explore alternative solution paths from a number of competing providers to address **one concrete procurement need** that is identified as a **common challenge** in the innovation plans of all the procurers in the buyers group that requires new R&D.

A PCP that addresses a **challenge that consists of several facets (sub-challenges or building blocks)** is considered one joint PCP procurement as long as all procurers in the buyers group share the need for - and are willing to co-finance - all the facets of the common challenge.

A key objective of a PCP action is to obtain better value for money solutions from the market and to reduce the risk/cost for each individual procurer to do a PCP, by forming a buyers group that shares the costs of undertaking a PCP together to address one challenge shared by all the procurers in the buyers group.

**PCP projects can accommodate local differences between countries.** Often 70%-80% of the solution requirements of different procurers in different countries are the same across Europe and the local differences/adaptations that are needed represent the remaining 20%-30% (e.g. additional national solution requirements on top of basic common solution requirements, adaptations to national IT systems, translations in local language etc.). The common challenge of the buyers group can thus be formulated as the set of core solution requirements that are common (the 70%/80%). The local differences/adaptations that are needed (the remaining 20%-30%) are then formulated as additional country specific requirements that vendors also need to address country per country. Vendors typically add these country specific features as add-on features to their core solution. The open market consultation can shed light on how the market can address both the common and country specific requirements. Already during the phase 1 of the PCP (design), but even more so during the prototyping and testing phase, each procurer can verify whether not only the common core requirements but also the additional local country specific features are well addressed by the vendors in the PCP.

## **22. Can there be several PCPs or only one PCP procurement in a project? And what is the role of the lead procurer versus the other buyers then?**

As explained in [general Annex D of the Horizon 2020 work programme](#), there can only be one joint PCP procurement per PCP action. This means that the group of procurers that make the financial commitments to undertake the PCP procurement (the buyers group) appoints a lead procurer to coordinate and lead the joint procurement.

The lead procurer can be either one of the procurers in the buyers group or another beneficiary in the action that is established or designated by the procurers in the buyer group to act as lead procurer (e.g. a central purchasing body can be lead procurer that executes the procurement procedure for a buyers groups without contributing itself to the budget for procuring the R&D).

The lead procurer will publish the PCP call for tender in the name and on behalf of the whole buyers group under the applicable legal framework for public procurement in the country of the lead procurer and coordinate the joint evaluation of offers. For other tasks related to the preparation of the call for tender, evaluation of offers, monitoring of the suppliers, validation/testing of solutions, evaluation of the results/impact of the call for tender, the effort to carry out these tasks can be shared between the members of the buyers group and the lead procurer (and where relevant by others such as end-users e.g. to test solutions, external experts e.g. to evaluate offers etc).

For what regards payments of the R&D providers that participate in the PCP, consortia can choose for centralised or decentralised payment (see FAQ 22).

**23. Which procurer(s) should request the EC contribution for the PCP subcontracting costs in the budget table of the proposal, and which procurer(s) has/have to claim the subcontracting costs ultimately to the EC via the form C? How is the consortium's choice for centralised or decentralised payment of suppliers recorded in the grant agreement?**

As explained in [general Annex D of the Horizon 2020 work programme](#), for payments of the R&D providers that participate in the PCP, consortia can choose to have:

**1) Option 1 (centralised payment of suppliers):** all selected tenderers are paid by the lead procurer

**2) Option 2 (decentralised payment of suppliers):** all selected tenderers are paid pro rata by each procurer in the buyers group according to the share of the individual financial contribution of each procurer in the buyers group to the total procurement budget for the PCP. Concrete example: in a consortium with 3 procurers that contribute each one 3rd to the total PCP procurement budget, each tenderer will then send one 3rd of each invoice for each PCP phase to each of the 3 procurers in the buyers group and each tenderer will get paid one 3rd of the price of each PCP phase by each procurer in the buyers group.

In Option 1, the entire PCP subcontracting cost has to be allocated to the lead procurer in the budget table in the proposal. The lead procurer will also be the only procurer during the project that will claim the entire PCP subcontracting cost (via the invoices that he receives from each tenderer) for reimbursement to the EC via his Form C.

In Option 2, each member of the buyers group must in the budget table in the proposal budget its own pro rata contribution to the PCP subcontracting costs for himself. Each procurer in the buyers group will then also claim his contribution to the PCP subcontracting costs (via the invoices that they each receive from each tenderer) for reimbursement to the EC via their individual Form Cs.

Besides the budget table, the proposal also requests the proposers to fill in table 3.4 a "Direct costs of PCP subcontracting – Total jointly committed budget for the PCP". In this table, all procurers in the buyers group (all procurers that contribute to the procurement budget for the PCP) fill in their own contribution to the total budget for the PCP. So, in Option 1, it is not the budget table but table 3.4.a that details which procurer in the buyers group contributes which amount to the procurement budget for the PCP.

As the proposal will be finally attached as annex to the grant agreement, the option for centralised or decentralised payments of tenderers that is chosen by the consortium becomes via the proposal part of the Grant Agreement.

Up to now all EU funded PCP projects (funded from the FP7 predecessor to Horizon 2020) have chosen the Option 1 for several reasons:

- legal certainty for the procurers (in option 1, all potential complaints from tenderers on the implementation/payment of the contracts are dealt with in one country under one legal system of the lead procurer)
- cheaper for the procurers (option 1 enables the consortium to choose as lead procurer the procurer with the lowest VAT rate, in option 2 each procurer will pay VAT on its share of the payments according to his country's own VAT rate)
- less administrative overhead for the procurers (only 1 system of the lead procurer for invoice/VAT processing, accounting, financial checks etc)
- less administrative overhead for the companies that participate in the PCP (only 1 payment/accounting/VAT system of one country to comply with, less invoices to process etc)

## **24. Should VAT be included in the requested budget in my proposal?**

As explained in the [general Annex D of the Horizon 2020 work programme](#) and in the [annotated H2020 model grant agreement](#), VAT is an eligible cost except for beneficiaries that can deduct it nationally. So yes, applicable VAT on the subcontracting costs that cannot be deducted nationally should be included in the requested budget in a proposal. Please note that this is applicable for VAT on all subcontracting costs, so not only the PCP subcontracting costs but also for planned subcontracting costs under the proposed coordination and networking activities in a PCP action.

For the PCP subcontracting costs, take care to use the correct VAT of the correct country(ies) in the budget table. In Option 1 (see FAQ 22) the VAT rate of the country of the lead procurer applies on the entire PCP subcontracting cost. In Option 2 (see FAQ 22) each procurer in the buyers group will pay VAT on its share of the payments to suppliers according to his country's own VAT rate, so then each procurer in the buyers group has to use his own country's VAT rate for his share of PCP subcontracting costs entered in the budget table of the proposal.

## **25. If I start a PCP action with 5 procurers can I later only submit a proposal for a PPI action with those same 5 procurers?**

PCP and PPI actions are called for separately. So the procurers in a proposal for a PPI action can be different from those in a PCP action that took place before. It is for example perfectly possible to expand the buyers group that finished a PCP with new additional procurers to undertake a PPI afterwards (e.g. when the innovative solutions developed during a PCP trigger the interest of additional procurers around Europe to go for deployment as well).

## **26. Can I provide part of my contribution to the project in-kind?**

As explained in [annotated H2020 model grant agreement](#), in-kind contributions are not relevant for beneficiaries (beneficiaries are reimbursed based on actually incurred costs) but for third parties. The remaining 10% of direct personnel costs that is covered by the beneficiaries themselves (that is not reimbursed by the 90% funding rate for direct costs in PCP actions) is in Horizon 2020 not considered to be an in-kind contribution but the own contribution of the beneficiaries (even though this is not a 'cash' contribution but a contribution in the form of manhours spent on the project).

