

Analysis report of procurement standards and procurement praxis in SLOVENIA

Introduction

Slovenian statistical data show that public procurement represented 12,98 % of GDP in 2007, which accounts for as much as 47,35 % of national budget expenditures. This shows a clear upward trend if compared to around 10 % of GDP (24,3 % of the value of the national budget) in 2001. Through practicing of green purchasing the public sector in Slovenia could thus be one of the most important actors when it comes to environment- and energy-conscious activities.

In spite of these facts and opportunities procurement in the public sector mainly still follows traditional, only lowest cost oriented patterns. The same practice could be identified in the majority of private sector, too. Recent legislative attempts, described below, should bring forward a noticeable shift towards green(er) decision making at least in the public sector, while in the private sector such activities are becoming also a question of corporate image.

Current national procurement legislation

For a longer period no specific legislative documents existed, which would handle green procurement in general or some of its individual fields. There are, however, regulations and other documents constantly present, which deal with energy- and environmental issues (energy efficiency, emissions, labelling, etc.) and can serve as a foothold when planning of green purchasing.

The first version of the “modern” national Public Procurement Act (ZJN) came into force in April 2004, as an update and upgrade of the version from the year 2000, which took into consideration Directives 92/50/EEC, 93/36/EEC, and 93/37/EEC. These procurement regulations did not comprise environmental (or green, sustainable, energy, etc.) criteria, although green procurement was being informally encouraged by the Government.

The implementation of EU Directives, 2004/18/EC (on the co-ordination of procedures for the award of public works contracts, public supply contracts and public service contracts), and 2004/17/EC (procurement procedures of entities operating in the water, energy, transport and postal services sectors) represented the framework and basis for further amendments of the above-mentioned Act. In December 2006 a new version of the Public Procurement Act (ZJN-2; later with some further alterations as ZJN-2A), fully harmonized with the EU legislation, had been promulgated. For the first time energy and environmental criteria were explicitly brought forward, not as an obligation, but as a (recommended) possibility in contract award procedures. The Act introduced terms such as environmental protection, environmental characteristics, and similar. Criteria from different green labelling schemes can be included in the tender documents and taken into account when assessing economically most viable offers.

Even though this Act does not comprise actual legal obligation for green public procurement, a clear trend towards taking these issues into consideration can be observed. One of the reasons is certainly the potential many-sided benefit and added value recognized by purchasers.

It was expected that this Public Procurement Act would at least draw stronger attention towards an inclusion of green issues within technical specifications into the tender documents. The requested characteristics should of course be closely connected to the product and to its intended function. The most important issue is that conditions and standards stated in tender documents are not discriminatory and that they do not limit the competition. In theory, public institutions (including the Government itself) would become more aware of the importance and benefits of green procurement, serving as an example also to subjects not legally bound to the mentioned Act (“top-down”).

Several national strategic and umbrella documents actually provided a binding basis for green procurement. These documents include National development strategy (2005-2013), National Reform Programme – Lisbon strategy (2008-2010), National Energy Efficiency Action Plan (2008-2016), Operational Programme for Reduction of GHG (2009-2012), Resolution on National Programme of Environmental Protection (2005-2012), and Memorandum to join OECD partnership. Lacking so far was an explicit instrumentalisation of green public procurement. That is why on May 21, 2009, the Government promulgated the national **Action Plan for Green Public Procurement**. The overall aim of this plan is to establish an operational system of green public procurement. Concrete specific targets are aimed at achieving certain shares of green public procurement by 2012: construction and buildings (30 %), cleaning (60 %), office IT (95 %), vehicles (40 %), electricity (100 %), furniture (50 %), paper (70 %), and catering (40 %).

The Action Plan for Green Public Procurement lists 14 measures, including: preparation of a governmental decree on green public procurement, trainings and educational activities, green procurement web platform, dialogue with commercial sector to develop green market, and introduction of EMAS into the public sector.

Based on some of the successful activities within the IEE GreenLabelsPurchase project and close cooperation between Building and Civil Engineering Institute ZRMK and responsible ministries of the Slovenian government (Ministry of Public Administration, Ministry of Environment and Spatial Planning), the IEE Buy Smart project (fore runner of the Buy Smart+ project) has explicitly been included in the text of the national Action Plan for Green Public Procurement as one of the supporting elements for realisation of planned measures.

In October 2009 a draft version of the Decree on Green Public Procurement was prepared. The Decree was intended to regulate green public procurement and present requirements for inclusion of green criteria into public procurement proceedings. Appendices to the decree were intended to provide basic and additional requirements for certain public procurement procedures for the following product groups: electricity, personal and transport vehicles, office IT, office paper, appliances and other energy labelled products, construction and renovation of buildings,

construction and renovation of public lighting systems, furniture, cleaning products and services, and food and catering.

However, due to many different views (among the ministries, experts, procurement officers etc.) upon various procurement issues of different product groups the Decree went through several modifications until the end of 2011.

Current national / regional practice

Finally, on 8 December 2011 the Decree on Green Public procurement was promulgated. The date for mandatory use was set to 13 March 2012.

