

Drivers and barriers for SME engagement in Green Public Procurement



This booklet provides a summary of two reports of the **XPRESS Project**:



The two reports analyse drivers and barriers to invest in innovative Renewable Energy Sources (RES) based on 27 case studies in ten European countries.

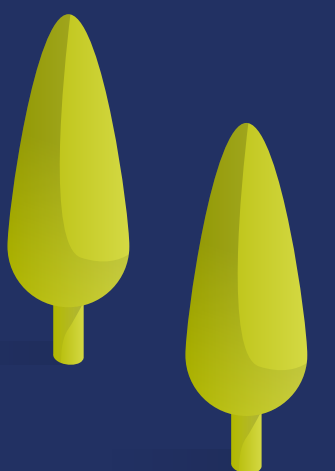
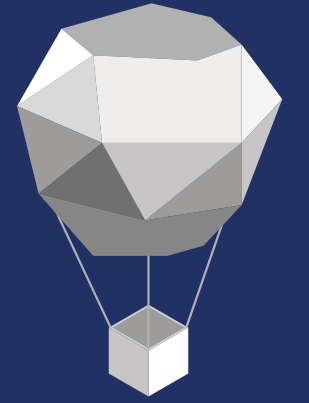
Deliverable 3.1:

Initial Analysis of the barriers to investments in innovative RES

Deliverable 3.2:

In-depth Analysis of the drivers and barriers for SME engagement in Green Public Procurement

If you are interested in the full version of the reports, visit [**XPRESS Public Results!**](#)





Data Collection

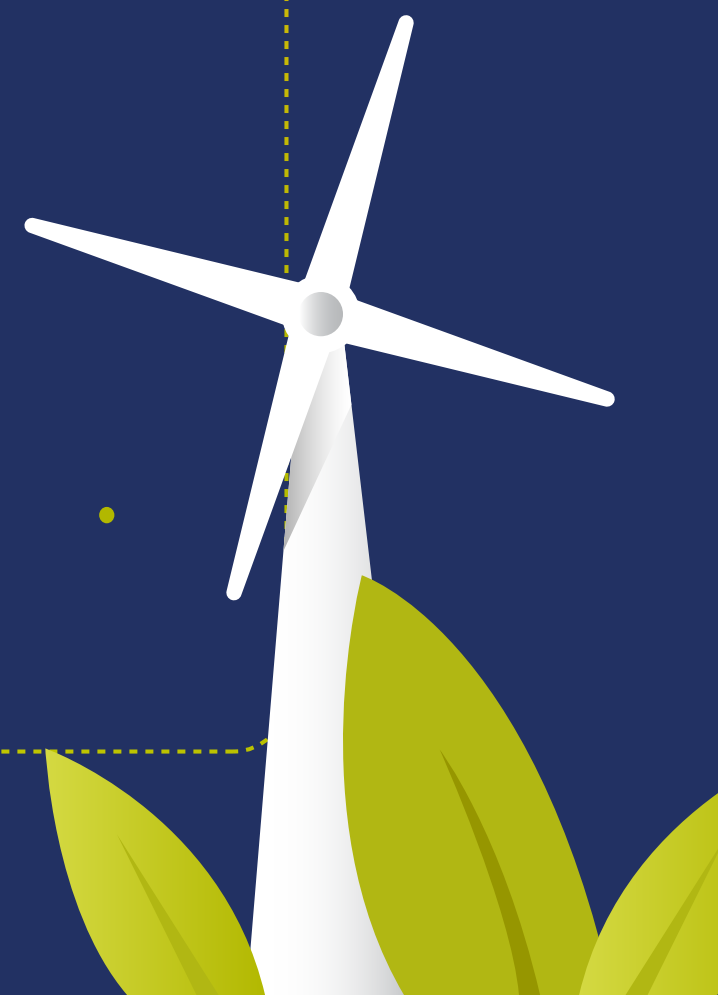
The case studies taken into consideration were carried out in ten countries, namely:

Belgium, Denmark, Germany, Italy, Norway, Portugal, Slovakia, Spain, Sweden, United Kingdom.



