



GOBIERNO
DE ESPAÑA

MINISTERIO
DE ECONOMÍA, INDUSTRIA
Y COMPETITIVIDAD

Public Procurement of Innovation:

FINANCIAL INSTRUMENTATION

Directorate for the Promotion of Innovation
Secretariat General for Science and Innovation

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MLE INNOVATION-RELATED PROCUREMENT SESSION 02 “Financing PPI and PCP in Spain”
MADRID, 28th NOVEMBER 2017

0. DOCUMENTACIÓN LÍNEA F.I.D.



F.A.Q.

Procedimiento

Ficha
Necesidad

Evaluación

CONVENIO FID

INFORMES A.E.

CLÁUSULAS
CPI

GUÍ C.P.I. 2.0

Pto. FID SALUD

Ficha FID SALUD

Evaluación F.S.

Convenio F. S.

GESTIÓN
PROYECTOS

I. RATIONALES - OBJECTIVES AND DEFINITIONS

Aims:

- Public Services Improvement (effectiveness & efficiency)
- Increasing funding opportunities for entrepreneurial R&D&i
- Leveraging the commercialization of entrepreneurial innovations (Public procurer/Launch Customer)

Public Procurement of Innovation (PPI)* / Compra Pública de Tecnología Innovadora (CPTI):

- Public procurer – Launch customer. Closer to the market than PCP
- Objective: procure/deploy innovative good & services not commercially available.

Precommercial Public Procurement (CPP)** / Compra Pública Precomercial (CPP):

- Public procurer share risks and benefits jointly with suppliers in market-conditions
- Objective: **R&D services***** linked to the needs of public services.

(*) EC; “CORDIS: FP7: ICT: ICT:PCP”

(**) E.C.; “Paper of the Services of DG Competition containing a draft framework for state aid for R&D&i”

(***) Comprendido en categorías de I+D del marco comunitario de ayudas a la I+D+i. Excluyendo productos terminados salvo prototipos.



I. RATIONALES - IMPACTS

SYNERGIES

- Contribution to annual GNP [Order of Magnitude 10% - 20% (OCDE, EU/EUROSTAT...)]

i.e: (ES) Δ +3% investing effort at AGE's* level in PPI, amounts up to Δ + 7,5% a 10% in R+D+i [x2]

- Econometric estimations for Demand Side Measures' Impacts (PPI...):

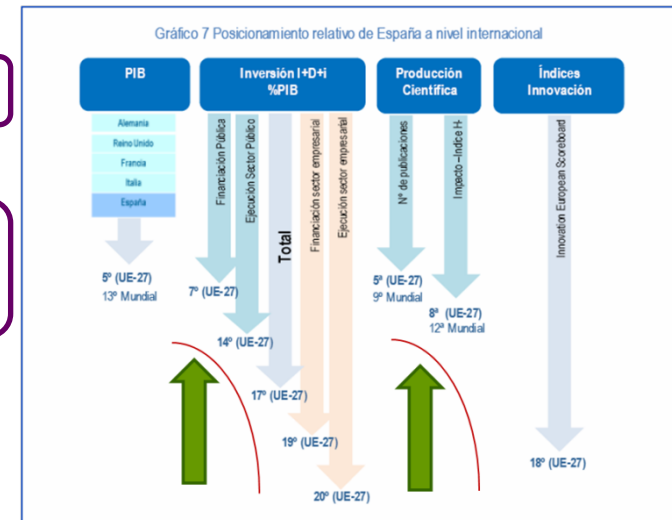
- PPI – Private Investment on R&D**:

✓ Augmented private effort on R&D by contractors: [Correlation +]

- Public Investment on R&D – Forward & backwards Linkages ***:

✓ Increased likelihood of private R&D investment: [x2]

✓ Demand side (forward linkages) – offer side (backwards linkages): [x10]



(*) AGE: Administración General del Estado – Spanish National Administration

(**) OCDE-2014. Cobb-Douglas modelling for private R&D effort

(****) Universidad de Valencia 2008-2009; Serrano Domínguez et al.

