



The Pre-Commercial Procurement process

**Hugo Tamagnini Gonçalves,
PCP Specialist, Forum Virium Helsinki**

Innovation Procurement in H2020

Through innovation procurement the public sector can drive innovation from the demand side.

- [Pre-Commercial Procurement \(PCP\)](#) addresses the development and testing of innovative solutions
- [Public Procurement of Innovative solutions \(PPI\)](#) focuses on the deployment of innovative solutions

Pre-commercial procurement

Pre-Commercial Procurement (PCP) **challenges industry from the demand side to develop innovative solutions for public sector needs** and it provides a first customer reference that enables companies to create competitive advantage on the market.

PCP enables public procurers **to compare alternative potential solution approaches** and filter out the best possible solutions that the market can deliver to address the public need.

<https://ec.europa.eu/digital-single-market/en/pre-commercial-procurement>

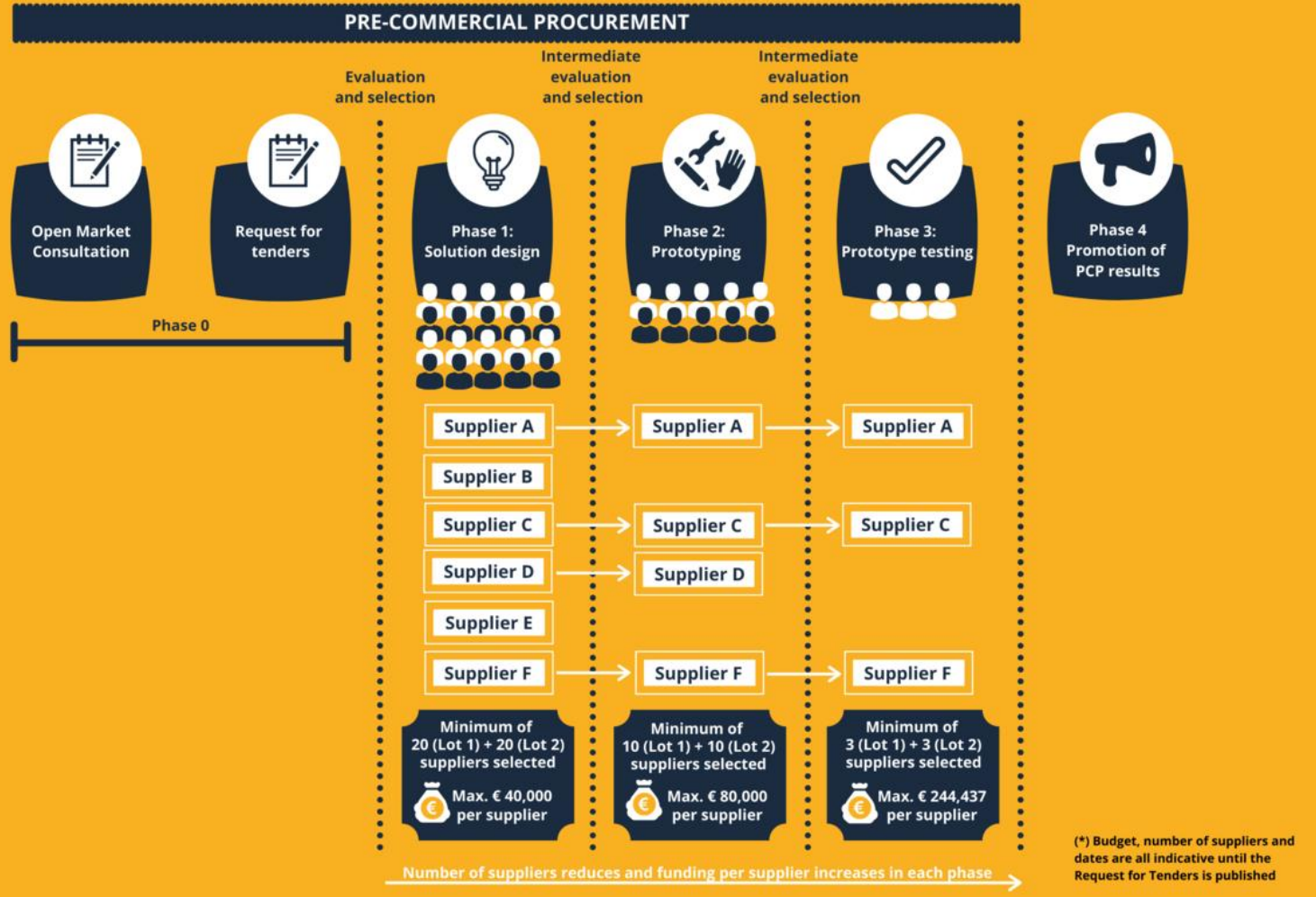
PCP vs. Traditional Public Procurement

PCP	Traditional procurement
Joint procurement tool: a Buyers group launches the RfT	Individual procurement tool - RfT is launched normally by a single department or unit inside the a City
High risk: high degree of innovation and R&D effort required	Low risk: Low degree of innovation focused on solutions on (or close to) the market
Functional specifications for prototypes development - focus on medium-/long-term	Technical specifications for mature product/ service - addresses immediate/ short-term needs
Competitive development with several contracts to several suppliers	Single contract: 1 contract to 1 supplier awarded
IPR – Risk/Benefit-sharing	IPR generated
Exemption for R&D services under EU Directives and WTO rules: special legal framework (H2020)	Tendering procedures and legal framework: national public procurement rules apply
Development in multiple phases	Development in 1 phase

