

## Hungary \*

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

Public procurement promoting innovation has a high position on the Hungarian policy agenda. Both on the European and the national level, it is regarded as an important demand-side instrument. While there is no stand-alone procurement for innovation action plan yet, procurement for innovation is addressed in Hungary's part of the EU strategy EU2020 as well as in the "Investment into the Future" - The National Research and Development and Innovation Strategy 2013-20 and in the National Smart Specialization Strategy (S3). The S3 has Pre-commercial Procurement as one of its pilot projects to be carried out in 2017-18.

In correlation with the new European directives, the revised Hungarian Act CXLIII of 2015 on Public Procurement has two new procedures particularly relevant for authorities that wish to purchase innovative goods, services or works: the innovation partnership and the competitive procedure with negotiation.

In accordance with the European directive and guidance on public procurement of innovation, the main idea behind any policy-based effort in Hungary is to allow greater scope for interaction and dialogue with the market once the public authority's need is articulated in a particular category or to solve a specific challenge.

Boosting innovation through demand-side measures is not a novel approach, reflected by the fact that policies such as technology-based standards or innovation-oriented regulations have been around in several sectors. However, the focus has shifted to the use of procurement for innovation because this issue already has a key role among the measures supporting the implementation of EU objectives. By applying procurement for innovation, savings can be achieved in the procurement budget spent on an annual basis, and the money saved can be allocated to programmes that fund RDI; the quality of public services can be improved through demand-driven, tailored procurement structures; micro, small and medium-sized enterprises will be assisted in reaching new tenders, which have been proven to be unattainable for them in the past. Hungarian policymakers tend to stick to and use the European Commission's definitions, such as PCP, PPI, Forward Commitment Procurement and Small Business Research Innovative.

### *Implementation*

Hungary submitted the following successful cases:

- • The project RAPIDE - bringing innovative products and services to the market more quickly - was an example of a RFEC project active on pre-commercial procurement. The RAPIDE Innovative Procurement Working Group led by *Észak-Alföld* Region (HU) piloted the application of structural funds resources to set up pre-commercial procurement programmes.
- • The goal of PROGR-EAST was to encourage the use of pre-commercial procurement (PCP), in five targeted European countries (Poland, Czech Republic, Slovak Republic, Hungary and Slovenia), taking into consideration the specific

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needs and constraints for public procurement, and in particular for the procurement of R&D existing in Eastern Europe. The aim is to introduce innovative PCP strategies to public authorities, universities and industrial stakeholders, and transfer successful experience implemented in other European and external regions to implement innovative public services. The Hungarian participant was the *Puskas Tivadar* Foundation CERT-Hungary.

The INNOVA *Észak-Alföld* Innovation Agency is currently taking part in two projects: The Smart@Fire project and the iMAILE project.

In addition the *Észak-Alföld* Regional Development Agency (AGENCY) has been involved in the P4ITS (<http://p4its.eu/>), a thematic network gathering contracting authorities experienced or planning to shortly embark on deploying Cooperative Intelligent Transport Systems and Services (C-ITS), and willing to improve the market roll-out of innovative transport systems and services through PPI. However, the agency was dismissed by 31 March, 2016, and was succeeded by the Department of Development, Planning and Strategy of the *Hajdú-Bihar* County Council (department).

Furthermore, it was the department, which participated in the finalisation of the Final Recommendations/Guidelines of the project.

### ***Challenges, risks and solutions to overcome obstacles***

The public organisations in Hungary lack the necessary financial and human resources to initiate procurement for innovation procedures like PCP or PPI. H2020 projects do have potentials for Hungarian participation and a small number of public actors are interested in joining cross-border PCP/PPI projects, but mainly as observers.

Hungary has not yet been able to overcome the above-mentioned obstacles.

### ***Key lessons learned***

For Hungary, a key lesson learned is how public organisations tend to stick to old routines and are very distrustful of new procurement processes. This is particularly true of procedures such as PCP or PPI that are not yet regulated by any act or government decision.

### ***Measurement and impact assessment***

Hungary does not yet have a system in place to measure the impact of actions related to procurement for innovation. The system will be developed in the course of the PCP pilot programme under the National Smart Specialization Strategy.