II. INSTRUMENTATION

☐ GOVERNANCE – NETWORK OF CONCERTED COMPETENCE CENTERS

➤ Leadership: SGCI (Secretariat General for science and Innovation)

✓ SGFI (Deputy Directorate General for the Promotion of Innovation):

- Legal and financial structuring
- ESIF Management for innovation procurement
- Needs identification, Overall Coordination, Impulse and Assessment

✓ CDTI (Center for Industrial and Technological development):

- H2020 NCP for innovation procurement
- Synchronization of supply side measures

✓ SGCI's Concerted Competence Centers (Identification and Evaluation of Public services Needs)

- Ministry for Health, social Security and Equality (Health and Social Services)
- Instituto de Salud Carlos Tercero (ISCIII) (Health and Social Services)
- Instituto Nacional de Técnica Aeroespacial (INTA) (Dual technologies)

☐ FUNDING – Set aside of ESIF Budget Allocation

II. INSTRUMENTATION

Guide for Public Procurement of Innovation 2.0¹

December 2015 (v 1.0 NOV2011)

SUPPORT DESKTOPS

AGE (MINECO; MSSSI; CDTI)
CC.AA. (GAIN; AQuAS)

PPI AWARD

Since 2012

FID Programme (INNOCOMPRA)

FEDER 2014-2020

H2020 Programme

Since 2014

INNODEMANDA Programme (Synchronization)

Since 2012

1. Produced in close cooperation with the Observatory for Public Procurement (**OBCP**) from the University de Zaragoza (**UNIZAR**)

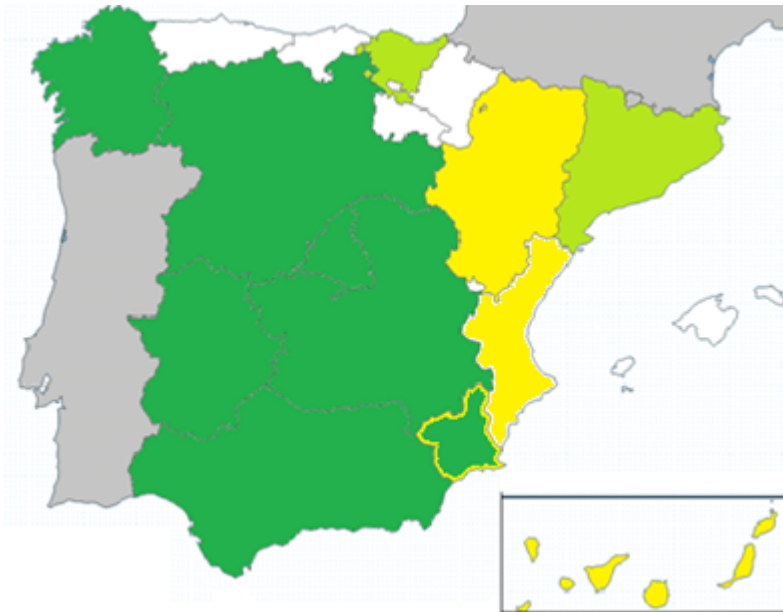
III. ADOPTION



1st & 2nd Generation - Period 2011-2015

+

3rd Generation:



OPERATIONS 1st Y 2nd GENERATION [2011-15]:

21 Operations (229,49 M€)

Achievements:



85% aprox.

Budget Certification:



80% aprox.

OPERATIONS 3rd GENERATION [2016-2020]:

10 Operations (aprox. 100 M€)

3 Approved Operations (aprox. 20 M€)

IV. FINANCIAL INSTRUMENTATION

☐ FUNDING SOURCES (I/II):

➤ FINANCIAL SOURCE: NATIONAL

- ✓ Financial assets – chapter 8 – function 46 (R&D Policy) [**National Budget Statement: 27.12.463B.823**]
 - Nature: Reimbursable advancement – Loan granted to the procurer

