

Analysis report of procurement standards and procurement praxis in Lithuania

Introduction

Public procurement constitutes an important part of the Lithuanian economy. The total amount spent through these procedures is one tenth of the country's gross domestic product, or one third of Lithuania's national budget. Such procurement volumes show that public procurement is and will be a driving force behind the country's entire economy.

Public procurement in Lithuania is regulated by the **Law on Public Procurement** and by-laws adopted by the Government, the Ministry of Environment, the Ministry of Economy, and the Public Procurement Office. The Public Procurement Office is the institution which coordinates and supervises compliance of procurement activities with PPL and the implementing legislation. Decisions of the Public Procurement Office may be appealed to the competent administrative court.

The supplies, services or works contracts may be awarded by means of the following procedures:

- 1) open procedure;
- 2) restricted procedure;
- 3) competitive dialogue procedure ;
- 4) negotiated procedure with or without publication of a contract notice.

When carrying out public procurement procedures, the contracting authority usually performs the following actions:

- prepares public procurement plans, and calculates the cost of procurement;
- appoints the Public Procurement Commission for a specific procurement procedure, and prepares the contract documents;
- publishes a contract notice, or sends out invitations to tender;
- familiarises itself with the tenders submitted;
- evaluates the qualifications of the participants;
- evaluates the tenders;
- produces a preliminary ranking of the tenders based on the chosen criteria: the lowest price or the most economically beneficial tender;
- determines the winner, and awards the contract to it;
- announces about the awarding of the contract, and/or prepares a procurement report.

Current national procurement legislation

Public procurement procedures in Lithuania are currently regulated by the new version of Law of the Republic of Lithuania on Public Procurement No. X-471 (December 2005), which came into force on 31 January 2006. This Law establishes the rights, obligations and responsibility of participants in the procurement process, as well as the procedure for the control of public procurement and settling of disputes. It contains provisions of possibilities to integrate sustainable development items in public procurement procedures (defining technical specifications, qualification requirements, tender assessment criteria and contract provisions).

The Government of the Republic of Lithuania by Decree No. 804 adopted National Green Procurement Implementation Programme 2007-2011 on August 29, 2007. The Minister of the Ministry of Environment of the Republic of Lithuania approved the Green Procurement Implementation measures of the period 2012-2015 on December 14, 2011. The green procurement

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is defined, the aims and results, assessment criteria are established, supervision and implementation tools are foreseen in the Programme.

Lithuanian national strategy for sustainable development (NSSD 2009) also aims to reach the level of the leading EU countries in GPP application until 2020.

The above mentioned Law on Public Procurement of the Republic of Lithuania transposed the EU public procurement directives, which had been adopted in 2004, March 31: 1) Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport sectors, and 2) Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. The Directives clearly point out how contracting authorities can meet the needs of society in the environmental and social ranges, and explain a broad range of issues connected to Green Public Procurement.

Current national / regional practice

It is determined that practical implementation of green public procurement in Lithuania is not smooth and is far from achieving the objectives yet. In 2008 green procurement amounted to 7,6%, in 2009 – 5,6%, in 2010 – 5,8% , in 2011 -7,4% of the total number of public procurements performed (according to the National Green Procurement Implementation Programme had to be achieving the following objectives: green procurement in 2008 - not less than 10 %, in 2009 - not less than 15 %, in 2010 - not less than 20 %, in 2011 - not less than 25 % of the total number of public procurements). The biggest share of performed green public procurement is applied for works (82%), mainly related to the construction. Recently the number of public procurement contracts (except the year 2009 due to the economic crisis) is significantly growing in Lithuania. Over the period of 2001 – 2010 the number of public procurements nearly tripled. The financial EU support has significantly increased the number of purchasing institutions which have to follow the Law on Public Procurement (1996). According to the National Green Procurement Implementation Programme (2007) governmental organizations have to apply environmental criteria to their procurements.

Recognised barriers

- Lack of "green" products or services in market.
- As including of the environmental criteria as a part of the procurement requirements is not compulsory, but only recommended, there is a lack of motivation by the responsible employees. This is true especially in the situation, where there are lacking capacities at the institutions and organizations to implement environmental criteria as a part of the procurement.
- Many believe that the "green" products are more expensive and lack of information about the benefits of such products.
- Lack of knowledge on environmental criteria and practical experience on GPP application.
- Lack of cooperation between the contracting authority and suppliers.
- There is a prevailing lack of information on the benefits and resource consumption, and environmental pollution over the whole life cycle of products and services.
- Many organizations have not included energy efficiency as procurement criteria even though many of them have it in their environmental management system.
- Green procurement is seen as extra work, resulting in resistance to change habits and procedures of procurement.
- A low number of GPP could be determined by some lack of political commitment like clear and applicable GPP procedures, particular targets and defined responsibilities.

Opportunities:

European Project "Buy Smart+".

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Green procurement is becoming easier because:

- Increasing number of information sources about GPP.
- Increasing public awareness.
- Increasing number of eco-labeled products or services.
- Emerging opportunities for collaboration.
- Production and dissemination of guidance and training materials on green procurement
- GPP training programme approved by Minister of Environment in 2008.
- Collaboration between public procurement specialists, environmental experts, end users of the product.

Relevant sources of information

<http://www.am.lt/VI/index.php#r/1186>

<http://www.vpt.lt/rtmp8/dtd/>