

XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

– SLOVAKIA –

This case is based on an interview with a public procurer in the district office in Slovakia.

The interview partner is responsible for public transport in the whole district. The department is also responsible for investments of cultural organizations like theater or museums, and also for social treatment of seniors or schools and high schools/education in the region.

Analysis of the current situation

a. Sustainability strategies, energy-related strategies:

The authorities are preparing currently a new concept of smart principles in the regional development. It is related to energy, environment, and a circular economy. The interview partner's department prepares for the start of the new concept. Currently they are testing new ways of social responsibility in the procurement processes. So far, this is related only to social politics but not to environmental aspects.

There is not something like a general strategy for public procurement so far in this district. Currently they are trying to use some new way of social responsibility in the procurement processes. These are related not to the environment so far but to the social politics and aspects of the procurement are taken into account.

The district would like to decrease the usage of electric energy in their city and to renovate old/older buildings and change the electric lighting systems in the city. But they do not have enough human resources in the district office which have enough knowledge related to smart principles in the regional development. Plans to introduce energy related public procurement strategies are considered rather to be a long-term project.

The interview partner does not have any experience with procurement of solar panels. But he is aware of a pilot project to change the heating in social treatment building and to use the system of heating pumps there. This project should be financed by the European Union funds but there is some delay.

In about two years about 40% of public transport needs to be based on electric energy. The interview partner expects that they will then procure this public transport services, and one condition in this procurement will be that the supplier provides about 40% electric buses. This will be a very large procurement for the district.



b. PP strategy

Here is some explanation regarding the social aspect in the procurement. This district has two registered social businesses or social entities which are like a company, but which has a special status that calls them social business. There is a special law in the Slovak republic related to this social entity, like other countries in the European Union. These entities employ people who were a long time registered as unemployed and have a problem to find a job.

LCA does not play a role. They do not have the capacities to calculate the life cycle costs for the goods they want to procure and there are no standard procedures available as, possibly, in other countries.

There is interest to start using new assessment criteria, for example to use the total costs of ownership assessment. They would like to cooperate in this area with the office for public procurement of the capital city which are leader in preparing new ways of procurements. They hope for a model or a technique for procuring intellectual services such as architecture services or building inspections (expected criteria: the price counts 30% and the quality counts 70%).

c. PP and supplier engagement

The only criterion used for a tender so far is the price. In addition, they set some conditions for the participation. They also establish some contract conditions which must be fulfilled (e.g. quality, qualification of the personal).

They have used the strategy of dialogue with suppliers in the pre-tender phase twice. They also publish the upcoming public procurements every year.

d. PP and SME

The method to involve SMEs is to advise public entities which procure volumes below 50000 Euros to consider local suppliers so that the local SMEs have good access to all the smaller procurements. The interview partner's department manages only larger procurements, but they try to split the delivery into smaller parts in order to allow SMEs to participate without the necessity to join a consortium. In that way, they try to make the procurement SME-friendly.

Barriers for SMEs

- The procurement is often very complex.
- Electronic usage or the electronic way of procurement are a big barrier for small companies. Everything needs to be done in an electronic way.
- Sometimes the conditions for the participation are so strict that the smaller companies are not able to fulfil the condition for the participation.
- Bad experience with previous participation and discouragement

Drivers

- Company needs to have low costs in order to be able to offer a low price.



- New technology which allows cost savings is beneficial: “In general, we can say that the cost efficiency is the critical success factor.”

