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**No. 5 January / June 2011**

## INNOVATION AND PUBLIC PROCUREMENT

The legislative package of **European procurement directives**, adopted in 2004, on one hand aims at introducing elements of simplification and modernization of procurement procedures (for example, by facilitating electronic procurement in the public sector), and on the other hand aims at increasing the cross-border competition, and

at encouraging the reduction of cost of goods and services purchased by public authorities. For these reasons, the European Commission stressed the importance of public procurement as a form of incentive for enterprises' innovation activities (the so-called Public Procurement of Innovation and Technology).

The Lisbon Strategy and its subsequent revisions identify the increase in expenditure on R&D as a fundamental tool for improving the competitiveness of the European economy, and achieving this objective implies the need to use all available channels, including public procurement.

**EU REGIONAL COOPERATION For SMEs access to public procurement**

In this context, improving public procurement practices to promote the receptivity of the market regarding innovative products and services, and increasing the quality of products and services in the markets where the public sector is an important customer, represent decisive factors to boost both European social and economic development.



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INNOVATION & ENVIRONMENT  
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## NAVIGATE CHANGE: HOW NEW APPROACHES TO PUBLIC PROCUREMENT WILL CREATE NEW MARKETS - GUIDEBOOK -

EuroPROC Project partners are glad to present a New Guide on International Public Procurement: "**NAVIGATE CHANGE - How New Approaches to Public Procurement will create New Markets**".

16% of European GDP comes from public contracts issued by local, sub-national, national or European public bodies. Their outcome on the global figure is important in itself and also because their good practice could mark the path to be followed by other agents. European institutions, led by the European Commission, aim at guiding the process towards making public procurement processes not only more transparent but also more coherent. Introducing certain aspects that were probably not considered in the past into the decision-making processes is driving all stakeholders to a win-win situation.

These new approaches, actual upcoming ways of doing Public Procurement and Sustainable Policy, are identified as Green (GPP), Socially Responsible (SRPP), Innovative (PPI-PCP) and Electronic (e-PP) Public Procurement. For companies, these new concepts constitute a dynamic environment in which few common criteria or procedures are in place to help decision-making in the short-term. Companies face the challenging question of what strategy to follow in the light of these trends.

Four chapters introduce each of the often interrelated approaches, focusing strictly on the perspective of

smaller companies. Insights into the variations in how these trends are implemented at national, regional or local levels are illustrated as a reminder of how fragmented markets often remain. Case studies focus on concrete experiences within the new approaches, presenting successes and difficulties that emerged along the way.

- **Green Public Procurement (GPP)** is probably the best known new approach in public procurement policies. 50% of all public procurement will be greened in the near future, making green procurement a reality for almost all types of products and services. Providers with a life-cycle approach, incorporating green considerations into all aspects of their solutions are likely to emerge not only as winners but also as better-run businesses.

- **Socially Responsible Procurement:** with markets for socially responsible consumer goods growing by up to 700% over fifteen years it can be expected that policy-backed markets for universally designed, accessible, ethical and integrating solutions are likely to pose a major and irreversible economic opportunity. Increasingly governments in Europe and beyond are trying to use public procurement to directly achieve social policy objectives.

- **Public Procurement of Innovation** is probably the most transversal issue: It's expected to respond the main societal challenges faced by gov-



ernments. Innovative procurement is a set of tools to buy the development of new solutions, and to promote the advancement of known ones, through R&D and innovation purchasing activities. In this way, the public market should offer significant growth opportunities to SMEs with innovation capabilities, innovative technologies or innovative business ideas.

- **Electronic Public Procurement** is widely used in both the public and private sectors. As a basic definition, e-procurement can be thought of as computerized purchasing, fulfilment and invoicing of products and services on the basis of pre-agreed contracts and procedures. Thanks to these tools, competitive companies can grow their sales through e-procurement whilst public purchases gain efficiency.

We are convinced this Guide Book "Navigate Change – How New Approaches to Public Procurement will create new Markets" will be one of the most interesting outputs of the project. The Guide is not an internal document for the consortium members, but for all the stakeholders in public procurement: on one side, it will be useful helpful for Public Buyers, providing them practical information and encouraging them to lead the process to turn public procurement greener, more innovative and socially responsible and to benefit from electronic platforms. On the other side, this guidebook provides guidance to business leaders in SMEs to understand and take profit from some of the major changes taking place in international public sector markets.

"**Navigate Change**" will be officially presented in Barcelona at the Interre-

gional Conference "**How to Improve SMEs Access to Public Procurement**" but you can **download it from our website.**

Coming soon, available this manual translated into ten official languages of the Project...