Third parties linked to beneficiaries may however make in-kind contributions to the project. As explained in general annex D of the work program, eligible costs for PCP actions may include in-kind contributions of third parties linked to grant beneficiaries (e.g. corresponding to resources put at the disposal of grant beneficiaries to carry out the project). The provisions related to in-kind contributions are explained in article 11.1 of the model grant agreement. For examples of in-kind contributions for PCP actions see the annotated model grant agreement (see page 572).

## **27. Can I chose to get the coordination/networking activities funded at 100% and the PCP procurement cost at a lower funding rate than 90%? Or can I chose to get the PCP procurement cost funded at 100% and get a below 90% funding rate for coordination / networking activities?**

Horizon 2020 reimburses all eligible costs (both the costs for the PCP subcontracting and the costs for the coordination/networking activities) at the same funding rate, 90% for the PCP actions. So, in the budget table a maximum 90% funding rate is used for all types of costs for which the proposers

request EC reimbursement. Also in the Form C for claiming those costs during project implementation to the EC, this maximum 90% funding rate will be applied to every cost claim submitted to the EC.

However internally inside the project, project partners can decide to use part of the EU contribution that they receive for the PCP subcontracting cost to increase the support to coordination and networking activities (even up to 100%) as long as that the project partners still execute the PCP procurement with the same procurement budget as foreseen in the grant agreement. So this means that (a) procurer(s) in the buyers group that do(es) this then provide(s) in reality a larger own contribution to the PCP procurement cost than what is listed in the budget table, as the total Union contribution will remain 90% of the eligible costs for PCP subcontracting and coordination and networking activities.

The other way around is also possible, project partners can decide to use part of the EU contribution that they receive for the coordination and networking activities to increase the support to the PCP subcontracting costs as long as the project partners still execute all the coordination and networking activities with the same budget as foreseen in the grant agreement. So this means that a procurer(s) in the buyers group that do(es) this then provide(s) in reality a larger own contribution to coordination and networking activities than what is listed in the budget table, as the total Union contribution will remain 90% of the eligible costs for PCP subcontracting and coordination and networking activities.

**28. The initial needs identification / market scanning phase, is this performed by beneficiaries within the consortium (before or during the project) or is this included as part of the procured PCP R&D services? Can beneficiaries also do R&D activities themselves during a PCP action?**

See [general Annex D and E of the Horizon 2020 work programme](#) and the [annotated H2020 model grant agreement](#) for more info.

The consortium needs to do some horizon scanning activities already before submitting a proposal. Indeed in the proposal, the consortium must already identify the common challenge/the procurement need that it proposes to address by the PCP and the consortium needs to explain how this procurement need goes beyond the state of the art - explaining why R&D is really required to address the procurement need - so that it is justified to start a PCP (see sections 1.2 and 1.3 of the [proposal template for PCP actions](#)).

During the project - in the preparation stage of the project before the procurement is started - the consortium can under the coordination/networking activities part of the project do itself also "further" horizon scanning / open market consultation activities to draft the tender specifications. The consortium can make use of "independent" experts to assist them in this (not providers that intend to make offers for the procurement), but the needs identification/horizon scanning is in any not part of the R&D services procured by the PCP. Note also that each PCP must cover/procure 3 R&D phases (solution design, prototyping, first product development and testing). The procurement need and end-user requirements will already be defined in the tender specifications for the PCP, so during the solution design phase 1 of the PCP each provider really focuses on working out the solution design for its own specific implementation approach to address the procurement need.

Note also that PCP actions do not co-finance R&D activities undertaken by consortium members to develop new innovative solutions themselves: horizon scanning / open market consultation activities, technical work to define tender specifications, the validation and testing of developed solutions by the procurers/end-users in the consortium fall under the coordination/networking activities. Annex D provides more info about eligible types of coordination and networking activities that can be



performed by beneficiaries throughout a PCP action (both in the preparation and execution stage of the project).

## 29. Can I combine regional funding with a H2020 funded PCP project?

Participants are free to finance their own contribution (the part of the costs that is not reimbursed by Horizon 2020) from their own organisation's resources or from other national or regional resources.

Please note however that it is not allowed to finance the own contribution from other EU funding programs. So if a participant receives funding from Horizon 2020 for an activity, it is not allowed to finance the own contribution for that "same" activity from the structural funds (ESIF) budget for your region/country. To avoid double funding, it is also not allowed to have the same activity in a project co-financed both by Horizon 2020 and ESIF programs.

1) What is possible in terms of **simultaneous** use of Horizon 2020 and ESIF funding, is to get "different" activities in a project co-financed by Horizon 2020 and ESIF respectively. For example one procurer A in a PCP action can choose to get his contribution to the PCP procurement cost cofinanced by Horizon 2020, another procurer B in the same project can choose to get his contribution to the PCP procurement cost financed by ESIF. Note that this is only possible when the consortium uses Option 2 explained in FAQ 22 (decentralised payment of suppliers), so that each procurer can submit his own individual invoices either to Horizon 2020 or to ESIF for reimbursement (procurer A submits his invoices for reimbursement to Horizon 2020, procurer B submits his invoices for reimbursement to ESIF).

Table 3.4 a in the [proposal template for PCP actions](#) enables proposers to indicate whether there are procurers in the PCP project that plan to co-finance their contribution to the PCP procurement budget from ESIF instead of Horizon 2020.

2) What is also possible is that regional/ESIF funding is used to finance activities that are not covered by the Horizon 2020 PCP project but that are **complementary** to it. For example:

- all procurers in a project request co-financing for their contribution to the PCP procurement budget from Horizon 2020

- to speed up the adoption of the solutions after the PCP, ESIF budget is used to finance additional activities that are not covered by Horizon 2020 to train for example end-users in the region about how to use the innovative solutions/technologies resulting from the PCP in their daily life. Or to encourage wider use of PCP in the region beyond the Horizon 2020 project, ESIF budget is used for training other procurers outside the PCP project in the region on how to implement a PCP.

3) **Sequential** Horizon 2020-ESIF funding is also a possibility. Example, after a PCP was implemented with Horizon 2020 funding, some procurers decide to finance the deployment of the solutions afterwards via a PPI that is co-financed by ESIF.

More info about all the possible scenarios for synergies between Horizon 2020 and ESIF funding can be found [here](#).

For a practical example of how to fill in the budget table for a PCP action in case simultaneous or complementary use of ESIF funding is used in the same PCP project, see the last pages of [this ppt](#).

### **30. What type of activities can be subcontracted in a PCP? Can the project management be subcontracted? Can the lead procurer subcontract purchasing / legal experience or does he need to have that in-house?**

Firstly, purchasing the **R&D services** that are procured via the PCP is considered a subcontracting activity. They constitute the main part of the action (minimum 70% of the EU contribution), so a limited set of other activities (coordination and networking activities) can potentially be subcontracted.

For the **coordination and networking activities** (which include the project management activities), please remind that the consortium needs to have the operational capacity to carry out the project.