Again some immediate modifications followed until April 2012. The most important change was that the implementation of the appendix for buildings is to be put into practice only on 30 June 2012. In the meantime an expert group should review its content and take into account further comments from the targeted audience.

ZRMK has been invited to take part in this working group to provide own vision and experience based on the GLP and Buy Smart IEE projects.

An additional amendment speaks about an exception from obligatory use of the Decree in case of procurement for humanitarian purposes.

The Decree is binding for public purchasers, which shall include core environmental targets into all PP procedures until 1 January 2013. In the intermediate period these targets shall at least be included among the awarding criteria. Appendices for the following product groups have been prepared:

1. electricity (core and comprehensive - or, translated directly: basic and additional - environmental criteria),
2. food, drinks, agricultural products and catering (core and comprehensive environmental criteria),
3. office paper, hygiene paper products (core and comprehensive environmental criteria),
4. electronic office equipment (core and comprehensive environmental criteria),
5. audio and video equipment (only core criteria),
6. refrigerators, freezers, and their combinations, washing machines, dishwashers, air conditioners (only core criteria),
7. buildings (only core criteria),
8. furniture (core and comprehensive environmental criteria),
9. cleaners, cleaning services, laundry services (only core criteria),
10. personal and transport vehicles, bus transport services (core and comprehensive environmental criteria),
11. pneumatics (only core criteria).

Appendix 12 brings environmental criteria for GPP procedures, where environmental targets are included only into the award criteria.

European Project "Buy Smart+".

Visit www.buy-smart.info for more information.

Important stress has been put onto life cycle costs assessment (LCC). These costs shall be taken into account whenever the procured item and the procurement boundary conditions allow it. The following is of a particular meaning:

- purchasing (or renting, or leasing) costs, including eventual additional financial duties,
- operational costs, including costs of consumed material,
- maintenance costs,
- costs occurring after the period of use or after the completion of service, including removal, disposal, deconstruction and renovation costs,
- external environmental costs (if methodology is available in each particular case).

There is no evidence or statistics available yet, which would allow an objective judgement about how the Decree is being implemented in practice, or what are eventual troubles, which need to be taken care of.

The Decree could also serve to the private sector as a base on which to define own procurement demands and criteria, although at the moment this seems only a theoretical option. In the private sector purchasing policies still depend very much on internal policies, long-term goals and often on very tight budget, which again brings forward the lowest price principle.

Recognised barriers

As visible from above statements, there are no formal obstacles for introduction of regular green procurement practice. National legislation (the amended Public Procurement Act) and accompanying legislative documents present legal groundwork and thus encourage green procurement. The national Action Plan and especially the Decree on GPP bring forward strict requirements for practical implementation. It is time for the eminent actors to serve as good practice examples. The practical success depends to a significant extent on accompanying activities, especially promotion, qualification and training, various incentives, and also on wide dissemination of good practice examples as role models.

Some more obvious obstacles in this process are probably:

- lack of relevant trained personnel responsible for work on procurement, tendering, etc.,
- fear of excessive work load in case of green procurement practices,
- lack of detailed and consistent / standardised (green) criteria for procurement procedures, which is now being corrected by the governmental decree,
- lack of tools or at least lack of knowledge about existing tools,
- weak green market in several segments / product groups, where demand exceeds provision,
- on an average still a low level of recognition of eco labels among purchasers and distributors.

Opportunities

As described, the Government has been shaping up a set of activities regarding the green procurement practice. A systematic approach is vital if the goal of 50 % of all public procurement in Slovenia resulting in purchase of green products and services is to be achieved by 2012.

In some cases the private sector at the moment shows even more green procurement initiative than the public one. It is expected that the above presented legislative steps and a consequent shift in public procurements activities towards green elements will stimulate private sector even further. With priorities, goals, and criteria well defined in the short-term future, and by formation of a set of good examples as a stimulus, “green” should gradually become a standard content of procurement practice. In this way environmental impacts will be reduced, (public) funds will be used more efficiently, commercial green market will receive a significant boost, as well as R&D work in the field of environmentally-friendly products.

An important aspect is recognition of long-term benefits achieved through careful selection of purchased products and services via LCC methods (value for money) instead of short-term effects obtained by selection on the lowest cost basis only.

A valuable opportunity to foster penetration of green procurement practices lies also in cooperation among public and private institutions. A positive example is development of activities as described in the national action plan, where the IEE Buy Smart project with its tasks and tools will facilitate this process in Slovenia.

Relevant sources of information

Various national documents and legislation as mentioned in the text.

GPP at the Ministry of Finance (incl. the Decree on GPP):

http://www.mf.gov.si/si/delovna_podrocja/sistem_javnega_narocanja/zelena_javna_narocila/

Action Plan for GPP:

<http://www.cleanvehicle.eu/fileadmin/downloads/Slovenia/The%20Action%20plan%20for%20green%20public%20procurement%20for%20the%20period%202009%20to%202012.pdf>

Public Procurement Act:

http://www.mf.gov.si/fileadmin/mf.gov.si/pageuploads/javnar/predpisi/ZJN-2_NPB_mar10a.pdf