**Nicolas Espitalier**

Former EuroPROC Project Manager

ACC1Ó - Catalonia Competitiveness Agency

## "SMES & PUBLIC PROCUREMENT" CONFERENCE, BARCELONA, 7<sup>TH</sup> & 8<sup>TH</sup> OF JULY (EUROPROC / ACC1Ó)

"**How to improve SMEs access to Public Procurement**" will be the main issue of this Conference organized by ACC1Ó (Catalonia Competitiveness Agency). Additionally, on 8th of July, 4 sub-issues will be discussed in 4 parallel workshops:

**Green PP (GPP)**  
**Social clauses in PP (SRPP)**  
**PP of Innovation (PPI)**  
**Electronic PP (e-PP)**

Furthermore, the above mentioned Guidebook "**NAVIGATE CHANGE - How New Approaches to Public Procurement will create New Markets**" will be officially presented during this Conference

Attendees of this conference will be European, mainly SMEs, chambers of commerce, public buyers, business support agencies, regional development, and support innovation.

Agenda [here](#)  
Registration [here](#)



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## THE EUROPEAN PUBLIC PROCUREMENT SYSTEM AS A DRIVER OF INNOVATION

The analysis of the European policies put in place to support innovation through public procurement, that from the **legislative package adopted in 2004** includes different instruments and guidelines, leads to consider the consistent role of booster that public authorities are required to play, taking into account the deep connection that links innovation, competitiveness and growth.

In this regard, the **Lisbon Strategy** and its following revisions identify the innovation priorities, and in particular the increase in expenditure on R & D, as a fundamental milestone for improving the competitiveness of the European economy. Achieving this goal implies the need to use all available tool, and among those the public procurement is one of the most effective in terms of direct involvement of Public Administration in enhancing innovation processes.

For this reason, public procurement has been specifically identified by the European Commission as one of the priorities of the so-called "**Broad-based Innovation Strategy**" one of the most important initiative designed at European level on this issue.

This strategy considers the extraordinary potential that the European Union has in terms of innovation in the public sector, and stresses that innovation and market demand for innovative products in Europe can be promoted only through the involvement of all stakeholders; it's to say that not only the business community, but also consumers, civil society and especially

government at all levels must be involved in. Furthermore, Public Administration can act as a stimulus for innovation in so far will be able to act as an intelligent buyer, that is capable of purchasing new technologies to solve problems, rather asking for supplies that incorporate obsolete solutions to problems. On one hand, this approach would play a prominent role in stimulating demand for innovation and, secondly, would allow public authorities to purchase products and services of better quality.

With the aim of promoting innovation, the communication in question also highlights the potential of the so-called **pre-commercial procurement**, with which the Public Administration may meet the needs characterized by high technological complexity, that can not be satisfied by solutions already on the market, or when the available solutions require new R & D activities. This particular form of public procurement allows sharing with providers the risks and benefits of design, prototyping and testing of new products and services, without providing any state aid.

Boosting innovation through public procurement strategies has also been introduced across Europe thanks to the so-called **Lead Market Initiatives (LMI)**, the development of institutionalized **public-private partnerships (IPPP)** and the development of "**Living Labs**", in which the Public Administration is involved in direct form as a co-innovator.



The **Lead Market Initiative** is a political European action aimed at creating a better environment for the development of some key areas, where actions are taken in support of the demand side and for the removal of barriers that impede the access of new products in the market.

The public procurement policy is just one of the tools with which it was intended to promote the growth of the identified sectors (Lead Markets).

Another unique instrument within public procurement set of tools for innovation, that has developed in recent years, is represented by the **Public-Private Partnerships (PPP)**, whose main characteristic is the role of the private partner, participating in various phases of the project (planning, implementation and management) to bear risks traditionally borne by the public sector, that often contributes to the project financing.

Furthermore, it should be noted that among the instruments of public support for innovation, an innovative model of co-innovative public administration, with interesting applications has been recently developed: the so-called model of **Living Labs**. The Living Labs model includes end-user participation from an early stage of the creative process of technology development. As a result, evaluating aspects such as social and economic implications of new technologies has become more accurate. In this way, the needs of users are better listened to and fulfilled.

Finally, with regard to the greater or lesser ease of access by SMEs to the European public procurement system, it should be stressed that with the

**Small Business Act** (the initiative through which the EC has set out to create a fast lane for SMEs, putting at the forefront of European policy the interventions needed for their development), the EC and Member States aim to adopt measures (legislative and otherwise) to encourage the participation of SMEs in public procurement.