- Therefore, project management activities and other essential coordination and networking activities cannot be subcontracted.
- Subcontracting is possible for ancillary type coordination and networking activities that are supporting the procurers in the preparation, management and/or follow-up of the PCP procurement or the positioning of the PCP procurement into a wider set of demand side activities. Note that the responsibility towards the Commission / Agency for the subcontracted work lies fully with the beneficiary that performs the subcontracting. Stricter rules on subcontracting apply to information that is 'EUclassified' or subject to a 'security recommendation' in Annex 1 of the Grant Agreement. For more information on this, see the [annotated H2020 model grant agreement](#).

### **31. What happens if a project spends less than initially foreseen on the procurement (given that only max 30% of the total requested EU contribution can be for coordination/networking activities)? Does the 30% limit apply to every partner individually or to the whole project?**

[General Annex D and E of the Horizon 2020 work programme](#) defines that in PCP actions the eligible costs of coordination and networking activities may not exceed 30% of the total estimated eligible costs set up in the budget of the action at the signature of the grant agreement.

- The work programme requirement does not say that a consortium can spend maximum 30% of the actual grant that it is awarded on coordination/networking activities, it says that a consortium can request in the proposal maximum 30% of the total requested EU contribution for coordination / networking activities. This is an important difference.

Once a project is selected for funding, in the grant agreement the maximum amount of eligible costs for coordination/networking activities is not defined as a percentage of the total amount any more, but as an absolute value (e.g. maximum 1,2 million EURO) that corresponds to the amount originally estimated in the proposal and agreed in the grant preparation with the EC (see article 6, B in the [H2020 model grant agreement for PCP actions](#)).

As confirmed by the EC on page 556 of the Annotated Model Grant Agreement for PCP actions: the amount of EU funding for related additional coordination and networking activities does NOT change, even if the costs actually incurred for PCP/PPI subcontracting end up being less than initially estimated (e.g. if the buyers group is able to procure at a better price than it had budgeted or because an unforeseen event prevents the procurers from starting the procurement all together). The reimbursement of costs for the coordination/networking activities will thus in such a case not be automatically proportionally reduced.

- Note that the requirement says that maximum 30% of the total requested EU contribution (the EU contribution requested by all partners in the project) can be for coordination/networking activities. So, there is no 30% limitation on individual partners, only on the total amount of EU contribution requested by all partners in the project for coordination/networking activities. It is thus possible that one partner (e.g. an entity that is not a procurer but that assists the procurers in coordination / networking activities) requests only reimbursement of coordination/networking activities (100% of the eligible costs for this entity are coordination/networking type costs) and that another partner (a procurer) requests less than 30% of his eligible costs for networking/coordination activities.

### **32. I already did an open market consultation before starting the PCP project? Can that count? Or do I have to do another one in the project?**

It is possible that procurers have already done an open market consultation: either with their own financial resources, or with EU funding (e.g. ESIF or Horizon 2020 funding). The latter could have happened indeed in the context of an ESIF Territorial Cooperation Programme project or a CSA project (coordination and support action) funded by Horizon 2020 that investigated the feasibility and prepared the ground for launching future PCP and PPI procurements.

So, what happens if procurers have already investigated the feasibility of launching a PCP, and now apply for a PCP action to really implement this PCP?

\* Firstly, double funding is not allowed. In other words, the costs for an open market consultation that was/is already funded by another ESIF or Horizon 2020 project cannot be submitted again under the costs of a new PCP action.

\* Secondly, you are of course not obliged to redo again an activity that you have already done before the project. Procurers that have already done certain parts of the preparation work that is typically done in the start-up phase of a PCP project, can submit a PCP proposal shortening or even skipping some of those parts and proceeding more quickly to the execution of the PCP procurement. However, in case you have already done an open market consultation, check first:

(1) How long ago it took place: the state-of-the art may have changed in the meantime

(2) Whether it covered all the aspects of the PCP procurement that you are planning to focus on now. You may have done an open market consultation that addressed several possible areas for innovation in your field superficially, but didn't go into enough detail into the one area that you have chosen now to focus your PCP procurement on. You may have focused beforehand only on technical details (can the market deliver solutions for my procurement need), but not enough on the viability of the procurement in terms of financial details, planning/contract set-up, IPR related aspects etc.

(3) If the way you implemented the open market consultation was compliant with all the requirements for open market consultations for Horizon 2020 funded PCP projects (see [General Annex D and E of the Horizon 2020 work programme](#) and article 13 of the [H2020 model grant agreement for PCP actions](#)).

If the answer to (1), (2), (3) is not fully satisfactory, then you may need to do another open market consultation during the PPI project anyway. It is not unusual that procurers do more than round of open market consultations before launching their call for tender.

### **33. Are there any TRL (Technology Readiness Levels) assigned to PCP?**

Horizon 2020 itself does not assign specific TRL levels to the implementation of PCPs. The boundaries of what R&D may cover under PCPs (which clarifies also how PCP maps to TRLs) are set by the

following two legal frameworks: the 2014 EU State aid framework for research, development and innovation (R&D&I) and the WTO Government Procurement Agreement (GPA).

Note that Horizon 2020 requires PCP procurements to cover 3 R&D phases that cover solution exploration and design, prototyping, original development and validation/testing of a limited volume of first products or services in the form of a test series. According to Article XV (1)(e) of WTO GPA 1994 and Article XIII(1)(f) of the revised WTO GPA 2014 that defines original development as the boundary of where R&D stops, original development of a first product or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the product or service is suitable for production or supply in quantity to acceptable quality standards, but does not include quantity production or supply to establish commercial viability or to recover R&D costs.

This fits with the 2014 EU State aid framework for research, development and innovation (R&D&I), which states that in order for PCP to exclude State aid, the object of a PCP contract must fall within one or several categories of research and development defined in this framework and must be of limited duration, it may include the development of prototypes or limited volumes of first products or services in the form of a test series but the purchase of commercial volumes of products or services must not be an object of the same contract.

The R&D categories defined in the State aid framework that may be covered by PCP are:

- **'fundamental research'** means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view;
- **'industrial research'** means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation;
- **'experimental development'** means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

#### Relation between PCP and TRLs

As explained under footnote 40 of the 2014 EU R&D&I State aid framework, the different R&D categories can also be considered to correspond to Technology Readiness Levels 1 (fundamental research), 2-4 (industrial research – the type of by activities targeted by phase 1 of a PCP) and 5-8 (experimental development – the type of activities targeted by phase 2 and 3 of a PCP). As PCP is driven by a specific procurement need (with a concrete use case in mind), fundamental research is not the aim of a PCP. Procurers launching a PCP have a concrete use case/application for the innovative solutions in mind so they will launch a PCP call for tender that does not requests providers

to undertake "fundamental" research but "applied" R&D: industrial research and experimental development including field testing (so PCP call for tenders will call for R&D activities ranging in between TRLs 2-8). However, it is possible that during a PCP some vendors realise that they could achieve better applied R&D results if they still further elaborate some fundamental research aspects related to their solution approach as well. If they decide to do this, it is then up to those vendors to do that within the budget and time for the milestone in the PCP set by the procurers to complete the applied R&D work for the PCP. In cases where the final end-products of a PCP do not need to be produced in large quantities and the procurer requests to obtain the limited set of end-products that results from phase 3 testing at the end of the PCP, then in fact TRL 9 does not exist and TRL 8 covered by the PCP equals the final commercial deployment of the end-products.