A **total of 27 cases** were conducted, distributed across countries as follows:

Country	Case studies conducted
Belgium	2
Denmark	2
Germany	2
Italy	4
Norway	2
Portugal	2
Slovakia	3
Spain	3
Sweden	4
United Kingdom	3

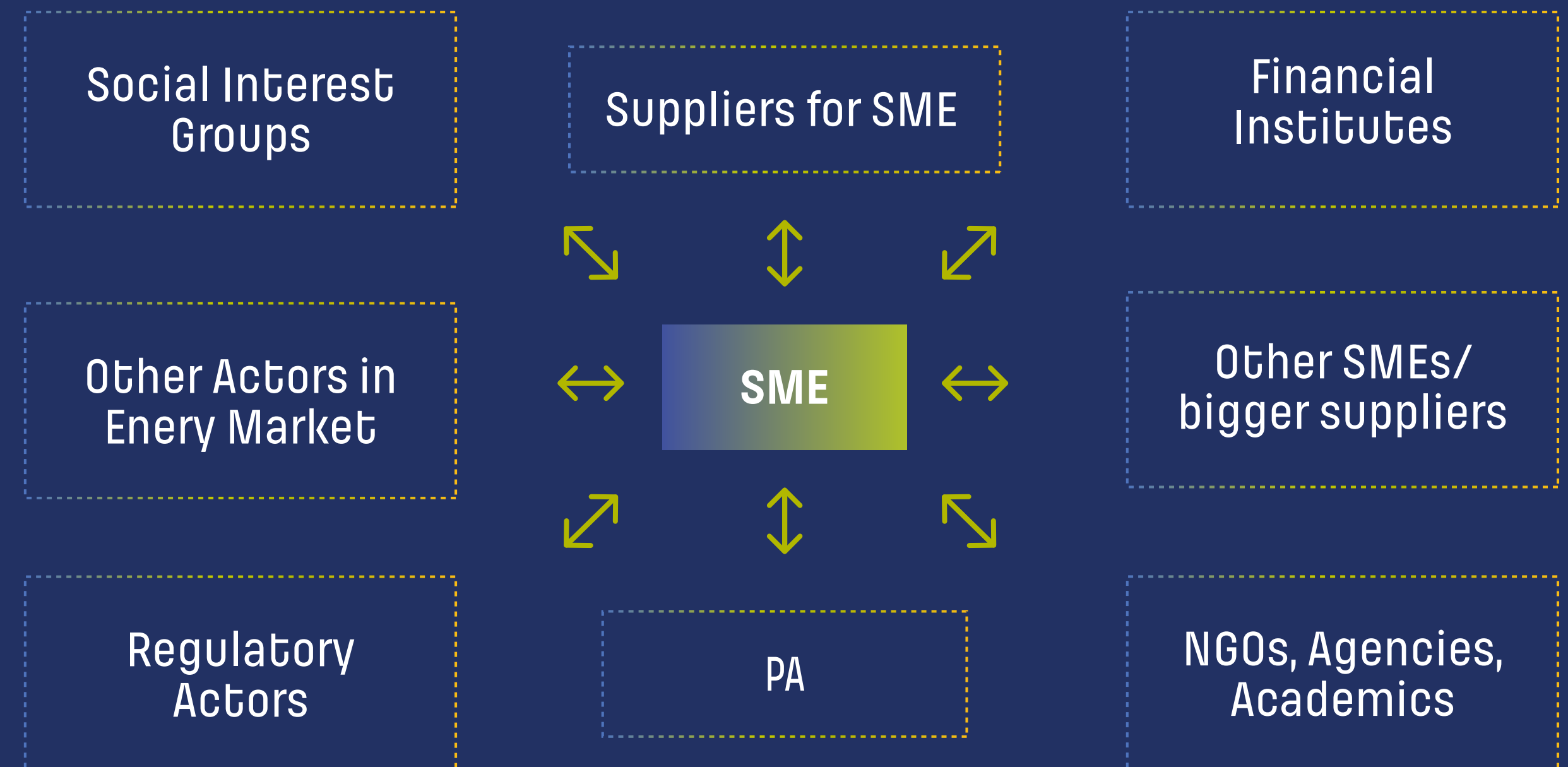


Stakeholder analysis

Identifying the stakeholders is an important step to develop an ecosystem framework for public procurement of renewable energy sources. Through the case study mentioned in the previous section the following stakeholders were identified:

1. Small and Medium Enterprises (SMEs)
2. Public Authorities (PAs)
3. Policymakers and other authoritative organizations/agencies
4. Market
5. Other suppliers of energy
6. NGOs, agency supporting SMEs and/os PAs
7. Academic and researchers
8. Financial Institutions

The figure below exhibits the Eco-system of public procurement of renewable energy sources.



