

Insight #2 Overview:

The process of Innovation Procurement: key steps and existing instruments

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+ Public Procurement of Innovation

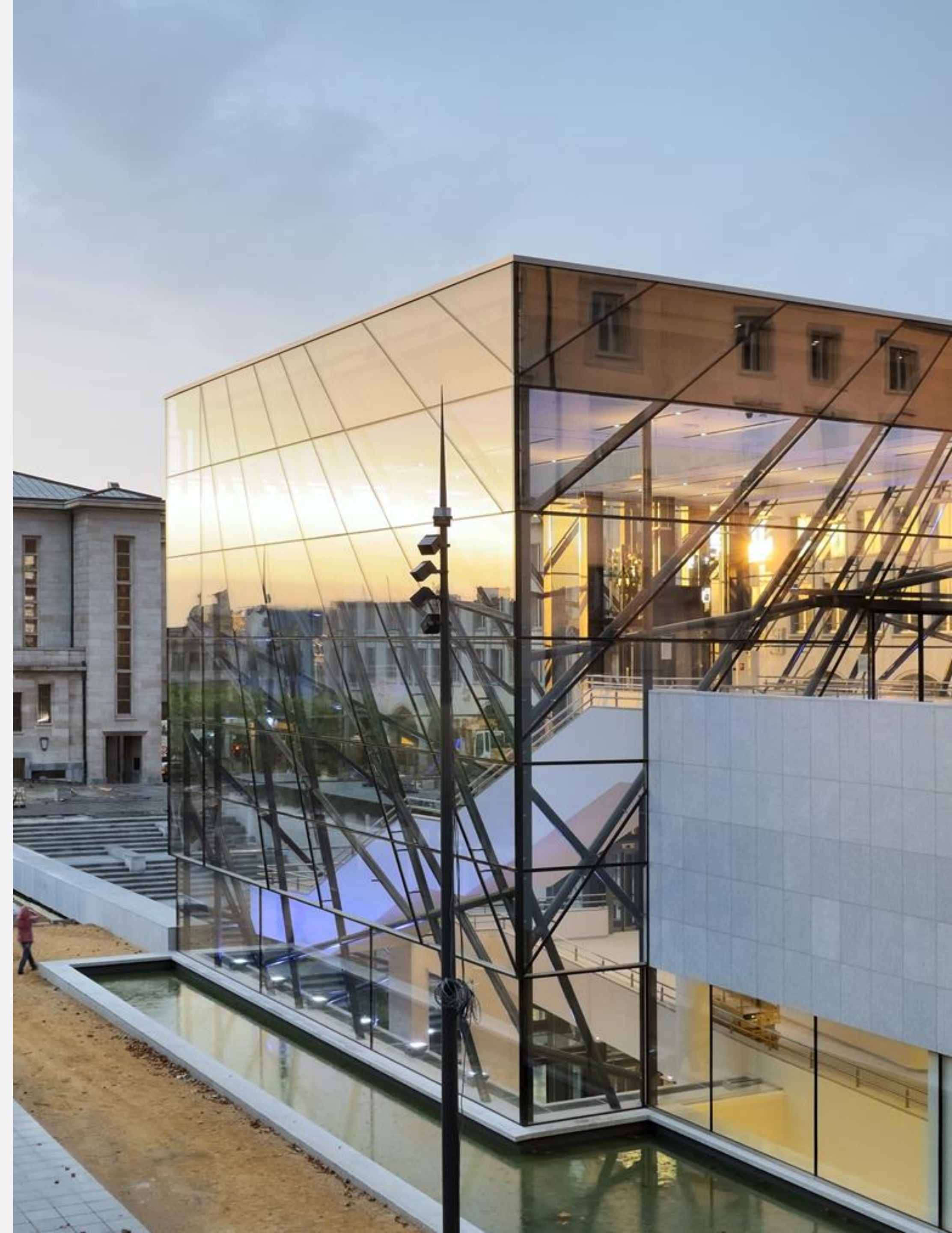
Concepts and objectives

Directive 2014/24/EU, defines Public Procurement of Innovation as the implementation of a new or significantly improved product, service or process, including but not limited to production, building or construction processes, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations inter alia with the purpose of helping to solve societal challenges or to support the Europe 2020 strategy for smart, sustainable and inclusive Growth.

According to OECD Public procurement refers to the purchase by governments and state-owned enterprises of goods, services and works. As public procurement accounts for a substantial portion of the taxpayers' money, governments are expected to carry it out efficiently and with high standards of conduct in order to ensure high quality of service delivery and safeguard the public interest.