### **34. How much effort may the involvement of end-users (e.g. patients, doctors in healthcare cases) take in a PCP project? Should this be tendered out or should the end-users be part of the consortium?**

To ensure that the PCP will deliver solutions that meet the real end-user needs, close involvement of end-users is important in different stages of a PCP project: in the preparation stage of the project (the PCP tender specifications need to be based on analysis of end-user needs), in the evaluation of offers for the PCP procurement (to evaluate which offers best match the challenge/end-user needs), and for validation and testing of solutions (to validate via field testing how well different solutions meet the quality/efficiency improvements needed to match the end-users expectations). How much effort is exactly needed to ensure appropriate end-user involvement in different tasks is case specific. The costs are up to the proposers to decide. When preparing a proposal, it therefore important to consider the budget needed for this carefully to enable a smooth progress. It is always possible to amend the Grant Agreement for small budget transfers if the numbers are not yet well known at proposal stage and changes are necessary. This just needs to be explained in the proposal. The key here is the description of the genuine need.

As the involvement of end-users is so important to the success of the procurement outcome, the procurers in the buyers group for the PCP (see FAQ 14) must represent the demand side (either be the end-user themselves, or represent end-users and ensure their involvement in the project).

End-users can be part of a consortium and participate in the coordination and networking activities (see FAQ 18). Some topics - check the description of the topic that calls for the PCP action - may require end-users to be part of the consortium as beneficiaries. If not, consortia can decide themselves to include end-users (or end-user organisations) as beneficiaries or as subcontractors (under the coordination/networking activities) in the proposal. Please note that subcontracting of coordination/networking activities may only concern a limited part of a grant and consortia are evaluated on their operational capacity to carry out the tasks (including the tasks above involving end-users, so it is indeed a real asset to already have end-users or end-user organisations identified in the consortium that are assigned concrete tasks in the proposal).

### **35. Can there be a specific partner in the project that organises the evaluation of offers for the procurement? (e.g. because the buyers group may not know all the end-user / stakeholders needs)**

The lead procurer and buyers group are the ones that as procurers in the project carry the legal responsibility for the procurement procedure, including the evaluation of offers. General annex E of the Horizon2020 work programme requires them to carry out the evaluation of offers together in

group as one joint evaluation of offers: they can make use of external independent experts – that have no conflict of interest with the procurement - to assist them in the evaluation but they make the final evaluation decision.

[General Annex E of the Horizon 2020 work programme](#) requires the procurers in the buyers group to represent the demand side (be the end-user or involve end-users in the project). See FAQ 14 & 33.

### **36. Are there any recommendations for the evaluation criteria for the procurement?**

[General Annex E of the Horizon 2020 work programme](#) lists some H2020 specific requirements regarding selection and award criteria for PCP/PPI procurements: Procurers should avoid the use of selection criteria based on disproportionate qualification and financial guarantee requirements (e.g. with regards to prior customer references and minimum turnover). Functional/performance based specifications must be used, to formulate the object of the tender as a problem to be solved, without prescribing a specific solution approach to be followed. Evaluation of the tenders must be based on best value for money criteria, not just lowest price.

It is up to the lead procurer and the buyers group in each project to define the exact selection and award criteria and the tender specifications for their specific procurement in such a way that meets these requirements. This can be done with the help of experts assisting the procurers, the feedback of end-users and the feedback from potential bidders that is collected through the open market consultation concerning the proposed scope and implementation approach for the procurement.

### **37. How about the reporting on the procurement? Are there specific deliverables / milestones for PCPs that should we foresee in the proposal?**

The [H2020 model grant agreement for PCP actions](#) contains specific sections detailing the reporting obligations for beneficiaries to inform the EC about the progress of the PCP/PPI procurement. Section 3.1 in the [proposal template for PCP/PPI actions](#) reminds proposers which deliverables to foresee in the proposal to comply with these reporting obligations.

#### Reporting periods

The first reporting period in PCP/PPI actions corresponds to the end of the preparation phase of the project. Include therefore in your proposal sufficient time for a project review on the deliverables of the preparation phase and the spending of project resources at the end of this first reporting period.

The second reporting period in PCP/PPI actions typically corresponds to the end of the execution phase of the project. Include therefore in your proposal sufficient time for a project review on the final deliverables of the execution phase and the spending of project resources at the end of this reporting period.

In PCP actions, there are typically also intermediate technical reviews before the start of each new phase of the PCP to review of the results of the previous phase and the preparations for the next phase. Include therefore in your proposal sufficient time for technical reviews on the deliverables corresponding to the results of the ongoing phase and the preparations for the next phase. Please note that technical reviews only review technical progress (not budget spending).

#### PCP specific deliverables / milestones

For the preparation phase of the project, there are some deliverables/milestones specific for PCPs:

Key deliverables to be scheduled during the preparation phase of the project include:

- 5 days before its publication: A copy of the prior information notice (PIN) that promotes and advertises the open market consultation widely; Take care in your planning that the PIN is to be published in the Official Journal of the European Union at least 60 days before the start of the open market consultation

Key deliverables for the first review/first periodic report at the end of the preparation phase of the project include:

- 30 days before its publication: A copy of the call for tender documents, including the contract notice (allowing for a time-limit for receipt of tenders of at least 2 months and published in the Official Journal of the European Union and promoted and advertised widely), invitation to tender, procurement contracts
- A report on the outcome of the preparation phase of the procurement (e.g. the open market consultation) and their impact on the call for tenders;
- From each beneficiary participating in the joint procurement, a formal and duly signed 'commitment on availability of resources'

Key deliverables to be scheduled during the execution phase of the project include:

At the end of the tender evaluation of each PCP phase (for the intermediate technical reviews):

- A contract award notice published in the Official Journal of the European Union that informs the market about the selected contractors and the contracts that have been awarded
- Information on the total number of bids received, in particular the data on the winning tenderer(s) and abstracts of the winning tenders for publication and evaluation purposes;
- Information on the evaluation of tenders: the final ranking list of the selected projects, final scores and qualitative assessment per evaluation criterion for each received bid, minutes of the evaluation meeting
- An assessment by the buyers group of the results achieved by each participating tenderer in the previous PCP phase (except for the initial evaluation of tenders at the start of the PCP)

At the end of the action (for the final review):

- Information on each subcontract financed by the procurement, including data on each contractor that participated in the procurement and overview of the results, for publication and evaluation purposes. This must include an assessment by the buyers group, based on the validation of solutions, of the final results of each participating tenderer in terms of achieving the performance and functionality requirements of the common tender specifications
- A demonstration to the Commission / Agency of the test products resulting from the procured research and development services

### **38. How much R&D for the PCP can be done outside of Europe?**

[General Annex E of the Horizon 2020 work programme](#) states that the PCP process must require selected R&D providers to locate the majority (so minimum 50%) of the R&D activities for the PCP contract, including in particular the principal researcher(s) working for the PCP contract, in the Member States or Associated Countries. The [Guidance for PCP tender documents](#) explains in more detail how to implement this place of performance requirement.

The Associated Countries are the countries associated to the Horizon 2020 programme. The list of associated countries can be found [here](#).

### **39. Can procurers from Turkey or US participate in a PCP action?**

The following [webpage on the Horizon 2020 funding portal](#) (as well as the [General Annex A of the Horizon 2020 work programme](#)) explain under which conditions entities from non EU Member States can participate to Horizon 2020 funded projects, including PCP actions.

As Turkey is an Associated Country, procurers from Turkey can participate under the same conditions as European procurers to PCP actions. As US is not an Associated or developing country, US procurers can participate in PCP actions, but without receiving EU funding.

Please note however that the public procurement system in Turkey and US is quite different from the one in the EU Member States, so check carefully with other procurers from EU Member States in the project how to practically cooperate to implement the joint PCP procurement together.