○ Categorization of the barriers for SMEs involvement in GPP identified from the case studies



01 Barriers within PP process

1.1 Administrative burden

1.2 Bureaucracy in the public tender

1.3 Green PP and social PP are more expensive than ordinary PP

1.4 Lack of visibility of tenders

1.5 Long cumbersome administrative and legal process

1.6 Long duration of contracts

1.7 Low bidding barrier

1.8 Preparing bid for oversized tender requirement

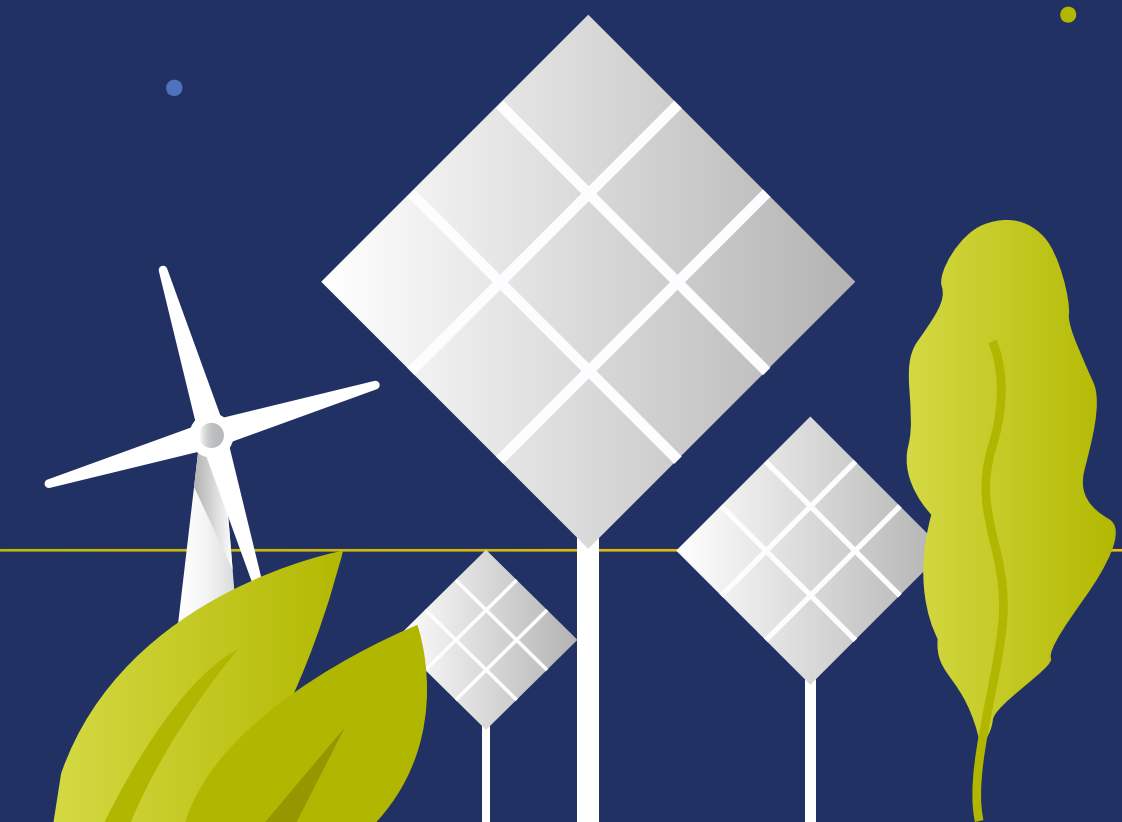
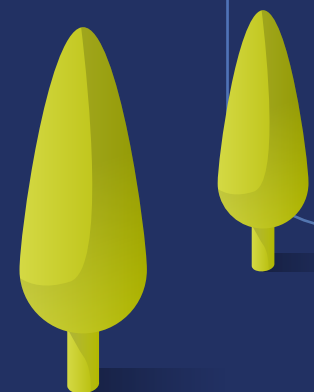
1.9 Requirements such as a minimum volume of income, several customer service local points

1.10 Resource demanding process

1.11 Size of the tender

1.12 Too short time to tender

1.13 Volume of paperwork





02 Restrictive practices in PP

2.1 Fewer opportunities to become innovative

2.2 Impossible to engage with private companies (against the law)

2.3 Local authorities avoid to have contact with private companies because of the public procurement regulations

2.4 PA requirements are too controlled

2.5 Price being the final deciding factor

2.6 The municipality does not invite unknown SMEs



03 Unstable PP process

3.1 Different criteria by different PAs for the same service

3.2 Different demands from different PAs

3.3 Frequent cancellation of the tender

3.4 Lack of long term direction



04 Lack in capacity/ability within SMEs

- 4.1 Expense related to hiring lawyer, certification, documentation
- 4.2 Inadequate knowledge and capacity to process bidding
- 4.3 Inadequate understanding of the banking system
- 4.4 Lack of capacity and problems in interacting in the pre-tender process
- 4.5 Lack of comprehensive knowledge matching the requirement
- 4.6 Lack of financial resources
- 4.7 Lack of human resources
- 4.8 Lack of proper technical infrastructure (such as machines)
- 4.9 Low digitalization
- 4.10 Marketing issues
- 4.11 The cost and HR needed to handle the PP procedure
- 4.12 Supply, distribution, and management issues