As a consequence, the SBA's commitment has resulted in the development of a **voluntary Code of Practice**, which aims at providing the general guidelines on how best exploiting the potential of applying the legislative framework to support the involvement of SMEs in procurement procedures, and to highlight the rules and existing laws that already support SMEs participation in public tenders.

To conclude, improved public procurement practices can help to foster market uptake of innovative products and services, while raising the quality of public services in markets where the public sector is a significant purchase, and encouraging European competitiveness and growth at the same time.

**Fabio Fregonese**  
Project Officer

Milan Chamber of Commerce



## INNOVATION AND HI-IDEAS

Currently the cost of research and development in Bulgaria are 0.4-0.5% of GDP, announced in February 2011 the Minister of Economy, Energy and Transport Traycho Traykov.

The challenge for the government is to ensure conditions for the implementation of the national strategy - by 2020 spending on education, research and innovation to reach 1.5% of GDP. Such investments can provide sustainable growth to improve economic competitiveness and living standards of people. Bulgaria has some competitive advantages and well-established companies in the IT&PC technology. Significantly, export of hi-tech products is growing even in times of crisis.

Three main sectors of application of innovation are identified in this strategy:

Information Technology  
(microelectronics);  
Health technologies and  
Eco-and Energy-efficient technologies (electro mobiles).

The High energy intensity of the economy also provides a wide scope for application of innovative solutions. Bulgaria currently develops a national plan for "green" procedures in the public procurement, where electric cars will be added as a product group. The amended Rules to the Law on Investment are an additional instrument of state policy in support of innovative business. The Regulations are subject

to special incentives for innovative business such as tax preferences, taking some of the costs for projects that implement innovative achievements.

The Ministry of Economy, Energy and Transport is working on a special law on innovation, which should regulate the new role of national innovation fund and turn it into a working instrument to support innovative business. There will be defined sources and funding mechanisms and state impact on innovation activities of entrepreneurs to encourage them to invest in the development of their own business.

The way to launch new actions among all actors involved is to ensure a win-win situation:

Access of ideas to the market;  
Use of the Public procurement for the purposes of innovation;  
Changes in the Public Procurement Law & Penal Code for corruption incriminate and judicial practice improvement.

Innovations are crucial for stimulating the growth and the employment. Public Procurement is an instrument to stimulate innovation. The web addresses below provide more possibilities for business cooperation and innovations:

**Technology Market platform**

**National Innovation Fund**

**Iliana Philipova**

CCI Vratsa



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## IMPROVING THE ACCESS TO PUBLIC PROCUREMENT FOR INNOVATIVE SMES

That's the purpose of the PRISME project, a project financed by the European Commission under the CIP programme (competitiveness and innovation programme). Innovative companies can hardly find calls for tenders corresponding to their products. Indeed, tender documents are often too restrictive in terms of functionalities/technical description and leave no space to innovation or alternative solutions. On the other side, there is no doubt that public procurement practices can help foster market uptake of innovative products and services.

To improve therefore the introduction of innovation into public procurement, the PRISME partners (8 partners from 5 Member states) propose a wide range of actions: from SMEs training workshops to buyers awareness raising events, through B2P (business to procurers meetings) and the publication of an electronic newsletter addressing public buyers..

There is indeed a risk aversion on the side of public procurers as far as innovative procurement is concerned. Legal solutions already exist to buy innovative products (let's just

mention the pre-commercial procurement (PCP) or the forward commitment procurement (FCP) solutions), but they are not very much used by buyers. The PRISME awareness raising events aim, for example, at giving information on these legal aspects, and at giving an incentive to innovative procurement.

B2P meetings will also be organised between SMEs and procurers during the PRISME project. SMEs will be given the opportunity to present freely their technologies to potential buyers. It can be expected af-

terwards calls for tenders to become more open to new solutions.

To know more about Prisme activities and the partners\*: <http://www.prismeprocurement.eu/>

*\*The PRISME partners belong to the Enterprise Europe Network, a network of DG Enterprise, European Commission*

**Dolores Adamski**  
Project Manager

GREX / Grenoble Chamber of Commerce



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## INNOVATION-FRIENDLY PUBLIC PROCUREMENT HOW TO IMPLEMENT IT IN POLAND ?

Public procurement can be considered as one of the elements of state innovation policy. Key action of public sector in that field should be orientation on the innovative solutions in public procurement. Public sector may actively support innovative projects through planned tender for innovative object, choice of proper procedure of tender or precised definition of criteria in tender dossier. However the most important factor seems to be people: preparation and education of staff involved in the whole process.