### **40. Where can I find the eafip innovation procurement toolkit? Can EU funded PCP projects get assistance from eafip?**

eafip is the [European Assistance For Innovation Procurement](#). Eafip has developed promotion and training material on PCP/PPI (e.g. via 12 different [events/workshops](#) across Europe) and has developed an [innovation procurement toolkit](#) for policy makers, procurers and lawyers about why & how to implement PCP/PPI.

In addition, eafip provides [local assistance](#) to individual procurers in the start-up and implementation of PCP and PPI procurements across Europe. Projects that already receive EU funding for the costs related to the preparation and / or management of an innovation procurement (e.g. from Horizon 2020 or ESIF programmes) are not eligible for eafip assistance for activities that are eligible costs under the EU funding they already receive. The eafip initiative does not provide assistance in the formulation / preparation of proposals / offers for Horizon 2020 calls.

### **41. What is innovation procurement? What is PCP? What is PPI?**

Innovation procurement actions can be either PCP or PPI actions. Key difference in a nutshell is:

- PCP actions focus on the public procurement of R&D services to get innovation solutions researched, developed and tested, but not yet deployed at large scale.
- PPI actions use public procurement for early adopter type deployment of innovative solutions. PPI actions focus on commercial diffusion of innovation solutions which may require close-to-market innovation but does not include the procurement of R&D.

PCP and PPI are not new public procurement procedures:

- PCP is a specific approach (using multiple sourcing, phased contracting approach, leaving IPR ownership with contractors) to use existing public procurement procedures to buy R&D services (open publication) to maximise the benefits of the procurement for procurers and suppliers.



- For PPI actions as well existing public procurement procedure are used (any public procedure that does not include the procurement of R&D can be used): e.g. open procedure, negotiated procedure, competitive dialogue, competitive procedure with negotiation

A detailed definition of what's considered PCP and PPI in Horizon 2020 can be found in the section on PCP and PPI actions in [General Annex E of the Horizon 2020 work programme](#).

**42. As the funding rate for PCP actions is 90%, does this mean that vendors that participate in the PCP procurement get funded at 90% for their R&D?**

No, vendors are paid at market price by the procurers in the project via the procurement (vendors make offers to the PCP call for tender and if they get selected they will be paid the price they offered in their bid). The EC then reimburses 90% of the price of the PCP procurement (the price that the procurers paid to the vendors for the R&D work) to the procurers. The remaining 10% of the price paid to the vendors is paid by the procurers in the buyers group in the project themselves.

The vendors that are selected via the procurement to perform the R&D for the procurers do not join the grant agreement that the EC signed with the procurers. They only sign a procurement contract with the procurers. The vendors are not beneficiaries but subcontractors from the point of view of the EC grant agreement (from the point of view of the EC the procurers in the project subcontract R&D work to vendors that they select via a PCP procurement).

**43. Are there any completed or ongoing projects at a stage of success that could provide good practice?**

An overview of the completed and ongoing PCP-PPI projects and CSAs that are preparing potential future PCPs/PPIs can be found on [CNECT's innovation procurement project webpage](#).

In some areas of public interest there are already several completed PCP projects. The [results of all completed PCP projects](#) that were funded by the previous Framework Programme 7 Research Programme are very positive. The PCPs have delivered clear benefits both for the procurers and the suppliers involved.

**44. What is the approach sought by a PCP scheme. R&D must start before launching a PCP or after? Does it mean that the European co-financing does not include the subcontracting for PCP?**

As explained in FAQ 3, PCP is a public procurement of R&D services. The R&D takes place therefore 'during' the PCP. As explained in FAQ 4 the European co-financing for PCP actions includes the direct costs for PCP subcontracting. Background references where to find more info about PCP and the Horizon 2020 funding for PCP actions are listed in FAQ 2.

**45. Is it true that PCP does not complete the development process until final mass production. Is PCP only a tool for research but not to implement the solution? Can we use other tools such as Competitive Dialogue?**

As explained in FAQ 3, PCP is a public procurement of R&D services. As R&D cannot go up to quantity production (see FAQ 33), PCP is a tool to get innovation solutions researched, developed and tested – and if requested by the procurers also deployed at small scale - but not yet deployed at large scale. The Competitive Dialogue procedure, which is a procedure for the purchase of commercial end-products instead of R&D, can therefore not be used to implement PCP. Large scale deployment which requires mass production/industrialisation is the scope of PPI actions, not PCP actions.

- One key objective of PCP is exactly to reduce the risk of failure of large scale deployment contracts by first (through the PCP) comparing alternative solution approaches from different vendors and derisk technological R&D before launching contracts that commit to large scale deployment. There are several other advantages of splitting PCP from PPI (see [FAQ 20 on the policy FAQ list here](#))

- Small scale deployment (of the limited volume of prototypes or first test-products that were developed during the PCP) can be procured as part of a PCP contract as long as the value of the procured products/services is less than 50% of the total value of the PCP framework agreement and the purchase of the products/services is needed for the provisioning of the R&D services. *Example: A traffic authority may need to acquire more environmentally-friendly tarmac that was developed and installed during the PCP on a test strip of the road, because the old tarmac was destroyed during the PCP in order to test the new variant and the traffic authority needs to carry out further testing on the tarmac after the PCP is done.* See more info on this point on page 581 of the [H2020 model grant agreement for PCP actions](#).

See FAQ 57 for more info on how to purchase solutions resulting from a PCP.

**46. Is there a website where the open market consultations and call for tenders of PCP projects are published? As a company / research institute, I would like to know where to find these interesting opportunities.**

[CNECT's innovation procurement project webpage](#) gives an overview of the completed and ongoing EU funded PCP and PPI projects. When the EC grant agreements are signed with new PCP/PPI projects (the groups of procurers that get a grant agreement from the EC to implement a PCP or PPI procurement), the EC uploads the name and website/contact details of the newly starting projects there. All these PCP and PPI projects publish - on their project website and in the [TED \(Tenders European Daily\) section of the OJEU](#) - the announcements for their:

- open market consultation (to consult the market about the scope of their procurement before they start tendering) via a prior information notice

- call for tenders (to invite potentially interested bidders to submit offers to their procurement) via a contract notice

Companies/researchers that want to apply for these procurements can check the project websites and the announcements in TED. Most projects also have a newsletter to which you can subscribe via their project website.

#### **47. Is there an overview of what is the legal basis to implement PCP in my country under my country's national procurement legal system?**

Yes, in 2010-2011 the EC did a [survey on the status of implementation of PCP across Europe](#). This survey collected information from all the national authorities that are responsible for the transposition of public procurement rules into national legislation (apart from Portugal, Malta and Latvia who did not reply in time to the survey). The questions and conclusions of this survey are available. The overall conclusion from the Member States' responses to the survey was that there are no legal obstacles in any of the EU countries that block procurers from implementing PCP. The survey contains a list with the articles under which you can find the legal basis for PCP in your country's national procurement law.

In 2019, the EC published also a more in-depth [benchmarking of the national innovation procurement frameworks](#) across the EU Member States, Norway and Switzerland. Indicator 1 of the country profile of each country, explains the legal basis for implementing PCPs in each country after the 2014 revision of the EU public procurement directives.

