

***iBuy - Fostering the role of public authorities as demanders of innovation through public procurement***

# **Action plan for Portugal region**

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**2020**



# Introduction

Portugal has the legal basis to start developing an innovation procurement policy. However, a structured set of measures to foster innovation procurement is still missing: no dedicated capacity building and assistance for innovation procurement yet, no action plan, spending target or monitoring system for innovation procurement, exists. Therefore, the responsibility for innovation procurement is at the moment distributed among the actors in charge of the development and definition of the procurement policy and innovation policy.

POCI 2020 (Compete 2020) the national operational programme, resulted from FEEI financial programming framework, under the tutelage of the ministry of economy, among other objectives supports R&D and Innovation, under the two priority axis, axis II (Strengthening SME competitiveness and reducing public context costs) and axis V (Strengthening of institutional capacity of public authorities and interested parties and the efficiency of public administration) has the potential to support public procurement of innovative products and services.

This possibility can be exploited through the System to Support the Modernization and Capacitation of Public Administration (SAMA 2020), which is aimed at supporting the operations that help to achieve the thematic goals and investment priorities concerning the improvement of access to ICT, and strengthening the institutional capacity of public entities and stakeholders and the very efficiency of Public Administration. The execution of SAMA 2020 is under the responsibility of AMA, The Administrative Modernization Agency, IP - the public institute under the supervision of the Secretary of State for Innovation and Administrative Modernization that carries out, as intermediary organisation, the management of SAMA.

Until now, this modernization instrument has been used without taking advantage of the lever effect on SME innovation. That means, instead of promoting public administration modernization in-depth, it has promoted lighter changes. Unlike other territories which are already in the 3rd generation of Public Procurement, Portugal is about to launch the first projects just now.

Innovation acquisitions by public buyers is a key factor for the modernization of Public Administration, on the other hand the effort to procure innovations requires new competences from procurers and from top managers of public entities. A Competence Centre for IPP is an instrument to improve the capacity of SAMA to promote a more robust link between the modernization and capacity building of public administration. Additionally,



public procurers identify IPP as a risky activity therefore a dedicated national funding scheme would be very valuable to support the initiatives of modernisation and efficiency gains of public services through innovative solutions.

The action plan (AP) targets POCI 2020 as the PO where SAMA is included. The AP focus two aspects “The need of an instrument for capacity building for IPP” in order to strengthen the potential of the existing SAMA and a “new financial instrument” for the new POCI to support procurers to buy innovation, under the next ESIF financial programming framework.

The aim of this action plan (AP) is to strengthen the capacity of SAMA – System to support the Modernization and Capacitation of Public Administration, creating synergies between the institutional capacity of public entities and stakeholders and the very efficiency of Public Administration, through the establishment of a Competence Centre - CC for IPP. All the actions have a double purpose to implement better initiatives in the next financial programming framework.



# Objectives

The AP is structured in two actions with the following objectives:

Actions	Objectives
Action 1 - Establishing of a Competence centre - CC for IPP	to develop an "Implementation plan" for the IPP- CC
Action 2 – Moving towards the implementation of a financial instrument to support IPP	to deliver a reasoned and discussed document that support decision makers, about the need of a new national instrument (incentive) of financial support, to promote R&D and Innovation raised by the public demand side, in order to be able to support contracting authorities to "buy innovation".

Action 1 is designed in one way to influence SAMA to be open to support new initiatives from Public Administration to buy other products and goods than the current associated with the modernisation of public services. On the other way Action 2 aims to influence the next POCI 2020 to include a dedicated financial instrument to support IPP.



# Part I – General information

<b>Project</b>	Fostering the role of public authorities as demanders of innovation through public procurement “iBuy”
<b>Partner organization</b>	National Innovation Agency of Portugal
<b>Other partner organisations involved (if relevant)</b>	N.A
<b>Country</b>	Portugal
<b>NUTS2 region</b>	National
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## Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument addressed:

**System to Support the Modernization and Capacitation of Public Administration (SAMA 2020) under the Competitiveness and Internationalisation OP – Compete 2020**



# Part III – Details of the actions envisaged

## Action 1 - Establishing of a Competence centre - CC for IPP

### Background

Public procurement in Portugal is regulated by the Public Procurement Code (CCP), approved by Decree-Law No. 18/2018, amended and republished by Decree-Law No. 111-B / 2015, of 31 August. This Code regulates the formation and execution of contracts for goods, services, public works contracts and concessions, whether or not innovation.