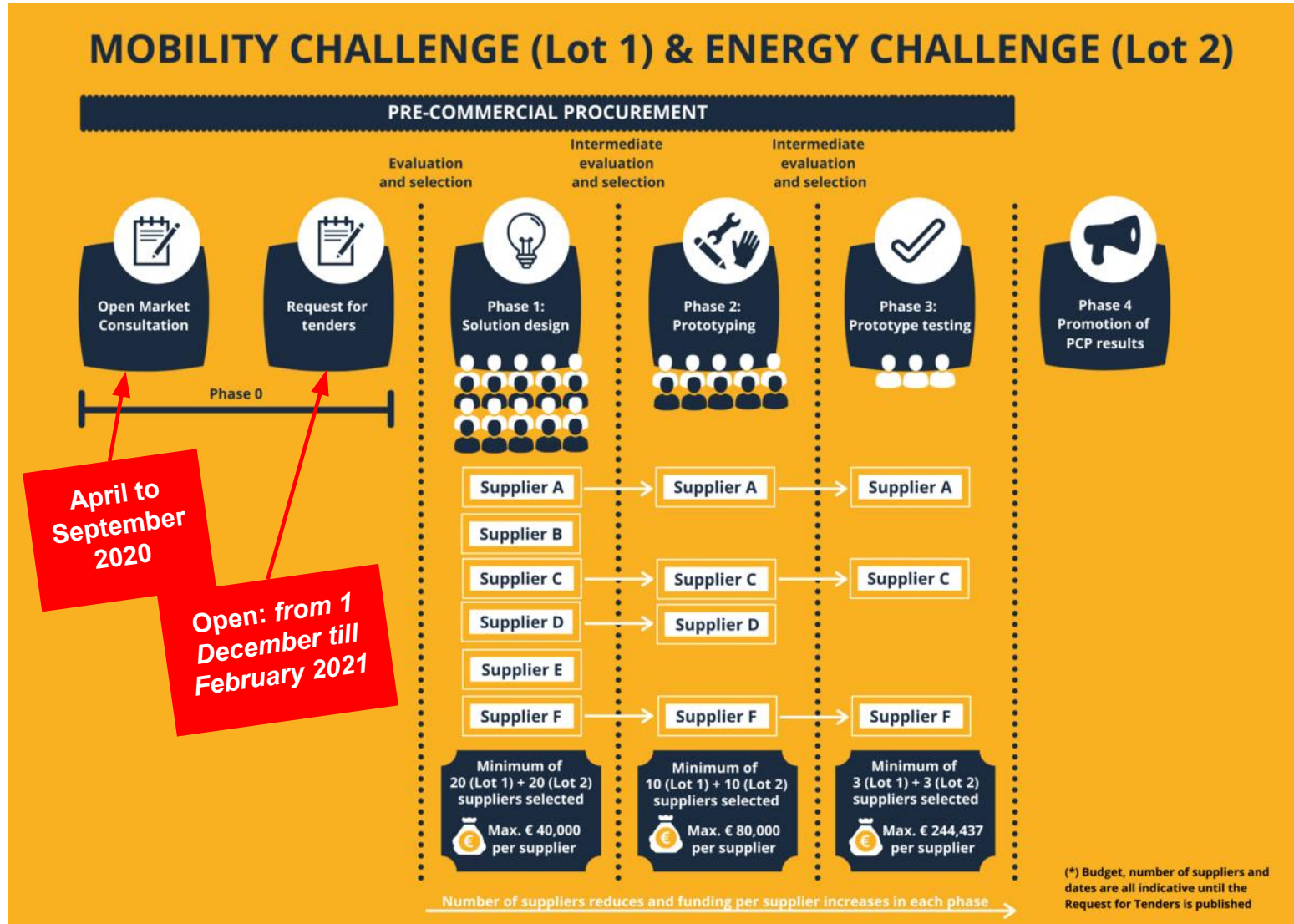
Key requirements and guidelines

- **Joint Procurement Agreement** between group of Procurers/Buyers
- **Risks and Benefits** of the R&D are **shared between the procurers and the Suppliers**
 - **IPR** retained by suppliers - must be exploited after PCP completion
 - Procurers can **use the solutions royalties free and exploit learnings**
- **Focus on Innovation:** R&D is at least 50% of the total contract value
- **Tool to foster EU competitiveness:** at least 50% in EU Member States and/or Associated Countries to Horizon 2020.
- **Increase Cities capacity** in leading the market to create impact based and innovative solutions

