Czech Republic

**Strategic framework, action plan and scope for procurement for innovation policy**

In the Czech Republic there is no single policy document for setting a strategic framework for procurement for innovation (pre-commercial or commercial), and no innovation action plan. Nevertheless, public procurements in R&D and innovation are traditional tools of support to innovation solutions for public sector and an integral part of the Czech innovation policy. A conceptual shift regarding procurement for innovation is envisaged to stem from the key policy document for RDI policy, the “National Research, Development and Innovation Policy of the Czech Republic in 2009-2015 with an outlook to 2020,” updated in 2013. Based on this strategic document, there is interest in improving framework conditions (including legal conditions) for financing research and innovation projects of SMEs through public procurement. Furthermore, by 2016 the European Commission and Council Directive for public procurement will be transposed into the Czech legislation.

Currently, the main scope for procurement for innovation is based on several instruments. The procurement of R&D and innovation is based on the Act on Research and Development Support from Public Funds. Every procurement process is part of this programme previously authorised by the government. Most procurements are part of the programme BETA managed by the Technology Agency of the Czech Republic (TACR). The procurement procedure itself is governed by the Act on Public Procurement. The main differences to the commonly used PCP concept are firstly, that the exclusive owner of research results is the sponsor, i.e. governmental or public body, not the inventors themselves, and secondly, that there is no phasing during a project implementation in use. The PCP concept as described by the European Commission constitutes the basis for the Operational Programme Enterprise and Innovation for Competitiveness managed by the Ministry of Industry and Trade.

However, there have been no calls for PCP project proposals so far. TACR will finalise a methodological framework on PCP (see below) in October 2015. It also prepares a new programme that will replace the BETA programme (2012-16) in the future. TACR aims at creating a target that allots one third of the budget of the new programme to PCP. A new type of procurement procedure will be part of the future act on public procurement. The innovation partnership will be transposed from the directive 2014/24/EU on public procurement into Czech legislation. This procurement procedure is very similar to PCP. It is divided into phases (mini tenders); in addition, there are various options regarding IPR ownership. There are no legal definitions on procurement for innovation. Other official documents use the terms PCP or PPI in English or Czech. These are defined similarly to the definitions in EC documents.

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Implementation

There are no specific actions to support procurement for innovation at the national/central/federal level of government. However, the Czech Republic has implemented several programmes designed for the fulfilment of research and innovation needs of public sector. These are considered a good practice:

- BETA programme (2012-2016), implemented by the Technology Agency of the Czech Republic (TACR)
- Programme for defence applied research, experimental development and innovation (2011-17), operated by the Ministry of Defence
- Programme for security research for the needs of the state 2010-15, operated by the Ministry of Interior.

All these programmes apply public procurement as a tool for selection of research and innovation projects directed to solutions for specific needs identified by respective public bodies. However, none of these programmes use the concept of PCP for selection of innovation solutions.

Since 2012, TACR intensively explores possibilities for implementation of the PCP concept within the existing legal framework. In collaboration with the TAFTIE network and Czech public sector institutions TACR gradually formulates a methodological framework for PCP in the Czech Republic. Procurement in the form of PCP was launched as a pilot in 2014, addressing the research needs of the Czech Ministry of Interior. The procurement goal is to create free software for archival description, which will be open to all the archives and other “memory” institutions in the country.

The final version of the methodological framework for PCP will be delivered in October 2015. It will be accessible for everyone and all public authorities will be able to use this methodological framework within contemporary and also future legal framework. It is based on the framework agreement concluded between contracting authority and all interested suppliers according to the act on public procurement. Suppliers will obliged to their participation in the procedure consisting of several phases (mini tenders). Each phase has its own tasks and evaluation. All solutions of mini tenders are available for all suppliers so they can use, implement and improve them. The goal is to identify the best solution based on work of all suppliers.

Challenges, risks and solutions to overcome obstacles

The successful introduction of PCP in the Czech Republic requires the implementation of several activities. The first step is to create an Action Plan for PCP and PPI. Its aim is twofold: to encourage industry to deliver innovative goods and services on the one hand, and to supply public bodies and citizens with advanced and efficient goods and services on the other. The responsibility for the ongoing implementation will be on the Ministry of Industry and Trade or the TACR.

The biggest obstacle to spreading PCP is the legal framework. According to the legislation prepared (draft of the new act on public procurement and prepared novelisation of the act on Research and Development Support from Public Funds) the PCP concept shall be defined and implemented into Czech legislation. In addition to that, the procurers can have a use of the methodological framework developed by TACR (see above).
The next problem is the lack of information among potential procurers and suppliers. It would be useful to build a service point for PCP (probably as part of the TACR or with the Ministry of Industry and Trade). This service point could act as a contact and information point for PCP questions and would be able to offer services in the field of further education and training, events, pilot projects, monitoring and documentation and PCP online platform. It would be appropriate to create a so-called brokerage initiative designed to create a systematic exchange of information between the public authorities and companies owned by the state on one hand, and innovative companies on the other hand. This role could be taken by the service point as well.

Another issue that needs to be addressed is fragmentation of demand for innovative solutions of governmental and other public bodies and the lack of information on how to optimally balance the risks and benefits of the contract for the contracting and project implementation. It is therefore necessary to disseminate information on PCP and motivate companies to participate in these schemes in the future.

TACR is trying to overcome obstacles in the legal framework in the practical application of regulations for public procurement. Recently, there were two decisions of the Office for the protection of competition supporting TACR process; however, many obstacles in the legal framework persist even though the RDI policy demands an improvement of the legal framework. It will take some time to evaluate benefits coming from other novelties described above.

**Key lessons learned**

The main lesson is that it is possible to successfully use PCP concept in practice although it is not incorporated into Czech law.