

A banner with a dark blue background. On the left, there is a faint, dotted map of Europe. On the right, several colorful gears (orange, teal, red, purple, green) are arranged in a cluster. Each gear contains a white icon: a target, a network, a person, a star, and a hand cursor. The text 'MLE on Innovation Procurement' is written in white on the left side of the banner.

MLE on Innovation Procurement

## **Developing strategic frameworks for innovation-related public procurement**

**TOPIC C: Financial mechanisms in support of Innovation-Enhancing Procurement (IEP) and Pre-Commercial Procurement (PCP)**

### **Session 2**

**Finance and incentives for innovation procurement: Experience from outside Europe**

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28/29 November 2017 Madrid, Spain - Ministerio de Economía, Industria y Competitividad (MEIC)

# Finance and incentives for innovation procurement: Experience from outside Europe



# Development of public procurement strategies/policies to support secondary policy objectives

OECD Countries	Green public procurement		SMEs		Innovative goods and services	
	2016	2014	2016	2014	2016	2014
Canada	●◆	●◆	●	●	◆	●
Korea	●	●	●	●	●	●
United States	".."	●	".."	●	".."	●◆
● Strategies/policies developed at the central level						
◆ Internal strategies/policies developed by some procuring entities						
".." No information available						
Source: OECD 2017 Government at a Glance, Survey on Public Procurement (2016, 2014)						

Country	Canada - Innovation Procurement demand driven to support SMEs
Level of Government	National
Program	Build in Canada Innovation Program (BCIP) since 2010 to support Procurement for Innovation, test and showcase for innovative products with government buyers before launching them on the market through Public Services and Procurement Canada (open call SMEs search for or will be matched with a governmental testing partner)
Financial mechanism	Direct financial support scheme
Program budget	Increasing, for 2016/2017: CAD 30 Million; for 2017-2018 CAD 40 Million Up to CAD 500,000 for non-military innovations and up to CAD 1,000,000 for military innovations
Funding type	Call for proposals within 10 priority areas, evaluated and purchased for departmental testing
Special feature	Support only for market entry to bridge the pre-commercial gap, innovations must be at the right Technology Readiness Level TRL (7-9), the recipient retains the IP
Other measures	New program stream BCIP Challenge Initiative 2017 issued by Public Services and Procurement Canada (periodical thematic calls for proposals, companies are invited to submit innovative technology TRL (7-9) to be used as solution
PP in terms of GDP	≈14 % in 2015
Program assessment	Since 2010 more than 240 contracts, totalling over CAD 100 million, have been awarded under the program to help Canadian innovators bring their products to market. A total of 30 departments have participated in the program, and BCIP innovations have experienced an 80% commercialization rate, as very successful new program stream BCIP Challenge Initiative

Country	Korea - Innovation Procurement demand driven to support SMEs
Level of Government	National
Program	Specific Certification Programs targeted to SMEs, one of nine certifications, purchase of SME-developed Technology/Product, administrated by Small & Medium Business Administration (SMBA)
Financial mechanism	Direct financial support scheme
Program Budget	Increasing, for 2013: USD 36 Million; for 2014: USD 44 Million; for 2015: USD 57 Million
Funding type	<p>R&amp;D-Agreement between SMBA, prospective buyer and SME</p> <ul style="list-style-type: none"> <li>• Prospective buyer (public or private) proposes R&amp;D for a new product</li> <li>• SMBA provides SME with funding up to 75% for R&amp;D costs (within USD 500,000)</li> <li>• Prospective buyer guarantees purchase of successful product development and commercialization</li> </ul>
Special feature	<p>Public entities are required to purchase at least 10 % from their SME purchases from among the certified products (cf. where new excellent products (NEP-certified by KATS) are available, public entities must fulfill more than 20 % of their purchases from NEP-certified products).</p> <p>Businesses must renew SME certification annually, and apply for certification by submitting corporate balance sheets to prove sales volume (cf. NEP-certification is valid for 3 years).</p>
Other measures	Other certifications for priority purchase administrated by Public Procurement Service (PPC), Korea Agency for Technology & Standards (KATS), Green Certification Secretariat (GCS)
PP in terms of GDP	≈13 % in 2015
Program assessment	Examination of procurement certification programmes in preparation to establish relevant and meaningful benefits for public procurement officials who obtain certification.

Country	United States - Innovation Procurement demand driven to support SMEs
Level of Government	National
Program	Small Business Innovation Research Program (SBIR) since 1982, aims to stimulate technological innovation, to use small business to meet federal R&D needs, to increase private-sector commercialization innovations derived from federal R&D and to foster sustainability and gender aspects, in toto 11 Federal agencies involved
Financial mechanism	Direct financial support scheme
Program funding	Increasing, since 2017 each Federal agency must set-aside 3.2 % of extramural R&D budget for small businesses to engage in federal R&D with potential for commercialization (from 2011 2.5 % - rising up 0.1 % p.a.)
Funding type	Call for proposals, evaluation, milestone-driven award process (e.g. Federal agency NASA*, TRL 6 expected) Phase I - Feasibility study or prototype ≈USD 150,000 / 6 months* Phase II - Full research and development effort ≈USD 1 million / 24 months* Phase III - Commercialization effort private and non-SBIR allocated financing*
Special feature	Duration and funding limit are variable and usually handled at the specialised agency level, staged financing, highly selective, the recipient retains the IP, Federal agencies are guided by Small Business Administration (SBA)
Other measures	Small Business Technology Transfer (STTR) program, a United States Government program, similar to SBIR
PP in terms of GDP	≈9,5 % in 2015
Program assessment	SBIR impact on the US innovation ecosystem, diversity of the program within Federal agencies, SBIR awards appear to have a “certification” function, which can be equalled to a label allowing young firms to obtain resources from other investors



**Ernest Lord Rutherford** - 1908 Nobel Prize laureate in Chemistry

*"We haven't got the money, so we'll have to think."*

**Many thanks for your attention !**

**MLE on Innovation Procurement**

A decorative graphic at the bottom of the slide features a dark blue background with a grid of small white dots. Several colorful gears (orange, teal, purple, red, green) are arranged in a cluster. Each gear contains a white icon: a target, a network, a gear, a hand pointing, and a star with a ribbon. The text "MLE on Innovation Procurement" is written in white in the bottom left corner.