05 Lack of supportive process

- 5.1 Cannot be considered financially solid as they are fairly new on the business
- 5.2 Lack of a better scoring system around efficiency, about low-carbon savings, life cycle sustainability
- 5.3 Lacking infrastructure (charging point for cars)
- 5.4 PAs may need certain environmental certification /ISO certificate which can be difficult for SMEs to obtain
- 5.5 Support from public funding to be not easily accessible and not adequate

06 Contextual

6.1 Local authorities do not have energy expertise in house and so need to rely on expensive consultants

6.2 Market environment and regulation (Ofgem regulations and charging strategies of electricity Distribution Network Operators, as well as rules around the recycling of batteries)

6.3 Market saturation (for street lighting)

6.4 Bad experience with previous participation and discouragement

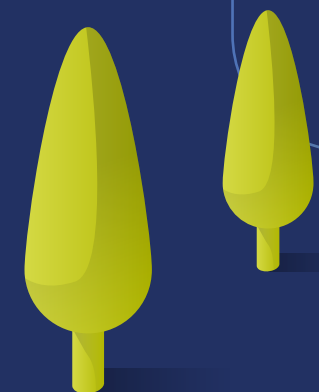
6.5 Ignorant interlocutor

6.6 Lack of rentability of projects

6.7 Lack of sustainability-friendly cars in the premium segment

6.8 Legal issues

6.9 Political issues



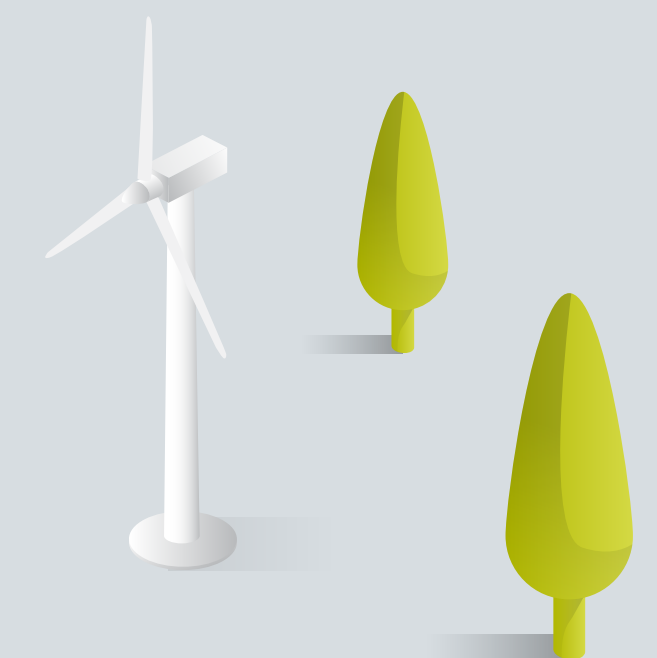
The framework for Public Procurement System



