



Dipartimento per lo Sviluppo e la Coesione Economica

# Public Procurement as a tool of cohesion policy: investing in Institutional Capability

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# Topics

- Public procurement and regional cohesion policy
- DPS initiatives Capacity-building and first exercise of PCP
- Future developments 2014- 2020

# Policy Context

- **Innovation Union Flagship initiative (2010)**
- **Framework Programme for Research and Innovation (2011) Horizon 2020**
- **Decreto Legge 18 ottobre 2012, n. 179**



# Europe 2020 - Innovation Union Flagship initiative

## COMMITMENT

« *From 2011, Member States and regions should set aside dedicated budgets for pre-commercial procurements and public procurements of innovative products ....*

*This should create procurement markets across the EU starting from at least €10 billion a year for innovations that improve the efficiency and quality of public services, while addressing the major societal challenges*



# Horizon 2020

## Public procurement amongst the preferred policy tools

*“...Stronger support will be given to the market take-up of innovation, including by the public sector. This will include more **proof-of-concept**, piloting and demonstration. It will involve a better use of the potential of **research infrastructures**, as well as setting **technical standards**, **pre-commercial procurement** and strengthened **loan and equity financing**. New approaches such as **inducement prizes**, that reward the achievement of specific goals, will encourage the involvement of a wider range of innovators”*



# National Legislation: D.L. 18 ottobre 2012, n. 179

The Central Government committed to demand-side measures, including innovative public procurement.

- *“... Guidelines are adopted to disseminate the use of innovative public procurement and pre-commercial tenders...»*
- *Yearly call for expressions of interest. Public administrations invited to point to societal and environmental needs that are not met by the current products and technologies*



# Public procurement enters the domain of cohesion policy

EU regions are required to devise a **Smart Specialization Strategy**. Such strategies often involve demand measures to spur innovation.

The EU Position paper on Italy (2012) includes among the objectives to be supported through CSF Funds:

*“Bringing research outputs closer to market through pre-commercial procurement”*

# With the aim of advancing the use of public procurement measures to promote innovation, the Ministry of Economic Development ...

Conducted a survey (2010) to assess public procurement practice in Italy, identifying instances of success innovation policy, both in Italy and abroad, identifying obstacles

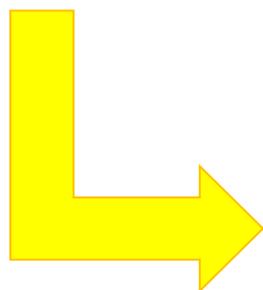
Established a technical support and policy dialogue network (2008→present) including Italian regional administrations, to strengthen research and innovation policy capacity

Launched (2012) a pre-commercial procurement initiative enabling PA in four lagging Regions to experiment public procurement procedures

# Results of the 2010 study

Several central, regional and local bodies had actually started to experiment innovative ways of purchasing products and services. However:

- ❑ Admin reluctant to change known administrative procedures of public tendering (“resistance to change”);
- ❑ difficulty of public procurers to detect and clearly express potential service improvements and social needs;
- ❑ Lack of a “critical mass” of public sector procurement across different “tiers” of public administration



Need to strengthen strategic coordination between central and peripheral procurers, to mobilize adequate level of public demand around new products-services



# Technical assistance and coordination network in the policy field of R&D and Innovation

**First phase (2008-2009):** exchange and transfer of good practices of Structural Funds Implementation to the benefit of Italian lagging regions;

**Second edition (2010-2012):** project extended to all Italian regions was carried out jointly with the “Agency for the dissemination of Innovation Technologies”. Operational knowledge was shared and transferred through 6 working groups, dozens of dedicated project meetings

One of the working groups was dedicated to PCP practice

## Main results:

- “how-to” **guidelines** for public procurement at regional level;
- **First PCP calls by Regional Governments (Val D’Aosta, and Apulia Regions)**

# Action Plan for Cohesion

The 2012 re-programming re-directed EU structural funds from central Admin (National Operational Programmes) to:

- child and elderly care,
- Youth policy,
- Enterprise competitiveness and innovation;
- zones of cultural attraction

Enterprise competitiveness and innovation included 150 M€ to promote **pre-commercial procurement:**

Action aimed at enabling public institutions to purchase innovative goods and services to provide the community with quality public services

# PCP initiative within the Cohesion Action Plan

The Ministry of Education, University and Research (MIUR) and the Ministry of Economic Development (MISE) jointly devised the following three steps for this public procurement exercise.



CALL FOR EXPRESSIONS OF INTEREST



PRE-COMMERCIAL PROCUREMENT

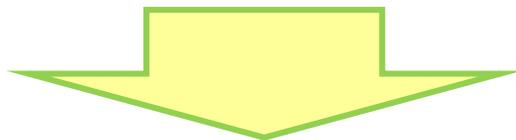


COMMERCIAL PUBLIC PROCUREMENT



## CALL FOR EXPRESSIONS OF INTEREST

collection of ideas from PAs of lagging Regions (Calabria, Campania, Apulia and Sicily) opened in March 2013 to identify a list of specific needs for innovation in services of general interest, with a high degree of industrial feasibility



At July 16 2013 (closing), 199 Expressions of Interest received. At least one for each of the 4 region will be chosen to be the object of a pre-commercial tender



20% of the resources set aside to co-finance eventual commercial procurement procedures

# Forthcoming 2014-2020 cohesion policy period:

Current Draft of Partnership Agreement confirms commitment of Italian authorities to Public Procurement as innovation measure in the context of cohesion.

## **Thematic Objective 1 – R T D and Innovation**

Includes expected result:

*“Strengthening of Public demand for innovation through... Precommercial Public Procurement, Innovation Procurement, Living Labs, technological standards and micro-regulation, support to the diagnosis of needs and their translation in innovation objectives and performance levels”*



# Thank You

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