Recovering from the Pandemic: European Initiatives, U.S. Perspectives

Thursday, May 14, 2020
9:00 Eastern US – 14:00 UK – 15:00 CET
Agenda

• Welcome: Lucian Cernat – Chief Trade Economist – European Commission
• Overview: Gabriella Racca – University of Turin
• Presentations: European Union’s Initiatives
  • Bertrand Wert: European Commission - Innovation procurement
  • Jekaterina Novikova: European Commission - Deploying innovation through procurement
  • Ivo Locatelli: European Commission - Joint procurement in the European Union
  • Stephan Corvers: Corvers consultancy (Netherlands) – next steps in the procurement of innovation
• Discussants
  • Benedetta Audia: UNOPS – International cooperative supply chain
  • Tommy Hendrix: Decisive Point – U.S. innovative procurement
  • Justin Kaufman: NASPO ValuePoint – U.S. joint (cooperative) procurement
  • Laurence Folliot-Lalliot: University of Paris Nanterre – on cooperation
• Moderators: Professors Gabriella Racca (U. Turin) and Christopher Yukins (George Washington University Law School)
Fighting the #covid19 global pandemic: The European response

Dr. Lucian Cernat
Chief Trade Economist
European Commission

Disclaimer: the views expressed herein are those of the author and cannot be seen as an official position of the European Commission or EU Member States
Important:
The EU #covid19 export authorisation scheme is not an export ban!

EU export authorisations of #covid19-related PPEs: approval rates

- Spectacles and Visors: 80%
- Protective Garments: 93%
- Masks: 80%
Zooming in:
EU Member States need open global supply chains

Covid19 testing kits: extra-EU imports by Member States

- Germany: Over 4bn
- Belgium, Netherlands, Italy: Over 2bn
- UK: Over 1bn
- Spain, Austria, Ireland, Hungary, Denmark: Over 300M
- Sweden, Croatia, Poland: Over 200M
- Romania, Finland, Slovakia, Lithuania, Luxembourg, Greece: Over 100M
- Bulgaria, Czech rep., Slovenia, Portugal, Estonia, Malta, Cyprus: Over 50M
- Below 50M
The United States is a major supplier of medical and PPE equipment that EU public health authorities need to fight the covid19 pandemic.
Way forward:

post #Covid19: a global crisis needs a coordinated procurement response

• Openness and a strong transatlantic partnership and cooperation will be even more essential as we rebuild our economies after this pandemic.

• Globally, we need open and rules-based trade
  • we remain fully committed to the WTO GPA agenda
  • we promote international procurement openness via a strong network of FTAs

• Our latest voxEU analysis of procurement markets show that “EU is open for business”: US companies were awarded valuable public contracts in the EU.

• We need a new partnership with the United States: a positive, balanced and mutually beneficial agenda
Gabriella M. Racca – University of Turin

Promises and perils in emergency

Joint Public Procurement and Innovation: Lessons Across Borders

JOINT PUBLIC PROCUREMENT

INNOVATION

PUBLIC BUYERS

EU-US Support

VENDORS

Large companies

SMEs

For the benefit of USERS-CITIZENS

domestic

crossborder

R&D

PCP

PPI

Innovation Partnership

BIG – CPBs – SMALL

NETWORKS

Public Amazon-like Platforms

TRANSATLANTIC Joint Procurement

SUPPLY CHAIN?
Innovation Procurement under Horizon Europe

EIC + IE = 10.5 bln Euros

Research and Innovation
EIC - Smart Money

Global Business Coaching & Mentoring

Funding & Equity

Business Acceleration Services

Research and Innovation

EIC greatest asset: portfolio of companies and innovations
- 5400+ SMEs
- ~1400 in Phase 2/EIC Accelerator
- ~230 in EIC Pathfinder
- ~750 Pathfinder researchers
- In ~250 R&I projects
- 2.5 billion in funding
- 5% - 8% success rate

EIC Portfolio Performance
- 33 acquisitions since 2014
- 71% of acquirers from Europe, 26% from the United States and 3% from Japan
- 17 IPOs since 2014 (95% on European stock exchanges)
- ~3 billion in post-SMEI investments
- 10% of European tech IPOs in 2017 (according to State of European Tech report)
EIC facing COVID19

• Starting from unmet needs to challenges-based procurement...
• Collection of videos from professionals & procurers...
• To organise the sourcing in our EIC community using an ePitching to procurers

Prof Alexander Wilmer - UZ Leuven University Hospital, Belgium
https://youtu.be/cmF20C8OEt8

Prof Geert Meyfroidt - UZ Leuven University Hospital, Belgium
https://youtu.be/js65-G4As6w

Prof Annette Schuermans - UZ Leuven University Hospital, Belgium
https://youtu.be/EPVZff5RZvY

Prof Thomas De Rijdt - UZ Leuven University Hospital, Belgium
https://youtu.be/I72LxJXxCIw