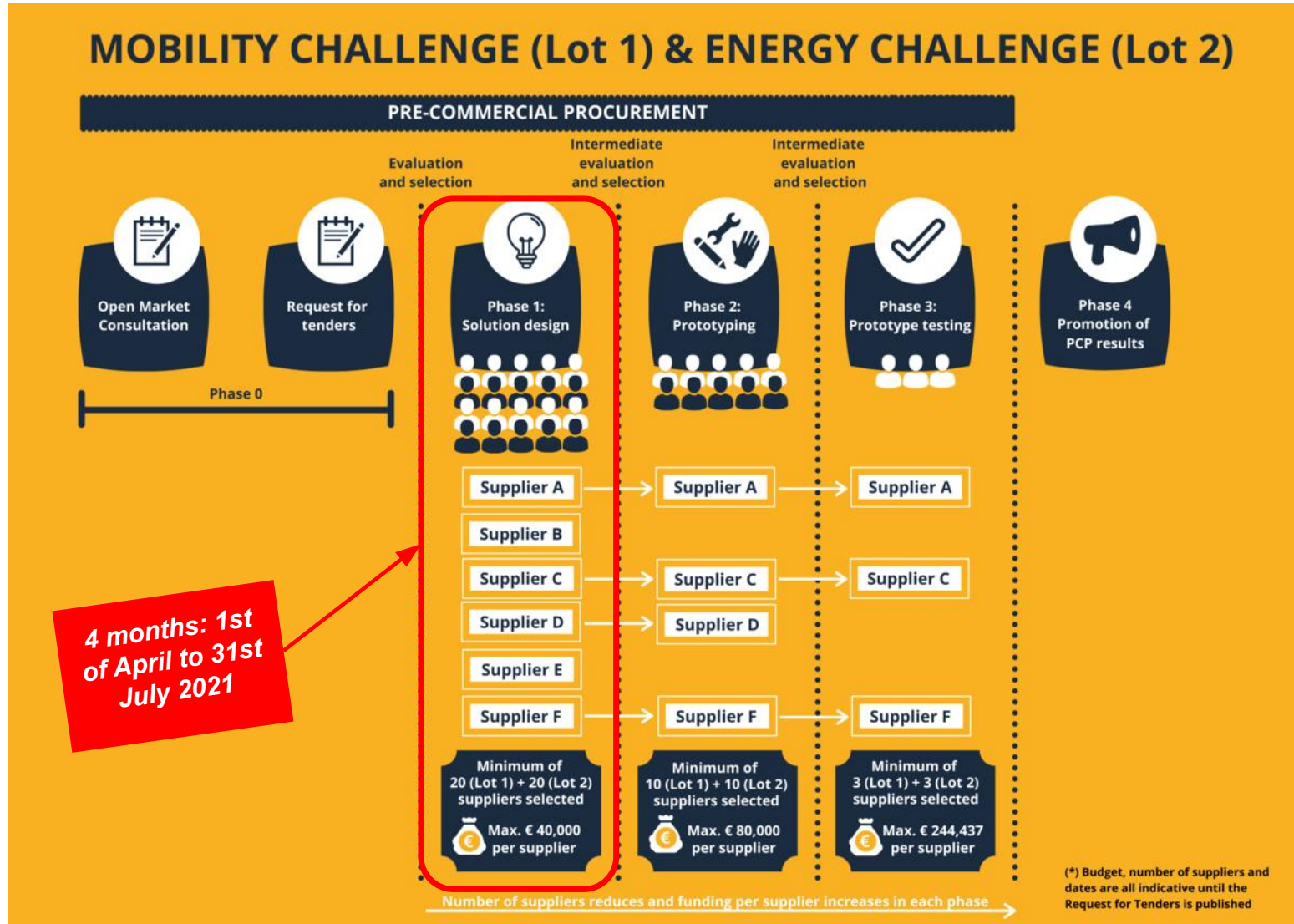
MOBILITY CHALLENGE (Lot 1) & ENERGY CHALLENGE (Lot 2)