Public procurement is not considered as a stimulator of innovative economy in sufficient way in Poland. Also the total expenditures from the state budget for R&D in last years were between 0,3% and 0,6% of GDP. Private sector regrettably does not make enough expenditure on R&D as well. Increase of financial outlays on research and development even with the significant support from structural funds is still too low.

The formal document which started the new attitude to public procurements is "New approach to public procurement and SMEs, innovation and sustainable development", prepared by Ministry of Economy and adopted on 8<sup>th</sup> April 2008 by Council of Ministers. The recommendations of the document indicate the impact of public procurement on innovation of economy, through following actions: training, promotions campaigns, dissemination of contracts templates helpful in innovation, dissemination of information on how to prepare and lead the tender. Innovative public tenders could not only develop the demand for innovation, but also could support in competitive way research

and development implemented by private sector.

The Polish Public Procurement Law Act in force dated on 29<sup>th</sup> January 2004 gives the opportunities to realize more effective and innovative solutions but it needs more consciousness and knowledge of public administration. Public sector must act as an **"intelligent customer" oriented on innovation.**

Look at practical advices for participants of the tender process how to implement innovative public procurement. **Prepare and lead professionally tender procedures** (including professional tender board appointment).

- **Initially inform through official announcement on planned tenders within oncoming 12 months.** In innovative orders the opportunity of initial information should be obligatory.

- **Give the offerers as much time as possible to prepare the offer.** The Polish Public Procurement Law Act defines the minimal time-limits for submitting the offers but innovation solutions demand more than minimal time for preparation stage.

- **Inform potential participants of the tender of the official initiation of the tender.** Remember to do it after announcement in Official Journal and /or Polish Public Procurement Bulletin. Do not forget of rule of openness.

- **Use** the form of earlier consultations with possible contractors (**the "technical dialogue"**) in order to recognize the needs and precise the tender specification of requirements.

In Polish Public Procurement Law Act there is no such instrument like technical dialogue but practically it is possible to invite the experts, researchers and consultants to discuss the shape of



procurement under condition of basic rule of every Public Procurement procedure - fair competition.

- **Choose the most appropriate procedure from the innovation strategy point of view.** Particularly there are: **competition procedure** and **competitive dialogue**. In fact every procedure mentioned in Polish Public Procurement Act, including negotiations, seems to be suitable.

Competition procedure allows presentation of new solutions and supports creative thinking, like a platform to exchange experiences and new concepts.

Remember to use competitive dialog at innovation orders and negotiation mode of awarding the contract as often as possible.

- **Prepare the contract award procedure with the most economically advantageous criterion ("value for money")** in accordance with the conviction that the best price does not necessarily means selection of the cheapest supply or service and possibility to submit variant tenders.

- **Make risk analysis of the undertaking and share it with your contractor.** The close cooperation between public administration and contractor is highly recommended on every stage of implementing the contract.

Source: Publication "Innovation-friendly public procurement", Polish Agency for Enterprises Development, Warsaw 2010;

New approach to public procurements and SMEs, innovation and sustainable development", Ministry of Economy, Warsaw 2008.

## Lucyna Sikora

GARR — The Upper Silesian Regional Development AgencyCo., Katowice Poland

# NOTABLE NEWS

## European Conference "Public Procurement of Innovation"

The European conference "**Facing Societal Challenges, Delivering Better Public Services and Supporting SMEs to Innovate**", will be held in Turin on June 27<sup>th</sup> and 28<sup>th</sup>. The conference will cover all the new developments of demand-side innovation policies and make publicity on the forthcoming call for proposals.

It will also be an opportunity for public authorities to confront on existing best-practices in "Procuring Innovation" and to know more about the future funding schemes, with a special regard to next EU Structural funds financial period.

The *first day* of the PPI conference (27<sup>th</sup> June - from 9.30 a.m to 6 p.m) will consist into an high level institutional event.

The *second day* (28<sup>th</sup> June - from 9 a.m. to 4.30 pm) will be dedicated to sharing experiences on PPI among public authorities and to stimulating networking among innovation actors at European level.