#### **48. I heard somewhere about a requirement to work with minimum 2 or 3 vendors in PCP? Is that for phase 1, 2 or 3? How is the budget of a PCP typically divided then between phases?**

As explained in article 13 of the [H2020 model grant agreement for PCP actions](#), there is a requirement that PCP projects foresee enough budget to start with **minimum 3 contractors in phase 1 of the PCP** and end with **minimum 2 contractors in phase 3 of the PCP**. The start with minimum 3 contractors is to ensure that, following intermediate evaluations after phase 1 and 2 where contractors may drop out, the PCP process results in a competitive future supply chain for the procurers of minimum 2 suppliers on the market that can deliver working solutions. In case the number of suppliers drops below 2 during or after the PCP, licensing to third parties on the market can avoid monopoly situations.

There is no EC requirement to start with 10-20 contractors, but these are numbers that are indeed regularly used by experience procurers for example in the US. Evidence has shown that starting with 8 contractors in phase 1 offers a good chance to end up with at least 2 contractors that deliver successful solutions in phase 3. This is because it is not unusual that +/- 50% of the contractors drop out at in the intermediate evaluations after each phase when their design/prototype or test products are not able to meet the financial feasibility and/or the technical minimum requirements of the procurers (especially in high risk R&D sectors, markets with highly innovative small companies). That having said, the Horizon 2020 minimum requirement is to start with minimum 3 contractors in phase 1. There are EU funded PCP projects (e.g. PRACE3IP) in areas where there are not so many suppliers, that have successfully completed a PCP with 3 contractors in phase 1, 2 in phase 2 and 2 in phase 3.

Even when starting with 8-10 contractors in phase 1, participating in a PCP action is cheaper and less risky for each individual procurer than procuring the same phase 1/2/3 R&D from 1 company on its own. That is because PCP actions reduce the innovation risk for the individual procurers not only through the EC co-financing but also via the procurement approach itself (a gradually increasing budget allocation over the phased approach with intermediate evaluations after each phase to filter out the solutions that deliver best value for money). Phase 1 consumes typically 10-15%, phase 2 typically 35%-40% and phase 3 typically 50-60% of the total PCP procurement budget. Each contractor then bids in phase 1 for a price of around 1-2%, in phase 2 for a price of around 5-10%, and in phase 3 for a price of around 15%-30% of the total PCP procurement budget. As the budget for phase 1 is relatively small, the value of the information obtained about the pros and cons of different potential solutions (which de-risks future follow-up deployment procurements from errors)

is much larger than the financial risk of working with 8-10 suppliers. Note that these are just provided as an example and each project should make its own budget estimation and distribution according to the specificities of the individual project.

#### **49. Is there any guidance on how to prepare the tender documents for PCPs?**

Yes, to help procurers in Horizon 2020 funded PCPs and PPIs, the EC has published (last update October 2017) [Guidance for PCP tender documents](#) and [Guidance for PPI tender documents](#). These guidance documents include templates for the OJEU notices that are used to announce the open market consultation (Prior Information Notice), to launch the call for tender (Contract Notice) and to announce the winning bidders (Contract Award Notice). There is also a template for the request for tenders. For PCPs this also includes a Framework Agreement covering the whole PCP and specific contracts for each PCP phase.

#### **50. Are procurers allowed to give feedback to suppliers while they are developing solutions during the PCP? In other words, can procurers and suppliers co-create solutions in a PCP?**

Yes, of course procurers are allowed to give feedback to individual contractors on how well his ongoing developments match the procurers' needs and expectations. As highlighted in the [Guidance for PCP tender documents](#) it is a good idea to assign for each contractor a specific contact person that is responsible for channelling this feedback (a supervisor / team of supervisors) that has regular contact with the supplier (e.g. (bi)weekly meetings). Instead of defining only end of phase deliverables, it can be a good idea to define also intermediate milestones that contractors should reach during each phase, so that the procurers' / supervisors' feedback can be structured around such intermediate project goals. These feedback moments should not be only from a distance (e.g. via phone, e-mail etc.). The [Guidance for PCP tender documents](#) explain that procurers/supervisors can also invite the contractors to visit the premise(s) of the procurer(s) to learn about the operational boundary conditions governing the design of targeted solutions. Likewise, the procurers/supervisors can also visit the contractor's premises to give feedback, check the progress on achieving milestones.

Co-creation of solutions and more in general giving feedback to the different competing suppliers in a PCP is thus perfectly possible. When doing so, procurers should ensure that they respect the equal treatment and transparency principles and the confidentiality of each contractor's data / solution.

- **Confidentiality:** Procurers may not reveal to the other contractors the solutions proposed / developed or other confidential information communicated by a contractor participating in the PCP without his / her agreement.

For example, if one contractor has developed in its solution an extra very innovative functionality that other contractors have not thought of (and that is not part of the procurer's tender requirements), the procurer may not inform other contractors about this extra new functionality.

- **Transparency and equal treatment:** During the PCP, procurers shall not provide information in a discriminatory manner which may give some contractors an advantage over others.

For example, if during the PCP one contractor asks more information about how the procurer's IT system works in which the new solutions that contractors are developing will finally have to be integrated, the procurer shall provide this extra information about how the procurer's IT system works not only to this one contractor, but to all contractors in the PCP.

**51. As a company, how can I be sure that during an open market consultation a procurer will not disclose my ideas to other companies/my competitors? How can I be sure that I receive all the information that the procurer is also providing to other companies?**

The part of the [Guidance for PCP tender documents](#) about how to prepare a Prior Information Notice for an open market consultation clearly highlights that also during an open market consultation, procurers shall respect the equal treatment, transparency principles and the confidentiality of the potential tenderers' information. In particular:

- During an open market consultation, interested tenderers shall be able to indicate to the procurer that is organising the open market consultation which information that they are providing to the procurer is confidential and cannot be disclosed to other market players. Such confidential information should then be provided under a non-disclosure agreement.
- Procurers can during open market consultations (including during face-to-face meetings) not provide information to one potential tenderer without providing that same information to all other potential tenderers. Therefore procurers should therefore publish all answers that they provided to questions from potential tenderers during the open market consultation (e.g. in the form of a Q&A list). Please note that such Q&A should be anonymised (not mentioned the name of the tenderer who asked the question) and stripped of any references to confidential solutions/products of specific vendors (to respect the confidentiality/equal treatment principles).

**52. Why do Horizon 2020 funded PCPs work with a framework contract for the whole PCP and specific contracts for each phase of the PCP?**

As highlighted in the [Guidance for PCP tender documents](#), (see section 2.5) with this approach, procurers do not commit the entire budget for all phases from the start of the PCP, but they commit only the budget of the next phase when the previous phase delivered good results and only to those vendors that continue to the next phase. For vendors it means that they don't have to sign/commit to a large contract size from the start, but to gradually growing contract sizes phase per phase.

This has benefits both for the procurers and companies:

- 1) If less contractors than initially expected make it from one phase to the next, the left over budget remains under the framework contract (is not lost) and can then be carried over to the next phase and be reallocated to the remaining contractors. This way, the budget of the PCP is channelled to the most promising/best value for money solutions. Committing the budget in phases and being able to reallocate budget if needed, de-risks the procurement for the procurer.
- 2) Working with assignments and contract sizes that gradually grow per phase makes it easier for smaller companies, in particular start-ups and SMEs, to win PCPs and to grow their business gradually as the PCP procurement progresses.

Encapsulating the specific contracts for the three phases in a framework contract ensures

- that the procurer does not have to reopen competition after each phase
- that contractual agreements that cover the whole PCP (e.g. unit prices, quality commitments offered by contractors in their offer) remain in force even in between phases.
- that all the general overarching rights and obligations of both parties that are valid throughout the whole PCP (e.g. confidentiality, IPR, publication clauses etc.) remain in force even during possible transition periods in between phases.