Contracts made by Portuguese public entities are all registered in a national public procurement portal, called Portal BASE.

Most used public procurement procedures for innovation procurement are the Innovation Partnership (since 01/01/2018), the Competitive Dialogue, and the Negotiation Procedure. In addition to procedures, there is also the Excluded Contracting (Article 5 (4) (j)). Very few times these procedures were used by Portuguese public entities and it is not known a case where innovation was procured.

The level of awareness regarding IPP framework (legal, mechanisms, advantages, etc...) is very low in Portugal, on the other hand, there is a general opinion that IPP has an added risk associated and funding is a key element to overtake the risk. However, no national funding instruments are available in Portugal to support IPP processes.

The scenery above described has been reported in several international studies or IPP policies benchmark analysis. At national level, recently in the course of the European P2I project - procure2Innovate - European Network of Competence Centers for Hiring Innovation activities, it was possible to realise that the Portuguese community of public entities with a minimum experience on IPP are those that were involved in the twelve PCP/IPP H2020 projects funded.

Concerning public buyer professionalization initiatives, there are several entities that have contributed to the professionalization of public buyers. Firstly, the universities of



law as well as INA (Directorate General for the Qualification of Civil Servants) through the Public Procurement Training Program (in collaboration with IMPIC, IP, the Institute of Public Markets, Real Estate and Construction), which aims to train the workers and managers of the public administration in the discipline applicable to public procurement procedures, with special emphasis on the preparation of invitations, programs and specifications, their execution and public works contracts.

In 2008, the Public Procurement Code created a commission to monitor and supervise research and development projects (CAF), among other competences, to support contracting authorities. The elements that compose the CAF were defined by joint order of the Ministers of Science, Technology and Higher Education and Public Works, Transport and Communications. CAF was extinguished in 2017 and since January 2018, its competencies were transferred to ANI.

### Action

Due to the complexity associated to this first action, it was considered important to structure it in three complementary activities in order to assure the effectiveness of the implementation.

The **first activity** of this action is to develop an “Implementation plan” for the IPP-CC. One of the goals of the IPP-CC is to be aligned with the growing of IPP interests in the future; The follow up and control the design of the implementation plan of the CC, raised the need to introduce a **second activity** to “Monitoring of the action”; In order to find resources for the establishment of the CC, in particular for capacity building purposes, a **third activity** is proposed “Preparation of an application for funding a two years project to put in practice the implementation plan”.

### Inspiration

This action was inspired in the very good discussions among iBuy partners, about the need and importance of the key element of raising competences of “procurers” and capacity building examples. The 2<sup>nd</sup> thematic seminar in Lisbon was fertile in those examples and best practices. It was possible to learn specifically from the Finnish and Spanish cases, two different models of competence centres. In the first the relevance of the CC services were focused on the market engagement, in the second we could learn the role of CC on the management of funding.

#### *1<sup>st</sup> activity - Implementation plan*

Within the scope of the Technological and Business Innovation Strategy for 2018-2030, ANI received a mandate assigned by RCM 25/2018 in order to deepen purchasing procedures that promote innovation, in articulation with other Public Administration



entities, such as IMPIC (the Institute of Public Markets, Real Estate and Construction). ANI is committed to contribute towards driving sectors of strategic interest such as health, space, biotechnology, agriculture, agroindustry or the maritime sector. With this in mind, in 2018 the agency formalized a protocol for cooperation in IPP with the IMPIC.

Since then both organisations have developed regular specific workshops with the purpose to exchange knowledge and harmonize IPP concepts among both team's members. From the learnings and experience already taken, is envisaged that for the type of services offered by the new competence centre, human resources will be provided from both teams.

Both organisations in partnership will develop a plan to implement a CC for IPP, considering the services envisaged to be offered, will be designed and dimensioned using the existing capacity of both agencies and covering aspects as; Engagement of stakeholders; Marketing & communication; Networking collaboration; Services design.

### *2<sup>nd</sup> activity - Monitoring of the action*

Under the scope of the implementation plan this activity will develop a monitoring system to control if the plan is being designed accordingly the aim of the CC and the respective necessary resources. The system will include mechanisms to regularly do the follow up of stakeholders contributions and anticipate the necessary milestones to achieve during the implementation work.

The group of stakeholders for IPP already established will be involved and play a relevant role of the monitoring system once regularly feedback on the proposals and results will be requested, namely services to be implemented and performance.

Included in this monitoring activity will be a close proximity of both boards of directors of ANI and IMPIC .

