

Pre-Commercial Procurement: Cost-efficient way of innovations

Brussels, 27th November 2012: Pre-commercial procurement (PCP) is an instrument that can bring innovative solutions on the market and secure its deployment while saving a significant amount of public money. Introduced by the EU as a pilot initiative on ICT under the 7th Framework Programme, Pre-commercial procurement will cover all the areas of research and innovation under the Horizon 2020 programme. Despite its efficiency and capacity to deploy innovative products to the market, PCP is underutilised in the EU because of fragmentation of demand, lack of awareness and uncertainty of procurers. At the end of November, CEBRE – Czech Business Representation to the EU together with CZELO – Czech Liaison Office for Research and Development and Czech Permanent Representation to the EU discussed with stakeholders the use of PCP in various sectors and different countries.

“By reason of its potential, information about PCP needs to be spread and companies encouraged to participate in this kind of procurements”, said **Šárka Brábníková**, Head of Sectorial Policies B Unit of Czech Permanent Representation to the EU. She went on by explaining the progress of negotiations in the Council on Horizon 2020 programme. *“Partial general approach on the Framework programme Horizon 2020 was reached under the Danish Presidency in May. Negotiations were then handed over to the Cyprus Presidency and agreement was reached on the Rules of Participation at the October Council. Now the Research Working Party is finalizing text of the Specific Programme, which will be handed for the approval of the Partial general approach to the December Council”,* she stressed.

The EU desperately needs to increase investment in research and development in order to remain competitive vis-à-vis the rest of the world. **Lieve Bos**, Policy Officer for Pre-Commercial Procurement from Directorate General for Communications Networks, Content and Technology of the European Commission informed that *“in the EU we spend 20 times less on R&D procurement than in the US”*. One of the main barriers to broader use of PCP is according to the Commission the fragmentation of the demand and lack of awareness of how to optimise risk-benefit balance for procurer and supplier. Lieve Bos explained the risk can be minimized by combining PCP and Public Procurement of Innovative Solutions (PPI), which practically ensures that the newly developed end-product will find its customers. In this matter, PCP ensures a win-win situation for stakeholders by deploying better, high-quality products with lower costs. Nevertheless, PCP projects are currently running only in nine out of 27 EU countries, namely the UK and Nordic countries. Many EU member states are still going through the raising awareness phase. As an example, Lieve Bos was happy to mention a Swedish project on energy efficiency where PPIs led by NUTEK/STEM agency, in combination with product certification/labelling, take-up subsidies & tax incentives, helped to reduce Swedish dependency on nuclear energy by 15%. The Commission encourages procurers to use PCP instrument in specific areas via CIP and FP7 programme (ICT sector). After 2013, both programmes will fuse in Horizon 2020 and enable the use of PCP in all areas of R&D. *“For 2013, there are still calls for cross-border PCPs in FP7-ICT and CIP-ICT”,* Lieve Bos concluded by inviting stakeholders to participate.

EU state aid rules provide with a clear definition when the PCP is not considered as state aid. *“As flawless as it may seem, the use of PCP often strives with barriers on national level”,* said **Martin Kobert**, Lawyer of Technology Agency of the Czech Republic. The agency wished to go ahead and get engaged in PCPs, however it found out during a pilot project that Czech legislation does not allow them to use PCP instrument. The problem lies in the so called Act on the support of research and development from public funds and it seems there is no political will to change it. New EU Directive on public procurements and new EU framework for state aid seem to be a good push for Czech government to change the legislation. *“However the transposition will take time and still there is no guarantee the problem will be solved”,* stated Kobert.

■ Contact for media

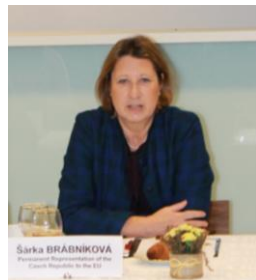
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■ More information

The debate was organized by CEBRE – Czech Business Representation to the EU together with CZELO – Czech Liaison Office for Research and Development and Czech Permanent Representation to the EU on 27th November 2012 in Brussels. More information can be found [here](#)

■ Pictures



■ About CEBRE

CEBRE - Czech Business Representation to the EU in Brussels was founded by three most important cross sectoral Czech entrepreneurial and employers organizations - Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, Confederation of Industry of the Czech Republic and Czech Chamber of Commerce. Ministry of Industry and Trade of the Czech Republic together with its trade promotion agency Czech Trade provided support to this joint effort.

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