### **53. How can I as procurer minimise the delay in between phases in a PCP?**

The [Guidance for PCP tender documents](#) (see section 2.4 in the part about drafting the request for tenders) explains that there are two approaches for organising the transition between phases.

- 1) The offers for the next phase will be requested together with the end-of phase deliverables for the previous phase (In this case all contractors of the previous phase will be invited to make offers for the next phase, successful completion of the previous phase is evaluated before evaluating the offers for the next phase, to determine which offers are eligible to proceed to the evaluation of offers for the next phase)
- 2) The offers for the next phase will be requested only *after* the end-of phase deliverables of the previous phase and after the contractors have been informed of successful completion of the previous phase (In this case only the contractors that successfully completed the previous phase will be invited to make offers for the next phase.)

The first approach (e.g. used by the V-CON and FABULOS PCPs) enables the procurers to evaluate both the results of the previous phase and the offers for the next phase at the same time. If the procurers request both of these elements a couple of weeks before the end of the phase, the procurers can sign the contracts for the next phase so that the next phase starts immediately after the next phase. Please note that for smaller contractors (e.g. start-ups) very long delays of several months in between phases can be detrimental (when the financing dries up for too long time to keep the company up and running). But too short delays in between phases may also be challenging for them (as they are growing their business during the PCP and may need to hire new staff for the next phase which is a bigger assignment than the previous phase). In practice, EU funded PCPs have found that 1 month delay between phases works well.

### **54. As buyers group, can we take into account the results of the previous PCP phase in deciding which suppliers move on the next phase? Or is this decision only based on the offers of the suppliers for the next phase?**

Yes of course, procurers can take into account the results of the previous PCP phase in deciding which suppliers move to the next phase.

Firstly, as highlighted in the [Guidance for PCP tender documents](#), at the end of each phase the procurers should assess whether contractors completed the phase satisfactorily (timely and qualitative delivery of end of phase deliverables) in order to decide whether to pay the contractors – partially or fully – for completing that phase. Contractors that did not complete the previous phase satisfactorily are not allowed to proceed to the next phase. Secondly, only the offers for the next phase of those contractors that did complete the previous phase satisfactorily are considered for deciding which contractors proceed to the next phase.

As explained in the guidance for PCP tender documents, the end of phase assessment can also give a score to express how successfully contractors completed the phase (how well the contractors' solutions achieved the functional / performance requirements expressed in the tender documents). FAQ 53 explained that there are two approaches for organising the transition between phases. In both of those approaches procurers can take into account how well a contractor performed in the previous phase (score for successful completion given by the assessment of the previous phase) in the evaluation for deciding who proceeds to the next phase.

**55. As buyers group, if we leave the ownership of IPR that is created by suppliers during the PCP with those suppliers, how can we then ensure that these suppliers will commercialise the newly developed solutions? And what happens if they don't commercialise the solutions?**

Firstly, the [Guidance for PCP tender documents](#) highlights that the commercialisation plan of contractors can be an evaluation criterion for each PCP phase. This way, procurers can track and reward phase by phase the progress that contractors are making to bring the solutions to the market.

Secondly, procurers can also facilitate the commercialisation of the solutions developed in the PCP.

- One way to do this is through promotion activities: e.g. by promoting as procurers together with all contractors in the PCP the developed solutions at fairs, by inviting other colleague procurers watch the final demonstration of the developed solutions, by promoting the results achieved by the contractors to other colleague procurers.
- Another way of doing this is by attracting financial investors that may be interested to invest in the contractors to scale up product commercialisation: e.g. SILVER and IMAILE PCP procurers introduced start-up contractors to financial investors (business angels, venture capitalists, banks etc) to help attract additional investment to scale up production. DECIPHER PCP invited financial investors to participate in the evaluation committee of the PCP (to assess the commercialisation potential/score the commercialisation plan of each solution)

Thirdly, the PCP contract sets out a timeframe after the end of the PCP (this call back period is typically 4-5 years) that contractors are given to commercialise their solutions. If despite all good efforts a contractor refuses or fails to commercialise the results of the PCP within the call back period or abuses the results against the public interest (see [Guidance for PCP tender documents](#)), then the procurers may use the call back clause to transfer the IPR ownership rights of the contractor to the procurer. Before the call back period expires (see [Guidance for PCP tender documents](#)) the procurers can also always use their right to require the contractors to give licenses (or if the contractor refuses, the procurers may use its right to license) the results of the PCP to other parties on the market. So far, not a single procurer from EU funded PCPs has used the call-back clause because the commercialisation of solutions by participating vendors in the PCPs is good. Please note that the right to use the results that procurers obtain in PCPs projects also covers to the right to modify the results (so that the procurer can always do updates/changes to the solutions afterwards).

[The results of completed EU funded PCPs](#) confirm that the above approach of leaving IPR ownership with the contractors is positive for both procurers and suppliers:

- **It reduces the R&D risk for procurers:** leaving IPR ownership rights with the vendors reduced the R&D cost / risk for procurers across all FP7 funded PCPs on average with 50% as companies see wider commercialisation opportunities
- **It encourages vendors to commercialise solutions:** 86% of Phase 3 PCP contractors, 75% of Phase 2 contractors and 29% of Phase 1 contractors that participated in completed FP7 funded PCPs have already commercialised (part of) their PCP solutions. 11% of contractors (across Ph1/2/3) still expect to commercialise solutions within 2 years. 17% of contractors (across Ph1/2/3) do not plan commercialisation. According to companies surveyed, PCP at least doubles their normal commercialisation success rate compared to when they develop a product alone or with grant support (even in collaborative grants with potential customers).

## 56. As buyers group, how can we link the PCP to financial investors related to the commercialisation of the newly developed solutions?

See FAQ 55

## 57. If I want to buy the solution that was newly developed during the PCP, do I have to launch a new call for tender then? Can I buy directly from the suppliers that were in the PCP?

As explained in [General Annex E of the Horizon 2020 work programme](#) and in the [Guidance for PCP tender documents](#) (See also FAQ 45), there are three ways to buy solutions resulting from the PCP:

- 1) If the aim is **to buy only the limited set of solutions that were developed and tested in the PCP**, this limited set of solutions can be procured as part of the PCP. There are two conditions to respect then (because a PCP has to remain an R&D services contract):
  - Services contract: The value of the total amount of supplies procured during the PCP *shall be below 50%* of the value of the total contract.
  - R&D contract: The scope of the contract shall still be limited to R&D. Therefore, the contract *shall not include quantity production* to establish commercial viability or to recover research and development costs.

Example: The THALEA PCP has procured the solutions the limited set of solutions (the test series) resulting from the PCP. In respect of the transparency principle, the fact that the resulting solutions would be procured as part of the PCP was announced in the PCP tender documents (so that bidders knew this when making their PCP offer). In the IPR / results section of the PCP framework contract a clause was included that grants the procurers ownership and rights to use the resulting test series solutions for 4 years after the end of the PCP. THALEA procurers prepare to launch a PPI after these 4 years to procure larger scale deployment of commercial systems.
- 2) If the aim is **to buy only a limited set of solutions that were developed and tested in the PCP**, but it does not make sense to buy all of the test series solutions (e.g. because some of the tests are destructive tests), the procurers may also decide to buy after the PCP is finished a limited volume of solutions that were developed during the PCP. This is typically possible using a negotiated procedure without publication (see applicable national public procurement rules).
- 3) If the aim is to **buy larger commercial volumes of solutions** (beyond the limited set that was developed during the PCP for R&D and testing purposes) or if there is a need to **buy additional features, or if additional procurers that did not participate in the buyers group of the PCP want to buy developed solutions**, then the above 2 methods cannot be used. In this case the procurers should check which of the available public procurement procedures in their national public procurement rules can be used. Only in some cases, the type of solution or the type of procurer may allow for limited tendering (e.g. in defence, public security).