### *3<sup>rd</sup> activity - Preparation of an application for funding a two years project to put in practice the implementation plan*

This activity aims the preparation after discussion with the Management Authority (MA) COMPETE 2020 (MA of POCI 20202) of an application to SAMA for funding a two years project to put in practice the implementation plan and to capacitate public administration to procure innovation.

At the time of writing this action plan, the application was granted by SAMA 2020, which is an excellent result that demonstrates the acceptance of the managing authority in our proposal to establish an IPP competence centre. This is due documented.



### Players involved

(i) ANI and IMPIC are the players directly committed in the implementation of the new CC for IPP with shared responsibilities; (ii) AMA, The Administrative Modernization Agency, IP is the public institute that carries out as intermediary organisation the management of SAMA.

### Timeframe

This action has started already with the preparation of the application (activity 3) and will be developed until the end of 2021. Below it can be observed the time frame for the conclusion of the three activities.

Activity	Date
<i>1<sup>st</sup> activity - Implementation plan</i>	2021/31/12
<i>2<sup>nd</sup> activity - Monitoring of the action</i>	2021/31/12
<i>3<sup>rd</sup> activity - Preparation of an application for funding a two</i>	2020/15/04

### Costs

Estimation of costs for the implementation, mainly personnel, is around 25 000 euro.

### Funding sources

The funding sources envisaged to mobilised are: ANI's own budget, P2Innovate project and grant from SAMA.



## Indicators

One “Implementation plan” for the IPP-CC discussed by the stakeholders group and approved by the boards of ANI and IMPIC.

One application for funding a two years’ project to put in practice the implementation plan, submitted.

### Outline

The establishment of the CC for IPP action, reflects the present stage of development and a realistic projection of the activities need to be implemented. Although it is important to take into account the learnings from previous implementations of existing competence centres, which show that the learning curve before a competence centre become well established can take several years, as it is raised in the study ANI developed in cooperation with the colleagues of PIANOo ([https://www.ani.pt/media/4374/final-report-case-study-nl\\_julho2019.pdf](https://www.ani.pt/media/4374/final-report-case-study-nl_julho2019.pdf)).



## Action 2 - Moving towards the implementation of a financial instrument to support IPP

### Background

The level of awareness about the structure of IPP (legal, mechanisms, advantages, etc.) is very low in Portugal; on the other hand, there is a general opinion that IPP have an additional associated risk and financing is an essential element to overcome it. However, there are no national financing instruments available in Portugal to support the IPP processes.

The scenario described above was portrayed in several international studies and / or benchmark analyzes of CPI policies, such as the one recently published in 2018 by DG CONNECT that compared the political framework for public procurement of innovation in all EU Member States, Norway and Switzerland, with Portugal when compared for the set of ten indicators used, ranked last, in the group of 28 EU member states.

At the national level, recently in the course of the activities of the European P2I project - procure2Innovate - European Network of Competence Centers for Hiring Innovation, it was possible to realize that the Portuguese community of public entities with a minimum experience in IPP is the one involved in the twelve PCP / PPI projects that were funded by the Horizon 2020 program. For all these reasons, it can be said that the expression of IPP in Portugal is still very low.

The National Innovation Agency (ANI), within the scope of its competences, has been monitoring the topic of IPP at European level since 2017. Since 2018, it has participated in two European projects, iBuy - Enhancing the role of public authorities as promoters of innovation through public procurement, <https://www.interregeurope.eu/ibuy/> and P2I - procure2Innovate - European Network of Competence Centers for Hiring Innovation <http://procure2innovate.eu/>. The participation in these international projects, allows ANI to have a close knowledge of the reality of the implementation of IPP in about fourteen EU countries, as well as of public policy instruments (financial incentives and others) in execution, which facilitates potential exchanges best practices and transfer of policy instruments, or their models.

European projects have already made it possible to identify a number of interesting policy instruments of this nature, so the objective of this position paper is to formulate, in a supported way, a proposal for a financial instrument (incentive) to be included in the next ESIF financial programming framework.



## Action

It is intended with this action, to integrate two activities which will deliver at the end a reasoned document and a discussed position among policy makers, to support the preparation of a national instrument (incentive) of financial support for the promotion of R&D and Innovation raised by the public demand side, in order to be able to support contracting entities in their processes of “contracting innovation”.

