# Innovation Procurement initiatives in Hungary

## I. Innovation Procurement in the national context

The Hungarian "Investment in the Future – National RDI Strategy (2013-2020)"[1] sets an objective for invigorating public sector innovation in the healthcare, environmental, energy, educational, transport/logistics sectors. The strategy foresees support for innovation procurement instruments, including pre-commercial procurement (PCP), from budgets from the Research and Technology Innovation Fund (KTIA), the ERDF part of the structural funds and sectorial budgets. For the implementation, the strategy defines an independent governmental function for the management of R&D&I centred public procurements due to the specificities of R&D&I.



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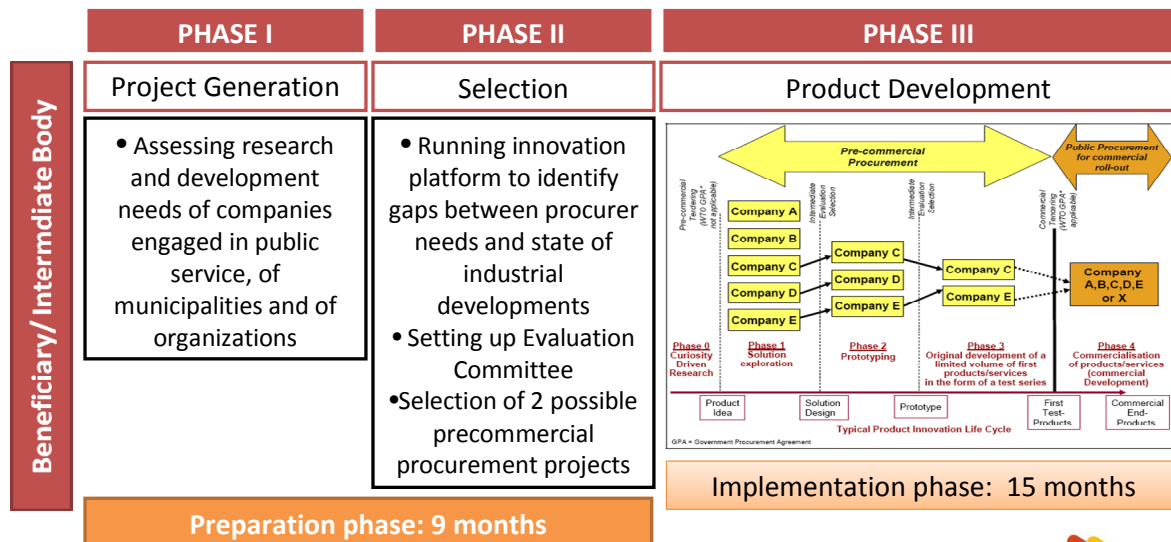
## II. PCP in the regional context

### 1. Eszak-Alfold Region

During the EU funded RAPIDE project, the Hungarian Észak-Alföld Regional Innovation Agency investigated the feasibility of incorporating PCP into their regional operational programme for the structural funds. They presented the case for starting up a PCP pilot to the Észak-Alföld Regional Development Agency (the Intermediate Body for Structural Funds in the region) and the National Development Agency (the Managing Authority for the Structural Funds in Hungary). The information below describes the process that was followed to prepare the case. Due to changes in political landscape, unfortunately still no PCP projects have started so far in Hungary. Discussions are ongoing to support PCP under the new 2014 Structural Funds programming. INNOVA Észak-Alföld Regional Innovation Agency is currently already participating in EU funded PCP projects to bring back this expertise to Hungary to start PCP project in Hungary in the future.

Ensuring the engagement of the Managing Authorities was identified as essential for ensuring that the PCP action plan of the region would be taken up in the mainstream Structural Funds and Innovation programmes. The Regional Development Agency developed plans to launch in 2010 a targeted call for PCP proposals, that was intended to give financial support for launching a PCP pilot to the pre-identified call beneficiary. The idea was to launch this call as a "pilot" under the Észak-Alföld Regional Operational Programme, Priority 1: Regional Economic Development, Component 1.1.3/B Experimental Actions, that aims to foster the development of the innovation potential of the region. After successful evaluation of this first

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[1] http://www.nih.gov.hu/strategy/national-rdi-strategy/hungarian-rdi-strategy

PCP pilot in the Észak-Alföld region, financial support for pre-commercial procurements across Hungary could then be foreseen under the mainstream budget lines.



INNOVA identified potential candidate public procurers in the region with mid to long term needs for new technological developments and a an interest to purchase those via PCP. Once the public procurer(s) are identified, the plan was that the Észak-Alföld PCP pilot would consist of a preparatory and implementation phase of respectively 9 and 15 months. In the preparatory phase an innovation platform will be run to identify possible gaps between the procurers' needs and the state-of-the art of industrial developments. The implementation phase consists of the actual design and development of innovative solutions for the procurers' needs using the PCP model. It was discussed that INNOVA could run the PCP phase and the procurer a possible follow-up procurement for deployment of commercial volumes of solutions. INNOVA could thus deal with contracting a number of suppliers developing in competition, with evaluations after each phase selecting suppliers that will continue to the next PCP phase, with contracts based on a fixed maximum price for each phase taking into account a PCP style IPR agreement.

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