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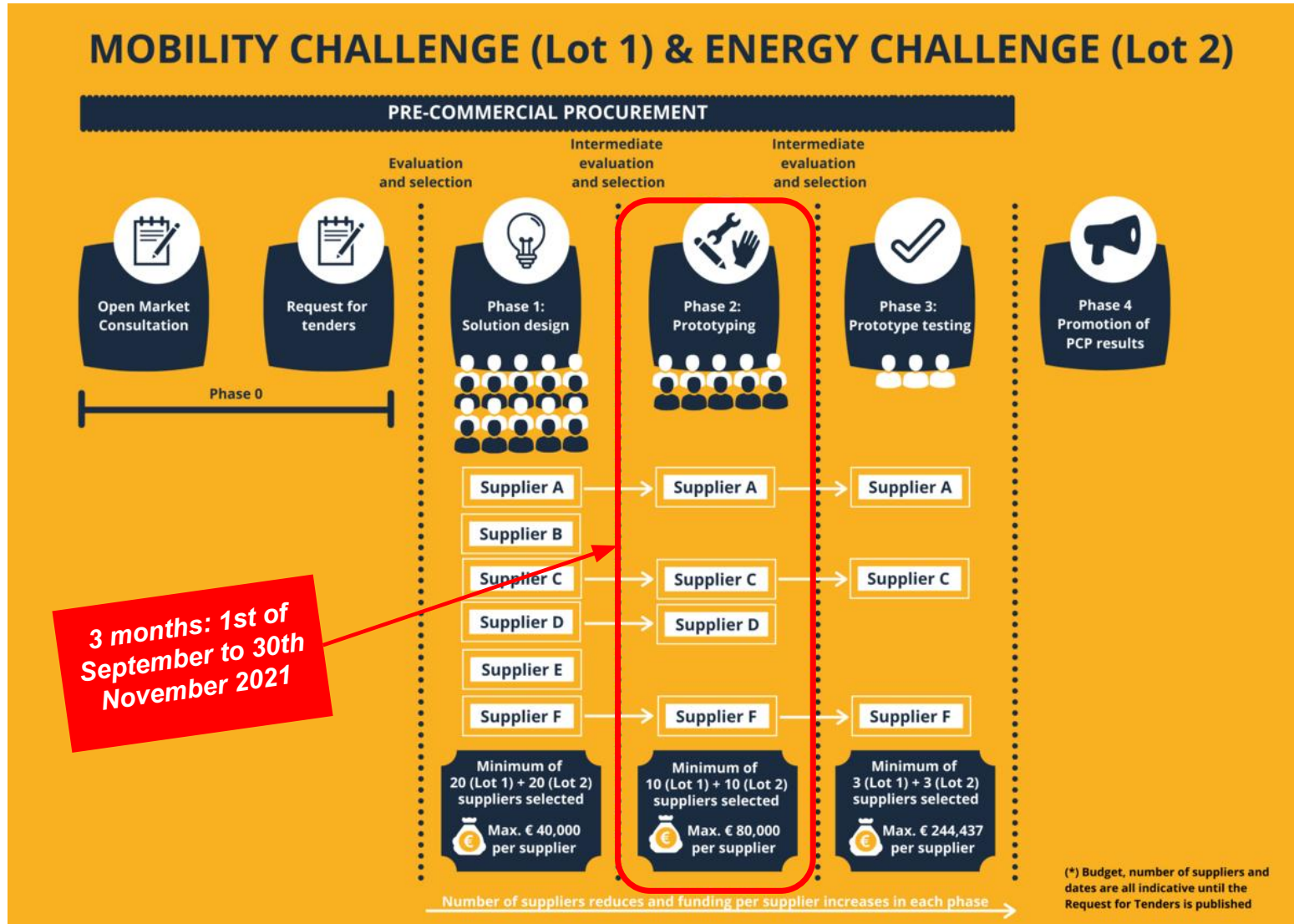