12% of GDP

is the amount spent in OECD countries on public procurement



Innovation procurement

- ❖ Public sector efficiency
- ❖ Healthcare
- ❖ Climate change
- ❖ Energy efficiency
- ❖ Transport
- ❖ Security



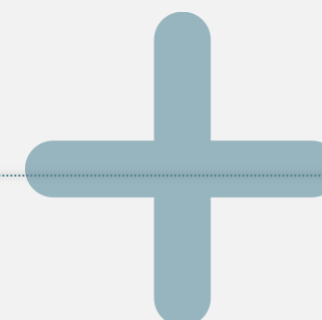
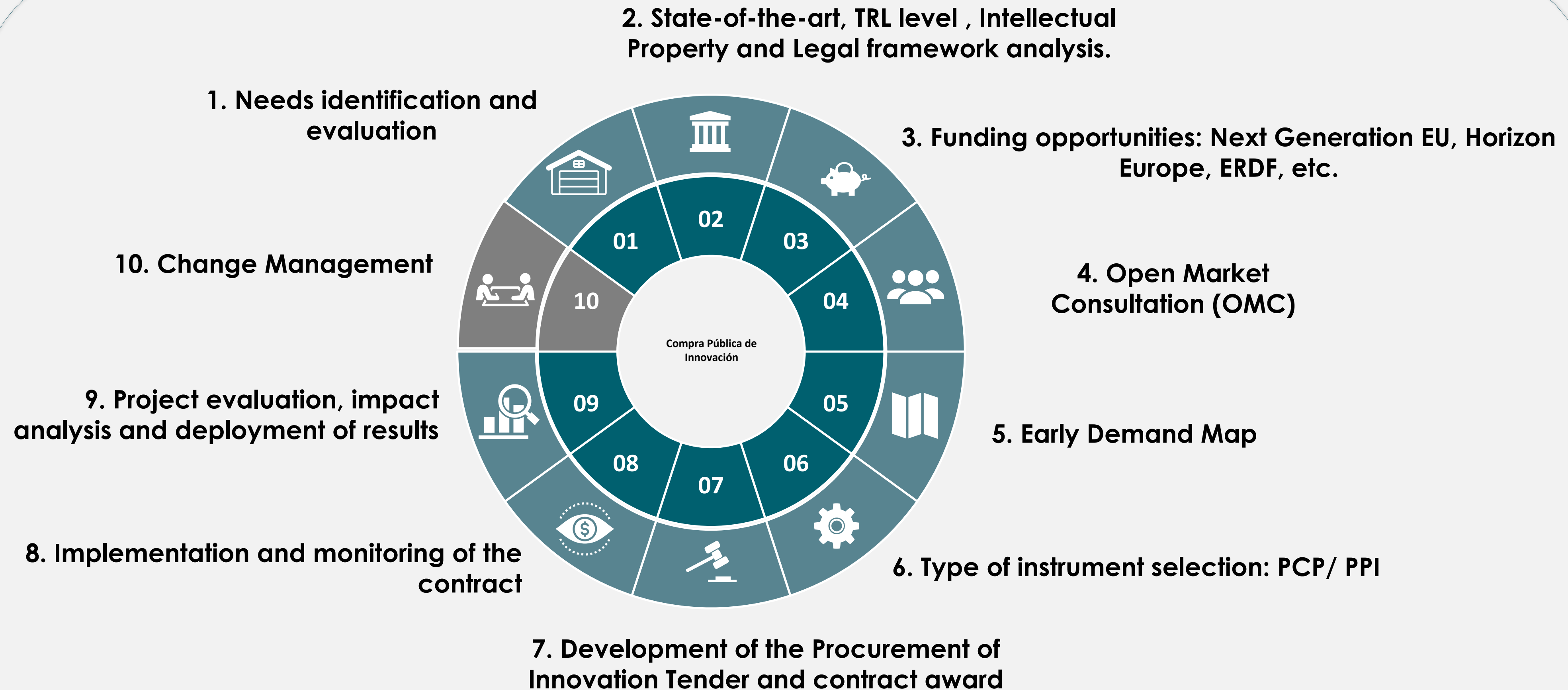
Innovation procurement



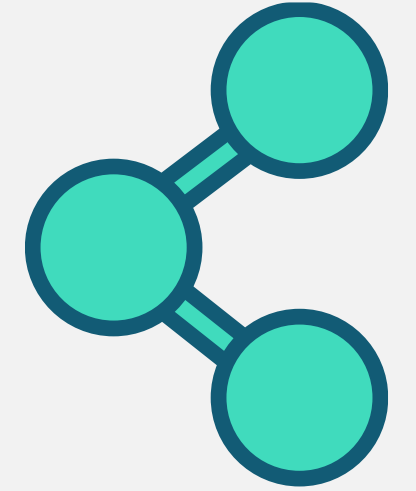
- ✓ Public sector is faced with **important challenges**. Addressing these, often requires public sector transformations.
 - In many cases, solutions are near the market and would be provided if clear requirements/sufficient demand expressed by the market (**PPI**)
 - In other cases, still R&D required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



