1. **GRO/SME/20/B/05- CO-FINANCING OF PUBLIC PROCUREMENT OF INNOVATION CONSORTIA**

**Type of applicants targeted**

Consortia of public buyers/procurers.

**Description of the activities**

**Total amount of the action:** EUR 10,000,000

**Rate of co-financing:**

- 90% of collaborative actions (linked to the preparation, execution and follow-up of the public tender) and

- 25% (possibly 30% depending on the feedback of the first call for proposals) of the actual purchase of innovative solutions.

**Description of activities:**

To continue developing public procurement of innovation (PPI) consortia and increase the impact of previous actions, it is proposed to continue the co-financing programme under COSME started in 2018 for consortia of public buyers.

SMEs already represent around 55% of the public procurement expenditure. Nevertheless, this proportion can be significantly increased if public buyers take steps to ease the access of SMEs. One of the areas with the highest potential is innovation procurement, where SMEs enjoy a privileged position as innovation suppliers. Experience in the area under previous co-financing programmes shows that SMEs are much more likely to be involved as suppliers of innovation than as suppliers of conventional products and services.

Recently, in its Guidance on innovation procurement2 the Commission highlighted the benefits of public procurement of innovation, in particular on SMEs and start-ups and the scaling-up of activities. This Guidance provides practical information and examples. It complements the previous Communication Europe’s next leaders: the start-up and scale-up initiative, where procurement was also mentioned as a key instrument for supporting SMEs and Start-ups. As a result, a new call for proposals in the field of PPI will further increase in significant proportions the access of SMEs to the public procurement market. This call is also likely to increase the visibility and awareness of the advantages of procuring innovation for an ever-greater number of public buyers.

This action fulfils a gap in COSME, as it is one of the very few targeting demand-side in the context of a generally supply-oriented programme. It is closely linked to another action proposed under COSME with the same general objective, called the “innovation broker“.

In this context, a second call for proposals for setting up consortia of public buyers from at least two Member States would be launched. Public buyers from participating countries could also participate in the consortia. The call will be targeting priority areas like health, clean energy, smart city or intelligent transport. At the same time, such an approach gives the possibility to take into account the lessons learnt from the previous call to feed them into this call.

The actions should typically last for 3 to 4 years.

***The co-financing would cover the following phases of PPI:***

- Assessment of their needs by public buyers;

- Capacity Building and coordination between buyers (e.g. training, exchanges,secondment of personnel);

- Market consultation (supporting the process of dialogue with potential contractors to assess the state-of-the-art and technological limitations for potential innovative solutions);

- Specification development (supporting contracting authorities to articulate their needs in a way that ensures the best response from potential contractors);

- Definition and implementation of award criteria;

- Co-financing of purchasing costs;

- Communication to the outside on the achievements of the projects.

**Expected results of the action:**

From a policy point of view, it is a necessary step to continue demonstrating the viability of PPI, which is still marginal in the Union, for public buyers.

This action is to provide an impulse to the purchase of innovative solutions in the Union and spreading of good procurement practices with a growing number of buyers. The dissemination of information on how to procure innovation or the lessons learnt in the process was very broad. The key requirements of the call enabling this achievement should be the setting up of a dedicated website and the participation in specific fora of public buyers.

**Implementation**

Implemented by EASME.

**Additional information**

**Specific objective:**

Ease access to procurement market. Create a business-friendly environment by reducing the administrative burden on SMEs (improving conditions for businesses).

**Indicative implementation timetable:**

- Launch of the call: Q1 – 2020.

- Award: Q3 – 2020.

- Signature of the agreement: Q1 – 2021.

**Qualitative and quantitative indicators for the action:**

- Number of companies involved in the joint market consultation(s) carried out;

- Number of buyers involved in a joint commitment to purchase;

- Number of joint specifications developed;

- Number of suppliers involved in the procurement (at consultation stage, at award stage, etc.) and out of which proportion of SMEs;

- Number of countries of suppliers involved in the procurement at the different stages;

- Direct procurement amount;

- Indirect procurement amount (after the end of the action, but still linked to the action);

- Contribution of procured solutions to the public policy objectives, to be measured by indicators proposed by the applicant and validated by EASME and the Commission.

- Relevant sustainability indicator(s) (depending on the nature of the innovation e.g. CO2 emissions).