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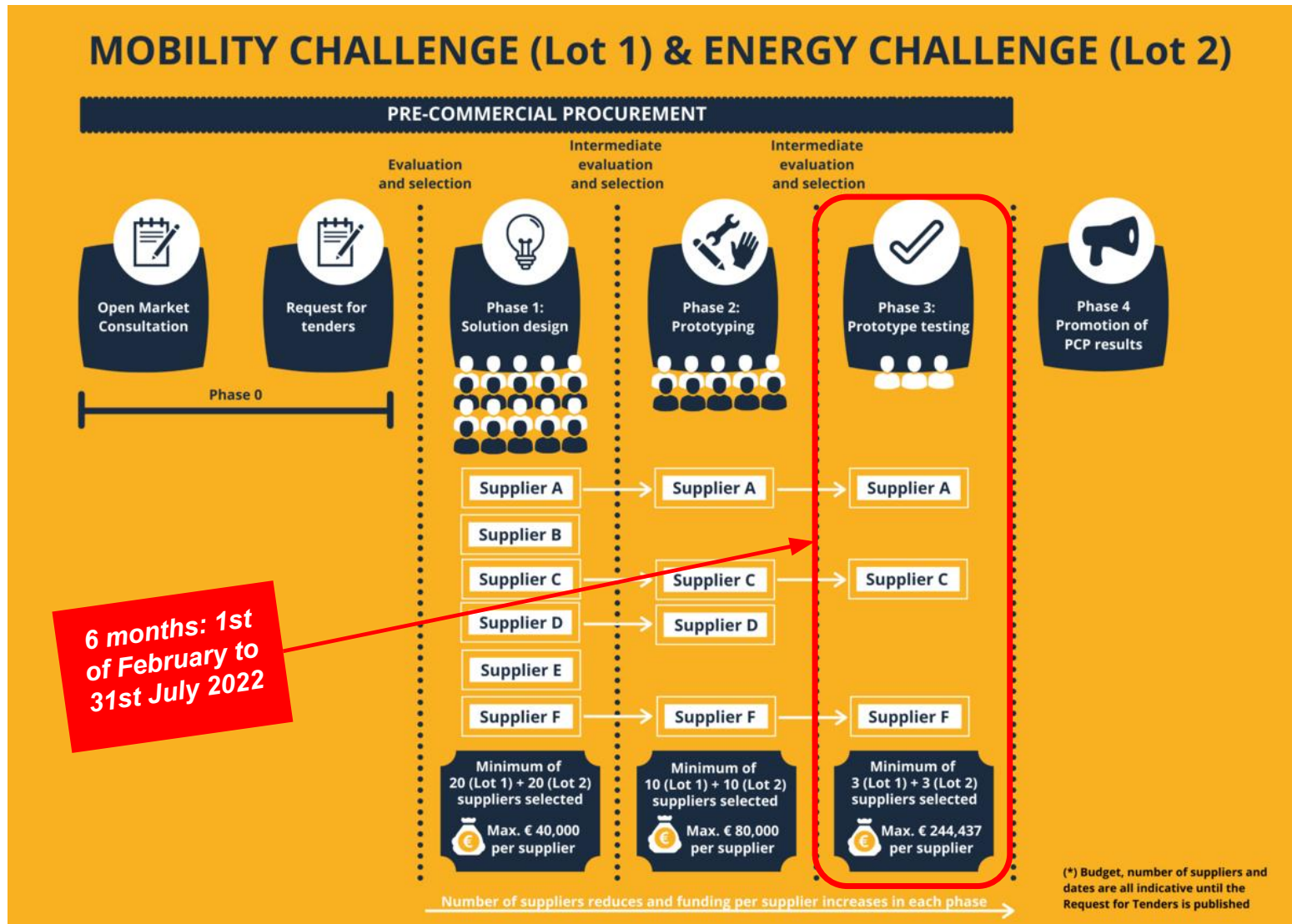
PCP Process and timeline

MOBILITY CHALLENGE (Lot 1) & ENERGY CHALLENGE (Lot 2)