### *1<sup>st</sup> activity - Preparation of a position paper regarding the design of a National financial instrument to support IPP procurers*

The activity will prepare a document to support the government for the development of an incentive instrument aiming to support the development of innovative products or services purchased by public sector buyers through mechanisms of IPP, with the following objectives:

- i. Improve public services, in terms of effectiveness and efficiency;
- ii. Stimulating innovation and competitiveness of SMEs, using public procurement as a mechanism to test innovative solutions in areas of public interest (eg healthcare, mobility, infrastructure, climate change), encouraging companies to develop new solutions aimed at meeting the needs of consumers. public services and societal challenges;
- iii. Promote the commercialization of innovative solutions, using the public buyer as the first reference customer.

It would be the first national financing instrument to support R&D and business innovation through the public demand side, complementing the classic existing measures of direct support to companies. In this sense, it is proposed that this instrument of support IPP, has co-financing by ERDF and that allows to support, the following types of projects:

- a) Pre-commercial purchase projects (functional prototypes) - PCP; or
- b) Projects for the purchase of final innovative solutions - PPI.

The strategy is in a first stage to involve key stakeholders in the position paper, discussing it in two dedicated meetings. The first one to present a draft version of the position paper and the second to request short testimonials from these key stakeholders to be included at the end, in the paper. In this way the point of view of stakeholders will be translated into the policy. These meetings will occur during the first trimester of 2021.

### *Support action connected with the aim of 1<sup>st</sup> activity but designed to support all the preparation of the AP - Study to evaluate the IPP market potential in Portugal*

The knowledge about the interest and opportunities that different public sectors can potentially show regarding innovation purchases is based in empirical assumptions and



not consistent, resulting in poor meaningful expectations. Until now it is known the amount of public contracts and expenditure done by each public sector, but no indication or forecast supported in any valid relation, about business opportunities for innovation.

The scenario described above was confirmed in a recent desk research work developed by ANI, where no study or academic research was done to answer this particular topic. The production of such information is very important in one way to support policy makers, (in particular the ministry of economy) to decide in favour of a financial instrument to support IPP, but also for the development strategy of the new CC for IPP proposed.

The aim of this support action is to support all the preparation of the Action Plan and identify and quantify the market of IPP in Portugal, by subcontracting a study. The activity will start with a procurement procedure to subcontract the study. Due to the specificity of the matter, it is envisaged the consultation of the market to select the candidates. The idea is to deliver a document and a dissemination workshop where the Portuguese IPP market is identified and described in such way that will be possible to recognise at the end, *what key public sectors will be more able to drive and purchase innovation and the respective amounts involved in potential contracts.*

## *2<sup>nd</sup> activity – Discussion of the position paper with policy makers*

After the preparation of the position paper it is anticipated the need for presenting and discuss it with the stakeholders group and policy makers. This activity is proposed to enhance the chances of the implementation of the financial instrument by doing working sessions with high level governmental representatives from the ministry of economy to present, discuss and fine tune the features of the instrument in order to introduce changes in the next OP (POCI 2030?) and support a proposal to be included it in the next ESIF financial programming framework.

It is envisaged to set up three meetings with high level governmental representatives:

Meeting 1 (july 2021) – To present the paper and the funding instrument concept;

Meeting 2 (september 2021) – To discuss a first draft of the instrument design;

Meeting 3 (january 2022) – To contribute to a draft version of the proposal to be included it in the next ESIF financial programming framework.

## **Inspiration**

This action was inspired in the very good discussions and best practices shared during the iBuy 1<sup>st</sup> thematic workshop in Mallorca. It was possible to learn from different



countries which have implemented similar financial instruments to support IPP, how relevant they were to promote a first involvement of public buyers. The particular cases of the best practices from Spain and Lithuania, discussed with colleagues in several meetings, were immensely important in order to understand the extensive operational experience of these two countries about these instruments.

### Costs

The estimation of costs for the implementation of this action including personnel costs is around 10,000 euro.

### Funding sources

The funding sources envisaged to mobilised are: ANI's own budget and iBuy budget.

### Indicators

One position paper concerning the first national financing instrument to support R&D and business innovation through the public demand side, discussed with policy makers from the ministry of economy.

### Timeframe

This action will be developed until 2022. Below it can be observed the time frame for the conclusion of the activity.

Activity	Date
<i>1<sup>st</sup> activity - Preparation of a position paper regarding the design of a National financial instrument to support IPP procurers</i>	2021/31/06
<i>2<sup>nd</sup> activity – Discussion of the position paper with policy makers</i>	2022/31/03



**Date: February 2021**

**Signature**

**Stamp of the organisation (if available)**

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