## 58. Does the cost of a PCP (multiple sourcing from several suppliers) not outweigh the benefits?

No. There is evidence that the extra cost outweighs the benefits.  
For more info, see [FAQ 10 on the policy FAQ list](#).



## 59. How can I link as procurer a PCP to other demand side policy measures (regulation, certification, standardisation)?

[FAQ 7 on the policy FAQ list](#) explains why it makes sense for procurers to contribute to regulatory, standardisation and certification activities while doing a PCP. It also highlights how this can be done.

[General Annex E of the Horizon 2020 work programme](#) explains that the EU funded coordination activities in PCP actions can include such a wider set of demand side activities to remove obstacles for introducing the solutions in the market. This can include e.g. contribution to standardisation, regulation, certification), awareness-raising, experience sharing / training, preparing further cooperation among stakeholders and procurers in future PCPs or PPIs.

## 60. Is bundling of demand (implementing the PCP actions as joint cross-border procurements) not negative for SMEs?

No, bundling of demand at the R&D stage is not negative but positive for SMEs (PCP covers only R&D, not large volume supply of solutions). For more info see [FAQ 16 on the policy FAQ list](#).

[The results of completed EU funded PCPs](#) also confirm this with convincing evidence.

## 61. Why are PCPs particularly attractive for start-ups & SMEs to participate in?

[FAQ 16 on the policy FAQ list](#) explains why the particularities of how PCPs are implemented make PCP more attractive than other procurement procedures for start-ups and SMEs. The positive impact on SMEs is due to the phased approach, the use of multiple sourcing, the fact that PCP covers only the procurement of R&D and not large scale deployment, and that IPR is left with the contractors.

[The results of completed EU funded PCPs](#) also confirm this with convincing evidence:

- **Opening a route-to-the market for new market players:** 73,5% of PCP contracts are won by SMEs, 61,5% of total values of PCP contracts, more than twice the average in public procurement across Europe (29%).
- **Helping also larger market players bring products to the market:** 16% of PCP contracts are won by large companies as single bidder. 19% of PCP contracts are won by consortia of large companies plus SMEs to bring products together to the market.
- **Impact on stimulating cross-border company growth:** 33,1% of PCP contracts are awarded cross-border, 20 times more than the average in public procurement across Europe (1,7%).

## 62. Can a PCP be restricted to (or favour) certain types of suppliers? Should I promote PCPs mainly to start-ups / SMEs or also to large vendors?

In order to procure the R&D services in the PCP at market conditions without involving state Aid, the EU Treaty principles and competition rules must be respected in the implementation of PCPs. In addition, the EU has public procurement agreements with associated countries. PCPs must thus be implemented through transparent, competitive and non-discriminatory procedures. PCPs can therefore not discriminate between suppliers that are established in countries covered by the EU Treaty and associated countries with whom the EU has a public procurement agreement.

The exemption of PCP from the public procurement directives therefore thus does not allow procurers any more than in other public procurement procedures that are subject to the public procurement directives to favour local suppliers or to favour start-up / SME suppliers over larger suppliers or to require successful bidders to locate R&D or to make other types of investments in a specific EU country or region.

It is also beneficial for procurers to use the multiple sourcing aspect of a PCP to optimise the competition on the market. This is typically done by starting with enough contractors in phase 1 of the PCP so that not only larger established players but also smaller new market players can participate. This healthy competition between new entrants and existing players encourages both of them to deliver better value for money solutions. [The results of completed EU funded PCPs](#) also confirm this with convincing evidence: both large and small suppliers that participate in PCPs are successfully commercialising better value for money solutions after the PCP.

[General Annex E of the Horizon 2020 work programme](#) reminds procurers also that all offers must be evaluated according to the same objective criteria regardless of the geographic location, organisation size or governance structure of the tenderers. The place of performance condition (see FAQ 38) is also set in such a way that it enables all bidders to participate regardless of the geographic location, size or governance structure of their organisation. It is therefore not possible to restrict the participation in PCPs to companies from a certain EU country, region or city.

There is only one exception to the above, in the field of security, where additional restrictions on the participation of bidders in PCPs can be imposed, such as restrictions to bidders from EU Member States (see FAQ 61).

### **63. Can PCPs in the field of security impose additional restrictions on the participation of bidders in PCPs?**

Article 55 (1) of the Horizon 220 Rules for Participation foresees that: “In the case of actions involving security-related activities, the grant agreement may lay down specific provisions, in particular on pre-commercial public procurement, procurement of innovative solutions, changes to the consortium's composition, classified information, exploitation, dissemination, open access to research publications, transfers and licences of results.”

For security reasons, EU funded PCPs can therefore foresee additional specific provisions e.g.

- that exclude vendors from third countries with which the EU does not have any international public procurement agreement
- that excludes legal entities that are established in the EU or in associated countries but that are controlled from third countries
- that impose stricter place of performance conditions than standard foreseen in Horizon 2020

### **64. What are the benefits of using PCP versus long term partnership vendor partnerships that combine the procurement of R&D with large scale deployment?**

Horizon 2020 supports PCP and PPI as separate but complementary procurements. [FAQ 16 on the policy FAQ list](#) and [the eafip toolkit \(see section 3.3 under Module 1\)](#) explain that there are clear advantages of this approach compared to long-term vendor partnerships that combine the procurement of R&D with the subsequent purchase of commercial volumes of end-products:

- Better value for money products – reducing costs of public procurements

- Fostering job creation and economic growth in Europe
- Preventing vendor lock-in (foreclosing of competition and crowding out of R&D investments)
- Ability to de-risk large scale deployment contracts - room for more breakthrough R&D
- A consistent approach to address also close-to-market cases that don't require R&D
- PCP-PPI can be used in all cases without being considered State aid

[Evidence about the impacts of all completed PCPs compared to innovation partnership procedures up to mid 2019](#) also confirm these findings (see slide 43).

The [EC notice \(C/2018/3051\) "Guidance on innovation procurement"](#) (see last page) explains that PCP-PPI and innovation partnerships are meant for different scenarios. Whereas PCP-PPI can be used in all cases without being considered State aid, innovation partnership procedures should only be used in exceptional cases where the solutions procured are so unique, specialised that not reopening competition after the R&D phase does not foreclose competition of other vendors on the market and does not crowd out other R&D investments.

## **65. Can PCP be used when the buyer wants to obtain open source solutions?**

Yes, open source does not necessarily mean "unlimited use for free". There are several types of open source models which may have restrictions on which type of entities can make which type of use during which timeframe of the published source code. And even if open source is used to make developed solutions available "for free", it does not mean that there is no more way for the PCP contractors to make business from their developed solutions (e.g. from background concepts or other products that build further on the source code, from additional features, from ancillary services such as support / consulting etc.).

Some examples of PCPs where the buyers required open source solutions to be developed:

- Example of a non EU funded PCP: the Norwegian government [EduApp4Syria PCP](#) that resulted in two open source based games that improve education of refugee children
- Example of EU funded PCPs: [PREFORMA PCP](#) and [Human Brain Project PCP](#)