## EuroPROC was presented on the Exhibition "Europe for us"

### International Exhibition for Projects under European and International Programmes

**Date:** 13-15 May, 2011, 3 days (13<sup>th</sup> of May – Official opening and cocktail)

**Place:** National Palace of Culture, South terrace, Vratsa

**Organizer:** Bulgarian Economic Forum

**Format:** Exhibition (marquees) + conference



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**Goals:** To present successful projects realized and in implementation process

**Exhibitors:**

- All European Operational Programmes Managing Authorities
- Beneficiaries of EU Programmes and Projects

**Expected Results:**

- Presented successfully implemented projects
- Promoted good practices
- Involving a wide society to the idea of successful development of EU funds
- Wide popularization of beneficiaries' projects
- Encouraged contacts between potential partners

**Main topics of the Agenda:**

13/05/2011 - Official Opening; Conference; Presentation of the Operational Programmes; Official Cocktail; Parallel meetings with the official representatives; Stage: Artistic Performance

14/05/2011 - Human Resources Development OP, tent 1; Press conference; Direct meetings: Employment encouragement; Social inclusion; Education and Training; Direct meetings: Organizations2Visitors Stage: Artistic Performance & Cultural activities

15/05/2011 - Direct meetings: Organizations2Visitors; Stage: Artistic Performance & Cultural activities



## MEETINGS IN LYON

### Technical workshop –14/06/2011 Answering to a service call for tender: how to valorize your team of experts?

When answering to a call for tender in the service area, half of the points are dedicated to the CV of the experts that are proposed, sometimes even more!

That's why 10 service companies from Rhône-Alpes participated to a training session targeted on this key issue.

Few advices: read carefully the terms of references to select the good experts inside or outside your company, have full CVs of your experts prepared in advance, adapt the CVs to each offer...

### Information meeting- 13/04/2011 Infrastructure projects in Burkina Faso

6 participants from Rhône-Alpes had information by the representative of ERAI Burkina Faso on 3 main infrastructure projects:

- Samendeni dam
- Donsin-Ouagadougou international airport
- Hospital of Ziniare

Most of these projects will be realized through public procurement funded by international organizations like the World Bank or the Islamic Development Bank.

The juridical environment of Burkina Faso and Western Africa was also introduced to the SMEs: a lot has been done to attract and secure foreign investment.

### Technical workshop- 26/04/2011: Introduction to International public procurement

12 participants from Rhône-Alpes followed a one day training session on international public tenders.

The technical workshop was made up of 2 parts:

- Knowledge on international public tenders: identifying different types of tenders and bidding correctly
- "Grid" of analysis for public tenders: understanding processes and administrative mechanisms, making a coherent application and having check-lists



### Breakfast meeting -19/05/2011 European and International public procurement

The Lyon Club of Exporters organized a meeting for their members on public procurement. 26 companies participated to this event which was made up of 2 parts:

- How to detect and prospect projects and tenders funded by development aid - Ms Alice Baumelle from ERAI
- How to sell to public authorities from the 27 EU countries - Ms Catherine Jamon-Servel and M. Damien Brosseau from the Chamber of Commerce of Lyon

These 2 organizations have a programme of actions for regional SMEs funded by the Rhône-Alpes regional government.

### Procurement of UNIDO UN Industrial Development Organization

Specialized agency of the United Nations, UNIDO promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability.

In 2010, UNIDO procured 43,038,047 € of goods and services to implement technical assistance projects:

Equipment for laboratory, textile, measuring, elimination of Ozone depleting substance (CFCs...), agro-industry...

Renewable energy

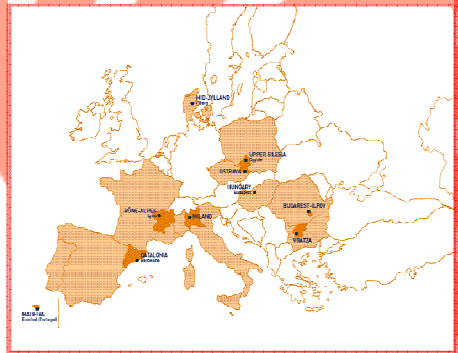
Environmental protection

Reinforcement of private sector capacity

Water

Market studies (textile...)

Companies have to check the publication of tenders on UNIDO and UNGM websites. They should also be registered to the UNGM roster: [www.unido.org](http://www.unido.org) / [www.ungm.org](http://www.ungm.org)



## COMING EVENTS

### Turin, Italy

June 27<sup>th</sup>/28<sup>th</sup>, 2011

**European conference  
"Facing Societal Challenges, Delivering Better Public Services and Supporting SMEs to Innovate"**  
<http://www.comune.torino.it/reliint/PPI/>

### Barcelona, Spain

July 8<sup>th</sup>, 2011

**International Conference  
"How to improve SMEs access to Public Procurement"**  
<http://tinyurl.com/euroPROC-BCN-Agenda>

### Madeira, Portugal

September 19<sup>th</sup>/21<sup>st</sup>, 2011

**EuroPROC Closing Conference**  
<http://www.europroc.eu/en/agenda/>

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