Prof Pere Cardona, Bellvitge Hospital, Spain
https://youtu.be/vosVVks0lik

Dir. Antoni Gilabert Perramon, Catalan Health and Social Care Consortium, Spain
https://youtu.be/K6-mf1hhSTM
Joint cross-border procurement in the EU

Webinar, Recovering from the pandemic
14 May 2020

Ivo Locatelli
Senior expert, DG GROW G4
Innovative and digital procurement
Joint cross-border procurement in the EU

Small but dynamic reality

- 29 contracts awarded in 2017 (€ 230m)
- Transnational v. demand pooling projects
- Objectives: economies of scale, stronger bargaining power, technical harmonisation, political commitment
- Some « serial » cross-border buyers
- Fosters direct cross-border PP & competition
- No legal challenges
- Impact of Brexit
- Below thresholds and local PP

Big Buyers pilot (2019 - 2020)

- Joint: benchmarking and market analysis, market engagement, shared criteria, statement of demand
  - Zero emissions construction site
  - Circular construction material
  - Heavy-duty electric vehicles
- Amsterdam, Bpost, Brussels mobility, Budapest, Helsinki, Lisbon, Oslo, Paris, Porto, Rotterdam, Vienna, etc.

Future

- Scaling up and expanding the scope
- Forum of Procurement Directors?
Innovation procurement

*The private perspective*

Stephan Corvers (s.corvers@corvers.com)
May 14th 2020
Strategies: Procurement of Innovation

**European Assistance for Innovation Procurement (eafip.eu)**
- Current initiative – knowledge transfer about how to conduct innovation procurement to contracting authorities throughout Europe; network-approach; demand-driven policy (no support to companies)

**Horizon Scanning Initiative (HSI) ([www.beneluxa.org/horizonscanning](http://www.beneluxa.org/horizonscanning))**
- Member States initiative (Belgium, Denmark, Ireland, Luxemburg, Netherlands, Norway, Portugal, Sweden, Switzerland) (2020)
- Cooperation through a newly set up organization to identify and analyse the R&D pipeline for medicines/drugs
- To understand the beyond-state-of-the-art and to broaden the outreach to technology vendors / beyond usual suspects
- Contactperson: Mr Aldo Golda ([aa.golja@minvws.nl](mailto:aa.golja@minvws.nl))
- Recommendation: speed up and broaden scope of HSI to include medical devices and personal protective equipment (PPE)

**Recommendation: Organizational Perspective**
- Set up a Rapid Deployment Procurement Force (RDPF), with the mandate, the financial means and the facilities to procure on behalf of the participating member states/countries (on European level / NATO level / global level) during medical crisis situations
Discussants

- Consortium of UN agencies – vets suppliers and reduces delivery times
- UN has established warehousing and distribution
- UN supply chain not subject to national import/export controls
Private Sector R&D Spending

The US Government cannot keep pace with technology by relying on the traditional defense industrial base alone.
In many cases companies can secure research funding from the government at a very early stage through opportunities like SBIR awards; however, the transition from R&D to commercialization can be long and difficult to navigate.

Often, R&D funding opportunities are not directly aligned with programs of record or difficult to connect to larger government modernization initiatives.
A Coordinated Approach

Reimagining the way in which startups work with the government.

By introducing opportunities to integrate R&D projects into existing programs of record earlier in the contracting lifecycle, the “valley of death” can be closed, allowing technologies to mature and scale with a practical use case already defined.

Large programs have a variety of tools at their disposal to better integrate with early stage companies, from Cooperative Research and Development Agreements (CRADA) to providing additional funding and milestones on SBIR contracts, the goal in each case should be to get new technology being developed fully aligned with future applications from the start.
Justin Kaufman – NASPO ValuePoint

• NASPO: a non-profit professional association for public procurement officials
• NASPO ValuePoint: cooperative purchasing (joint procurement) program for U.S. state and local; Lead-State Model with multiple master framework agreements
• NASPO ValuePoint solves “local law” issues by having suppliers enter *supplemental agreements* with state and local governments (participating addenda)

• Facilitates the exchange of information for COVID-19 emergency supplies
Conclusion

Materials and a recording of this program will be posted on www.publicprocurementinternational.com
References:
Procurement Networks
Building networks...

http://www.masterseiic.it/happi/


https://www.interregeurope.eu/circpro/

The European Assistance for Innovation Procurement Initiative (eafip) initiative supports public procurers across Europe in developing and implementing innovation procurement.

The aim of the eafip-initiative is to promote good practices and reinforce the evidence base on completed innovation procurements across Europe and to encourage other public procurers to start new PCP and PPI procurements.

Apply for free of charge assistance to implement your innovation procurement.

A new call to apply for free assistance is currently open.

Eafip.eu
Objective:
This survey is an attempt to document all the emergency procedures in place in the national procurement systems of countries affected by the Covid19 crisis. The analysis will identify best practices in national procurement systems and gaps in procurement legislations and practices that can be improved upon through future collaboration with governments on procurement reform. Please note, this survey is only about the country's national procurement law, rules, procedures and guidelines.

Available at: