



*Innovative Technologies for High-Speed Roads*  
*Moscow (Russia) - 13 October 2015*

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# Public Procurement in Europe

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# Public Procurement

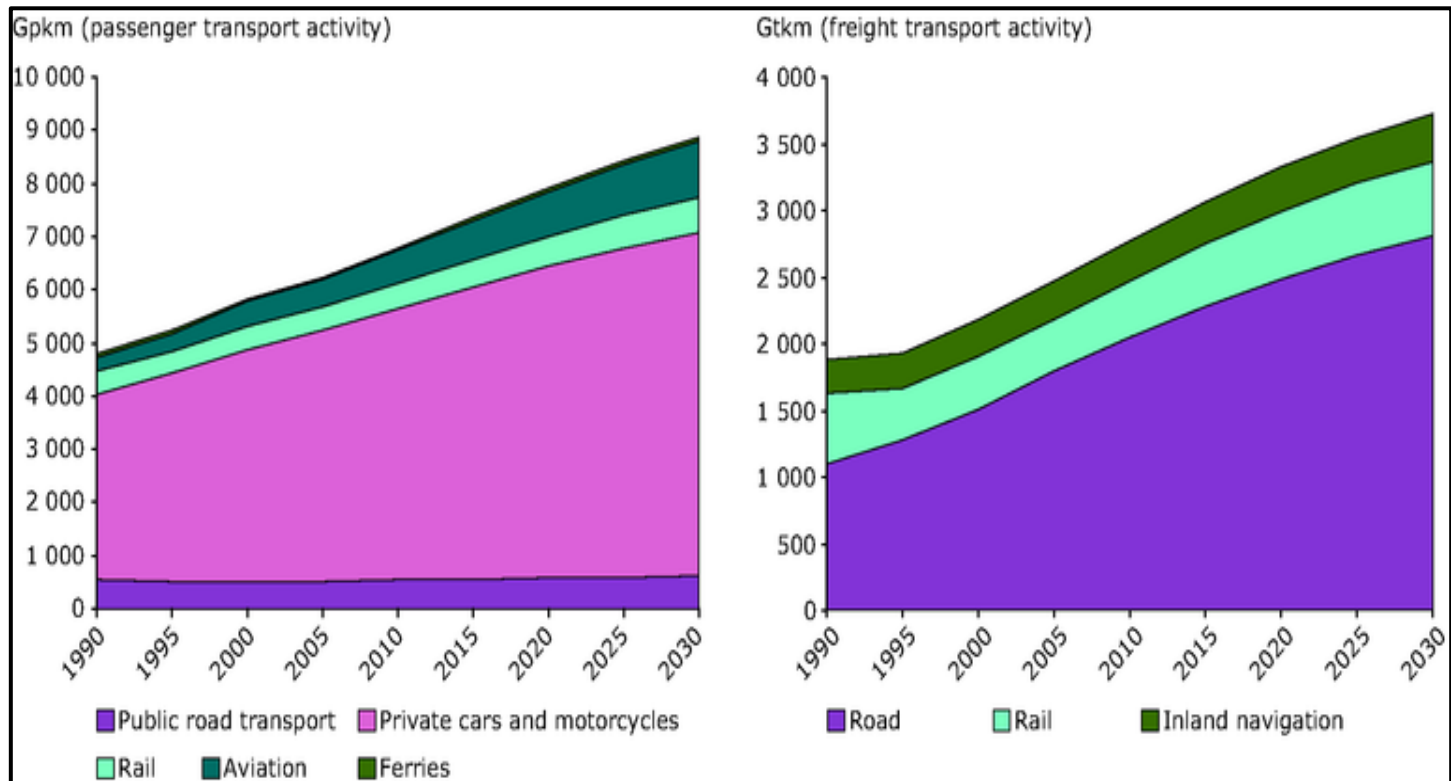
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- The socio-economic importance of roads
  - European Road Network: +/- **5,5 million km**
  - Major Community asset: value **8 trillion €\***
  - EU allocation to road construction and renovation of roads (2000-2013): **65 billion €**
  - EU Member States investments in roads (2010): **66 billion €**

\* Reconstruction value / ERF estimation

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- Road transport demand forecast



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## ■ European Strategy

- Public authorities spend almost **19% of the EU GDP** on works, goods and services
- Europe 2020 strategy for smart, sustainable and inclusive growth
- Research and innovation: main drivers for future growth
- More sustainable and innovative procurement
- Directive 2014/24/EC (water, energy, transport and postal services)

# Public Procurement

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- Objectives

- Well-functioning procurement market
- Provide huge business opportunities
- Stimulate competition, better value for money and growth
- Tool for achieving specific societal goals

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- Priorities

- Encourage bidders to offer innovative solutions
- Innovation partnership – best solutions, support for new developments
- Rules on subcontracting and social responsibility toughened
- Common 'toolbox' on procedures for level playing field across EU
- Improve access to public procurement to SMEs

# Public Procurement

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- Innovative tools

- Most Economically Advantageous Tender (MEAT), identified on the basis of:
  - ❖ Price (no more 'lowest price only')= acquisition (not use, ownership...)
  - ❖ Cost = price **plus** economic costs related to purchase and ownership
  - ❖ Using cost-effectiveness approach (life-cycle costing)
  - ❖ Best price-quality ratio

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- Example of life-cycle costing: Printers
  - Acquisition price – 55%
  - Cost of consumables (ink) – 15%
  - Electricity consumption – 25%
  - Costs related tot dismantling and recycling – 5%



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- Life-cycle costing



- Can also include R & D that still needs to be carried out as part of the procurement process

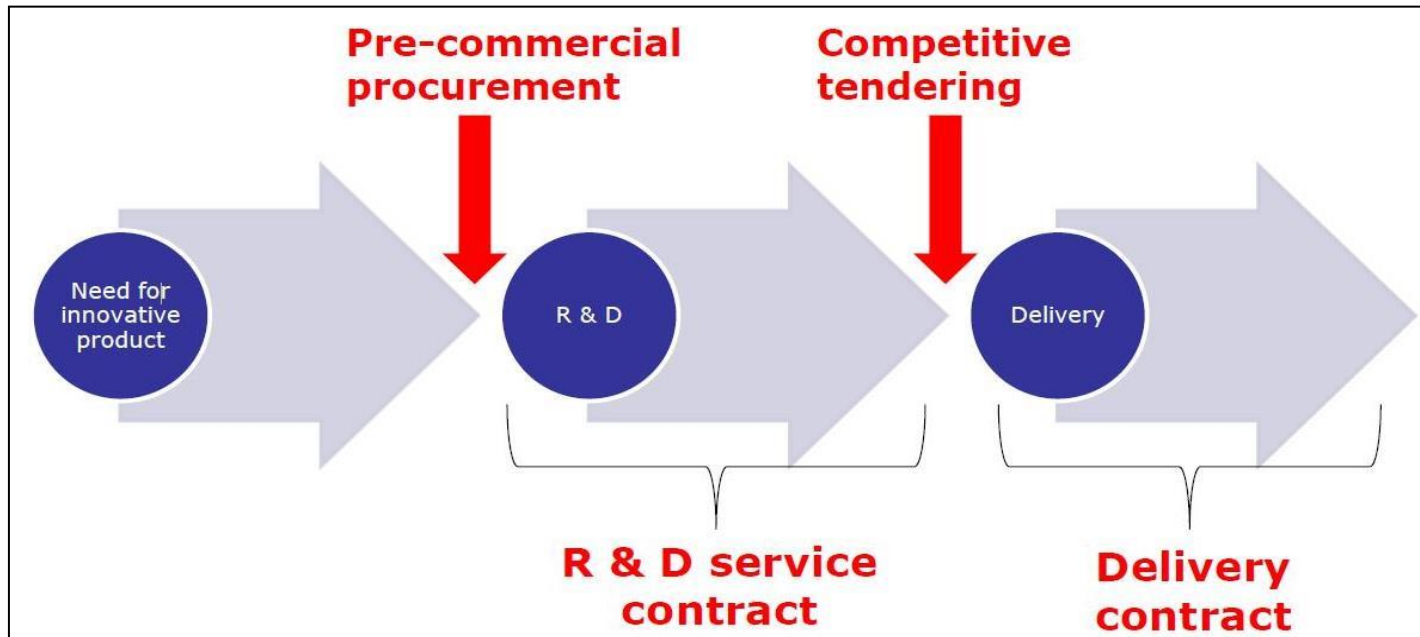
# Public Procurement

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- Best price-quality ratio: list of possible criteria
  - Quality, technical merits, aesthetic and functional characteristics, accessibility, design for all
  - Organisation, qualification and experience of staff assigned
  - After-sales services and technical assistance
  - These criteria **must be linked** with the works, supplies, services to be delivered

# Public Procurement

- Innovation tools: pre-commercial procurement
  - Need for innovative product
  - R & D required before tendering



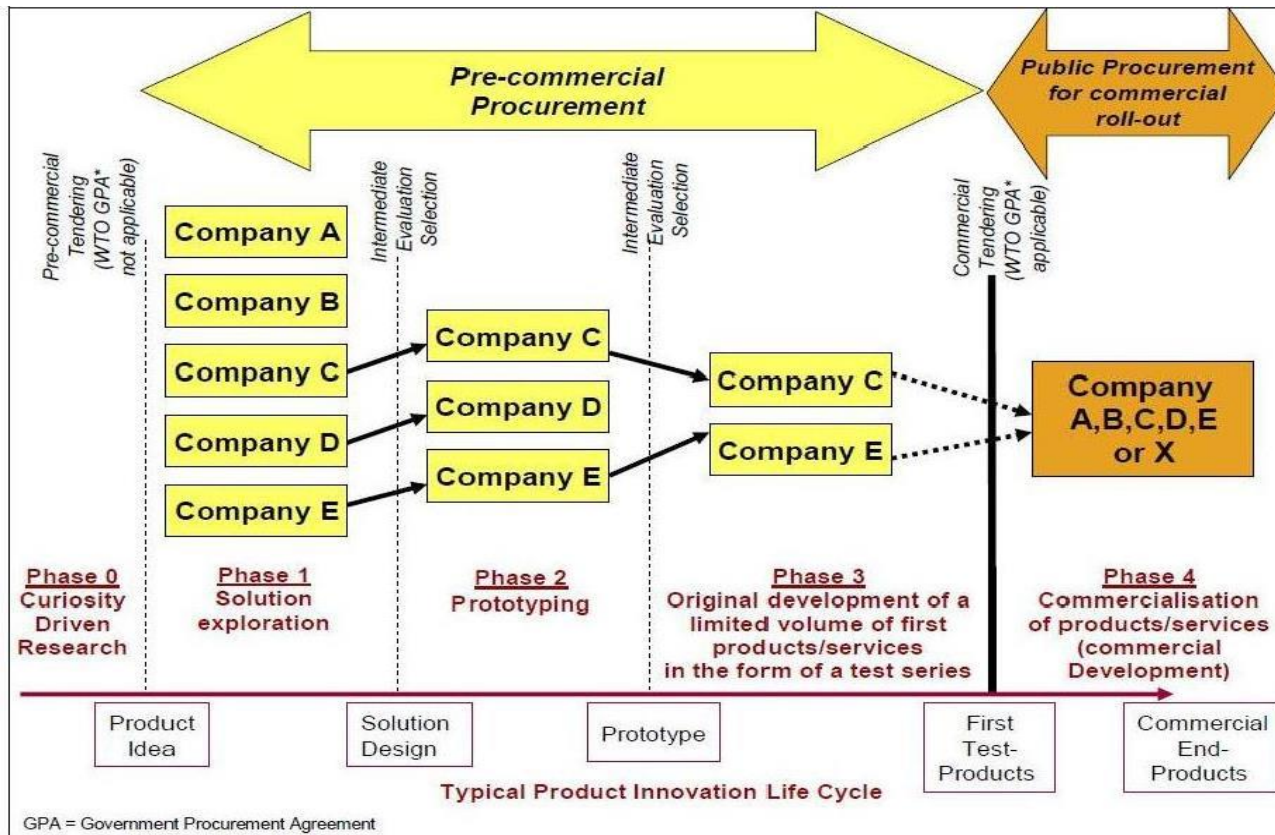
# Public Procurement

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- Pre-commercial R & D contract
  - Facilitated by Horizon 2020 framework
  - Competitive development in phases
  - Alternative solutions / intermediate evaluations
  - Reduction of number of solutions
  - Risk-benefit is shared according to market conditions
  - Strictly limited to the R & D phase