		TRANCHE I (R&D)	TRANCHE II (Deployment)
FINANCIAL COST:	[%]	0%	(0+) % * (*: According to National Budget Law)
DURATION:	[Years]	Max. 4	Max. 10 ** (**: Contractual phase limited to max. 4)
EXCECUTION:		PCP**** (****: Pre-commercial Procurement)	Standard Procedures/Contracts*** (***: Limited to Innovation Partnership Procedure)
FINANCIAL COVERAGE:	[%]	Max. 50-85 % ***** (*****: ESIF Regional Coverage)	Max. 70 % ***** (*****: To be fine-tuned)
COUNTERPART COVERAGE:	[%]	50-15 %	30%
FUNDING RELEASE: (Indexed to Financial Coverage)		R1: [40-70 %; On Signature] R2: [60-30 %; Sign + 2 years] (Additionally R2 is conditioned to full execution of R1 + 10% OF COUNTERPART COVERAGE)	R3: [100 %; On Signature]
MATURITY:	[Years]	R1: [Signature + 3 y.] R2: [Release + 3 y.] R1+R2: [Max. 5 y.]	R3: [Max. 10 y.]***** (*****: Subject to a mortization agreement)

IV. FINANCIAL INSTRUMENTATION

□ FUNDING SOURCES (II/II):

➤ COLLATERAL FUNDING: ESIF 2014-2020

- ✓ **ESIF**** 2014-2020 POCINT * – Thematic Objective 1 (R&D&i**) – Investment Priority 1b**
- ✓ **Target TO1-IP1b:** Increase **R&D/GDP***** ratio from **1,30%** (2012) to **2,00 %** (2020)
- ✓ **Budget Set-Aside: Aprox. 290 M€** (subject to regional distribution)
- ✓ **Financial Compensation:**
 - ESIF Certification + min. 1 y. (Local/regional debt transfer to National Acc.)
 - ESIF Certification + min. 3 y. (National Accounting)
- ✓ **Accounting Rules:**
 - **Outstanding Liabilities:** Release (R1, R2, R3) entered under Chapter 9 (Liabilities)
 - **Net Indebtment (Deficit):** upon commitment/actual payment
 - **Liabilities Cancellation:** Min. requirement ESIF certification
 - **Period of Certification: Yearly. Final certification Tranche I duration + 1y.**

(*) POCINT: Programa Operativo Crecimiento Inteligente

(***) GDP: Gross Domestic Product

(**) R&D%i: Research & Development & innovation

(****) ESIF: European Structural and Investment Funds.

V. CHALLENGES/ SUCCESS FACTORS (LESSONS LEARNT)

☐ BEFORE LAUNCHING THE OPERATION

- Run a meaningful **Cost Benefit Analysis** (CBA). Comprising:
 - ✓ Clear **identification of public service** to be improved
 - ✓ Clear identification of potential **scalability** and procurer commitment
 - ✓ Clear identification of **authentic needs** (based on **Key Indicators**) avoiding solution lock-in.
- **Smart investor** (consider **capacities of local supply** chain before prioritising investments)

☐ DURING THE OPERATION

- Need of **integrated multidisciplinary teams** (controllers, managers, procurers, legal advisors...)
 - ✓ Joint effort (coordination required)
 - ✓ **Early involvement** (since the beginning).
- Close **follow-up** (separated accounting, quarterly reporting...)
- **Wide dissemination** (market consultation; e-procurement...)

V. CHALLENGES/ SUCCESS FACTORS (LESSONS LEARNT)

□ AFTER THE OPERATION

➤ Public Expenditure on RD&i:

- ✓ Approx. **20% leveraged budget** (Increase)
- ✓ Approx. **3 years** for certification (**Public Deficit Neutralization**)

➤ Private Investment on R&D&I ** ***:

- ✓ **Augmented private effort on R&D** by contractors: [**Correlation +; Approx. 70%**]
 - ✓ Requires data-set and measurement (Challenge)
 - ✓ Confined population versus overall monitoring and measurement
- ✓ **Increased likelihood of private R&D investment:** [x2]

(**) OCDE-2014. Cobb-Douglas modelling for private R&D effort

(****) Universidad de Valencia 2008-2009; Serrano Domínguez et al.