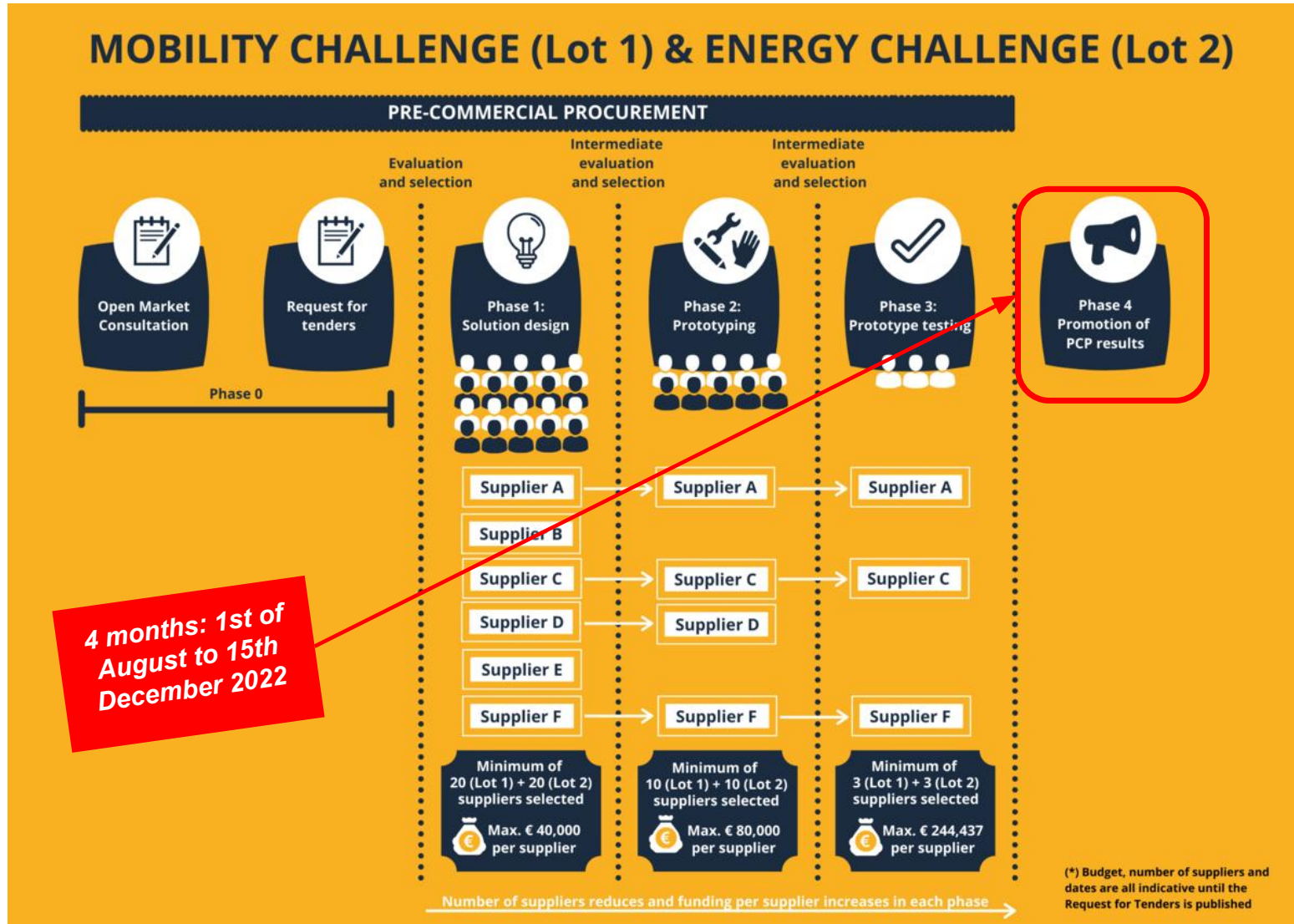
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PCP Budget*

Expected number of suppliers (Lot 1 & Lot 2)	Max budget per supplier (inc. VAT)	Total available budget per phase (inc. VAT)	Duration of each phase
Phase 1: 40 (20+20)	40.000€	1.600.000€	4 months
Phase 2: 20 (10+10)	80.000€	1.600.000€	3 months
Phase 3: 6 (3+3)	244.437€	1.466.622€	6 months
Totals	364.437€	4.666.622€	

* the budget breakdown and number of suppliers are indicative until the Request for Tenders is published.

Contract procedure

- **One Joint Request for Tenders** published on *1.12.2020 (tentative date)*
 - **N.B. Two (2) Lots** - each lot must be **applied separately!**
- **Lead procurer** (Forum Virium Helsinki) **awarding all contracts** acting **on behalf of all procurers in the Buyers Group**
 - **Single Framework Agreement** per winning tenderer covering all PCP phases, plus a
 - **Specific Phase contract** per PCP phase (depending on subsequent evaluations and offers).
 - **Payments done per phase** upon **satisfactory phase completion**

Reference websites for information on PCP

- [European Commission framework on Innovation Procurement](#)
- [EU policy initiatives on Innovation Procurement](#)
- [EU funded projects implementing PCPs or PPIs](#)
- [Innovation Procurement Platform](#)
- [Procurement forum](#)

See 'What is a PCP' tutorial from our "*older sister*" [SELECT4CITIES.EU](#) project: <https://www.select4cities.eu/what-is-pcp>