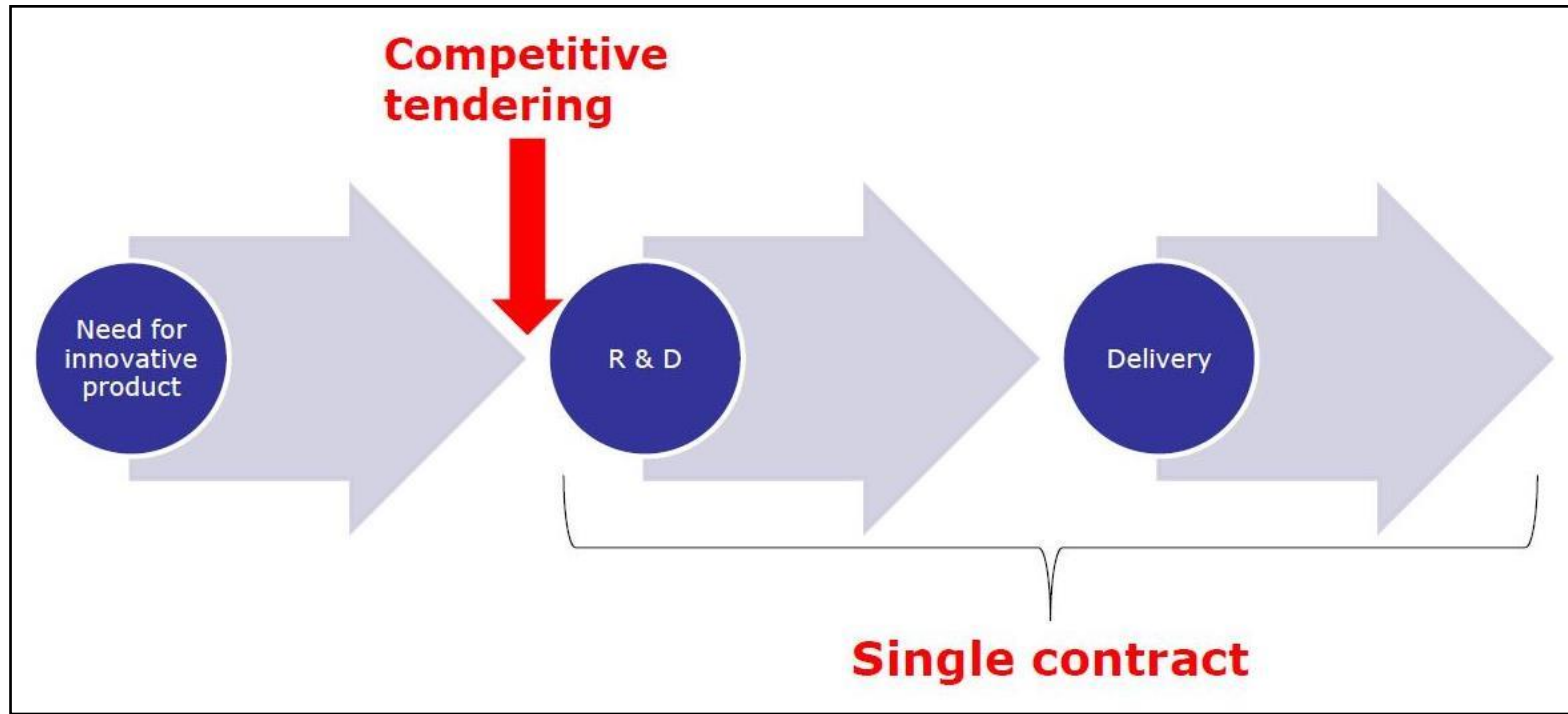
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## ■ Pre-commercial procurement phases



# Public Procurement

- Innovation tools
  - Innovation partnership



# Public Procurement

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- Innovation partnership

- Structured in different phases following R & D process
- Intermediate targets
- Option to finish after each phase
- Remuneration in appropriate instalments
- Possibility of multiple partners
- R&D results meet agreed performance levels and costs
- **No new competition**

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- Pre-commercial procurement or innovation partnership – Key criteria of choice
  - Size of the market
  - Number of possible R&D service providers or solutions
  - Degree of innovation
  - Investment required and risk
  - Characteristics of the required product / solution
    - ❖ Unique, specialised or widely marketable
  - Value of Intellectual Property rights



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## ■ Conclusions

- Change of paradigm welcome
- Complex task
- More harmonised approach required
- Necessity of common understanding
- Time frame (end April 2016!)
- Necessity of dialogue between road authorities and industry
- ERF can act as an interface between public and private partners

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Thank you for your attention

Спасибо за внимание

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