

## **Workshop**

### **PCP/PPI in Horizon2020 Projects on Earth Observation**

#### **Conclusions**

The workshop provided participants from public agencies, regions, associations and industry with comprehensive background on the Pre-Commercial Procurement instrument under Horizon2020.

The EO-2 Call is the first occasion, where this instrument is introduced in the space sector. Since 2010, it is however already more widely used in ICT, ITS (Intelligent Transport Systems), E-Health sectors. The European Commission presented an overview of past and on-going projects in these sectors.

The European Commission clarified that the EO-2 Call PCP will remain the only PCP project in the space sector for the time being. The Work Programme does not foresee a further PCP in 2017. The use of the instrument in subsequent years will, among others, depend on the success of the current EO-2 call.

The PCP instrument needs to be understood in a broader context of general trends in public R&D funding and other public policies fostering innovation. PCP is accompanied by another Horizon2020 instrument called Public Procurement of Innovation (PPI) and also by the new procurement procedure of Innovation Partnerships (IP) under the new European procurement directives currently implemented into national law of Member States. All these instruments have in common that they move to funding to the demand side and support the public procurement of innovative technologies, products and services. They are thus different from the traditional model of direct grants to research consortia (formed by research organisations, universities and industry) for conducting research and development activities. The differences in approaches for PCP, PPI and Innovation Partnership and their details are not yet well understood by stakeholders and the terms themselves are often confounded.

Generally, the introduction of PCP in the space sector, and namely in the Earth Observation sector, is to be welcomed. The members of EARSC have repeatedly highlighted the fact that many innovative EO products and services do not make their entry into the market, that user requirements are not (yet) fully met and that the European market, especially for public customers, is very much fragmented and still underdeveloped. PCP can help in this respect by:

- ✓ bringing public users early in the development process for EO products of services,
- ✓ ensuring that EO products and services are developed against the needs and requirements of public users
- ✓ “bridging the valley of death” between prototypes/pilots/tests to final commercial products
- ✓ Introducing public users as “lead customers” for new products and services
- ✓ Further familiarize public users with the procurement of EO products and services

PCP projects in the EO sector therefore have a great potential of supporting market development and growth of the European EO industry. Nevertheless, there are important challenges in making PCP project successful. A public authority interested in buying innovative EO products and services under a PCP project must fulfil many complex steps in this regard:

- ✓ Being aware of current or future Horizon2020 (or national) calls for PCP
- ✓ Fully understanding the rules and requirements for PCP projects, including the legal framework
- ✓ Identifying a future need for EO products and services
- ✓ Verifying that such need cannot be satisfied already in the market (market research)
- ✓ Identifying at least two more public authorities with the same need in two more EU MS or in AS.
- ✓ Conducting a market consultation across EU and AS
- ✓ Agreeing on common requirements and defining the functional specifications
- ✓ Selection of a Lead Procurer
- ✓ Ensuring co-funding of 10% of the project costs from own or other (ESIF etc.) budget
- ✓ Preparing and submitting high-quality proposals jointly with the partners
- ✓ Agreeing on Consortium and Joint Procurement Agreements
- ✓ Preparing the PCP tender procedure (Prior Information Notice, Contract Notice, Tender Documents, Tender Publication)
- ✓ Conducting the Tender Procedure, joint evaluation of tenders, award decision
- ✓ Project execution in several steps, each coupled with a technical evaluation of the products and services

Many public authorities do not have the prerequisites for successfully conducting all these steps: they may not be aware of relevant PCP calls, not have practical experience with PCP, have concerns with its correct implementation under national procurement and state aid law, not have sufficient human resources, lack an effective European network for finding suitable partners, may be overloaded with their standard procurement practice etc. At least during a learning period, conducting a joint cross-border PCP is much more demanding for a public authority than conducting a standard procurement process.

Ensuring the successful implementation of the EO-2 call therefore will be a real challenge, considering the short remaining period until the closure of the call in March 2016. There is an objective risk that the time is too short for interested public authorities (EU agencies, regions etc.) in fulfilling all the steps necessary for a successful proposal submission to the Commission. EARSC and its members should undertake efforts in supporting this process as possible.