Public Procurement of Innovation Roadmap



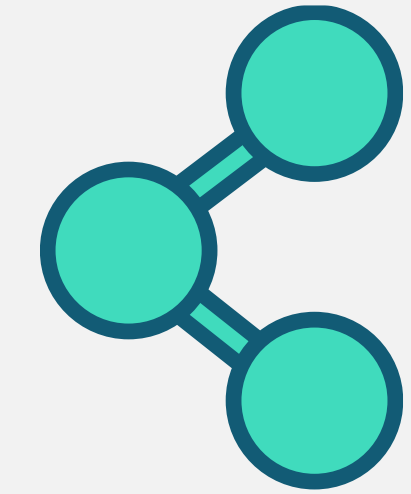
Type of instruments: PCP and PPI



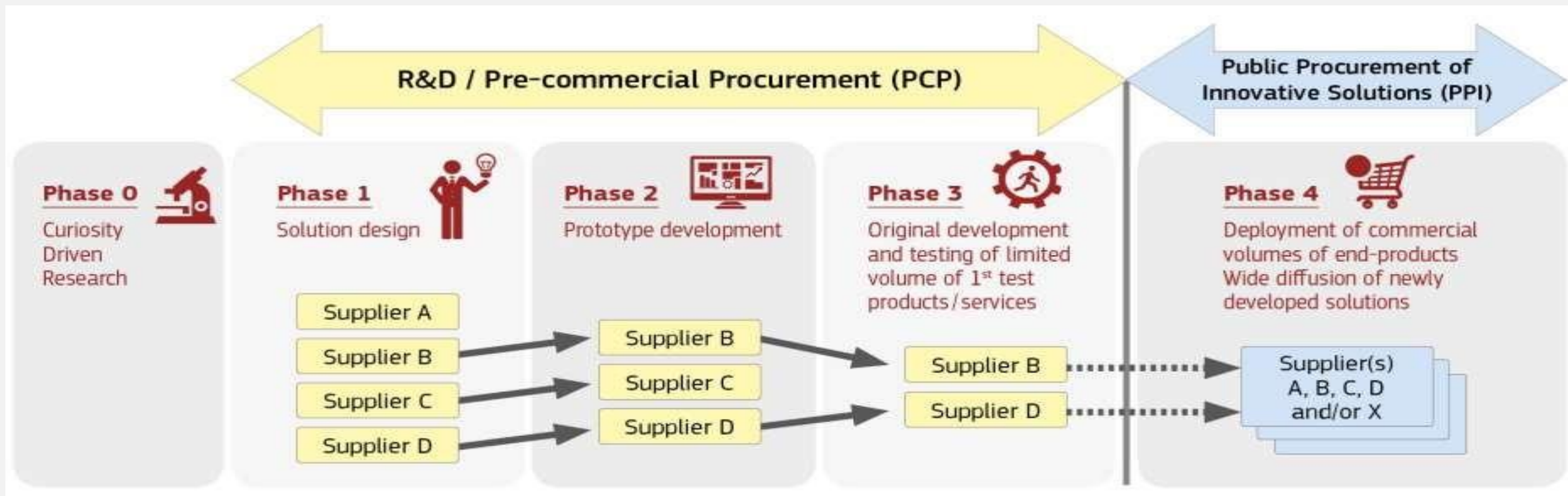
Type	TRL	Advantages	Disadvantages
PCP	TRL 1- TRL 7	<ul style="list-style-type: none">• Procedural flexibility• Favours the management of IPRs• Good control of R&D uncertainty	<ul style="list-style-type: none">• Generates legal uncertainty• Necessarily pre-commercial results
PPI	TRL 6- TRL 8	<ul style="list-style-type: none">• Legal certainty• Commercial products• Standard procedures	<ul style="list-style-type: none">• Restrictions in terms of award procedures



PCP and PPI Complementarity



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



References

Find out more information



1. European Commission:

Visit the [European Commission website](#) on Innovation Procurement for more information:

- [guidance on innovation procurement](#), including practical information on how to start and develop procurement of innovation projects
- webinars and podcasts to improve procurement professionalisation on strategic issues.

2. OECD:

[Website](#) for Public Procurement for Innovation: principles, toolbox, publications, etc.

3. Procure4Health website and platform:

- [Innovation Procurement – Procure4Health](#)
- <https://p4h.loftos.com/home>:
 - Capacity Building Catalogue
 - Insights and articles
 - Working Groups

The screenshot shows the Procure4Health website. The header includes the logo, a search bar, and navigation links: ABOUT US, COMMUNITY, FOUNDING MEMBERS, INNOVATION PROCUREMENT (highlighted), and NEWS. A 'CONTACT US' button is also present. The main content area is titled 'Why innovation procurement?' and includes a sub-section 'INNOVATION PROCUREMENT DEFINED' with the text: "Innovation procurement" refers to any procurement that aims to... Below this are three teal boxes with icons and text: 1. Lightbulb icon: Buy research and development services to develop innovative solutions. 2. Bar chart icon: Buy innovative solutions that are not yet available or do not exist on the market. 3. Star icon: Buy innovative solutions that do exist, but are not yet widely available on the market. Below the boxes is a link: Visit the [European Commission website](#) on Innovation Procurement for more information. The bottom section features an image of a hand placing a block on a Jenga tower, with the heading 'What is so important about it?' and text explaining the importance of innovation in public procurement.





Procure 4Health

www.procure4health.eu



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