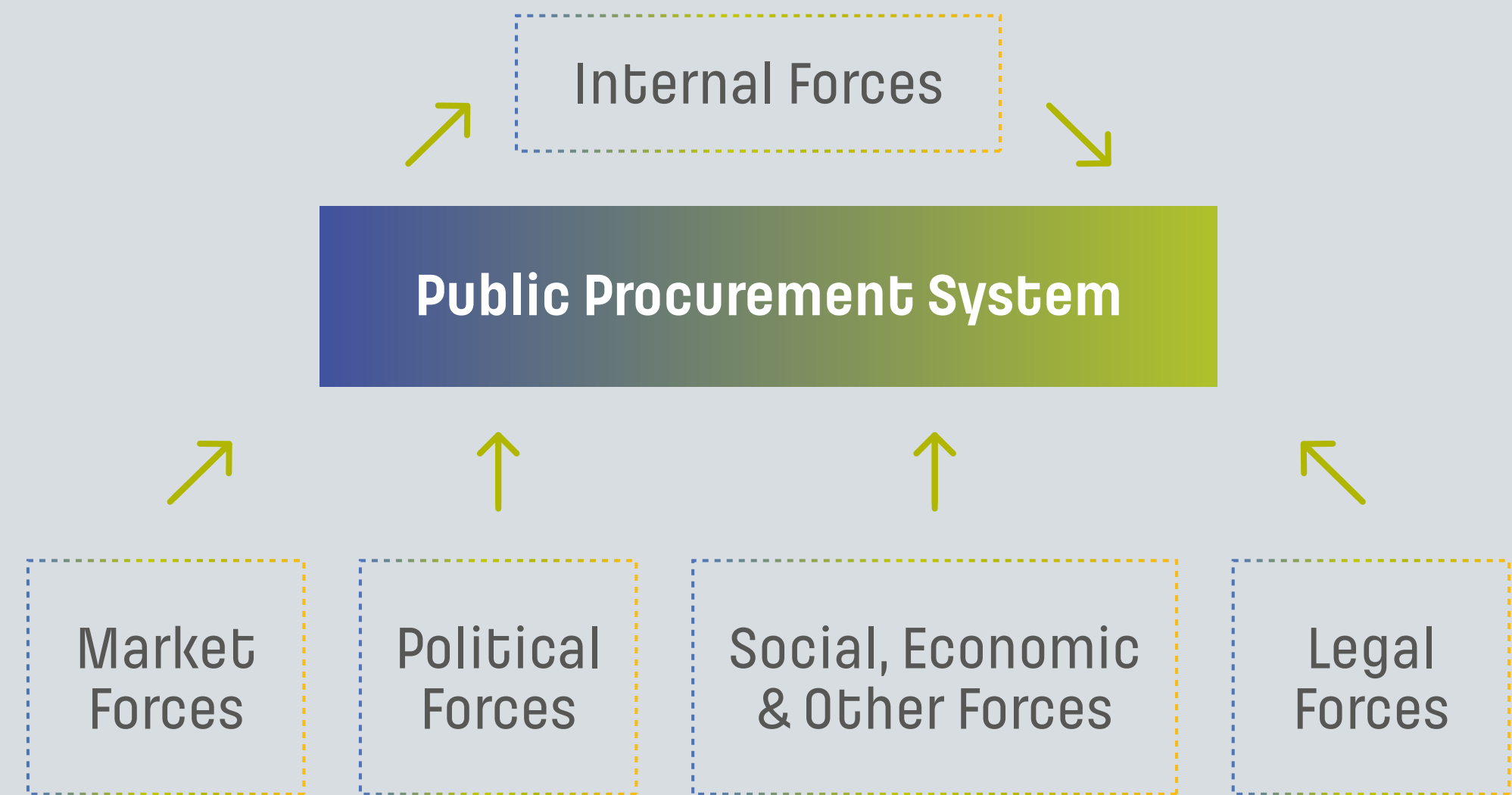
The framework for Public Procurement (PP) System (Thai, 2001) can be used to explain the complexities of the ongoing situation and how a collaborative environment between SMEs and PAs can be developed to facilitate the adoption of RES. The Figure below shows the different forces that are at play simultaneously, but not necessarily harmoniously in PP.

In order to mitigate the barriers and strengthen the drivers, a systemic change is needed that will take all these forces into account. The Public procurement system can be decomposed into 5 main components, namely (Thai, 2001):

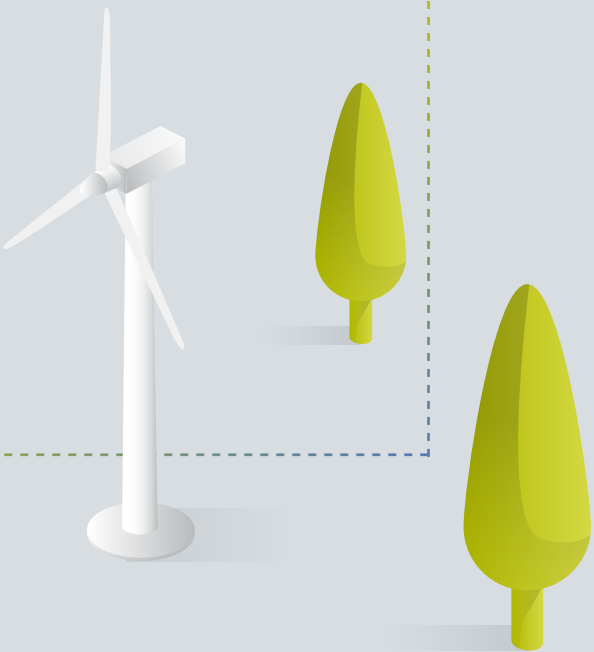
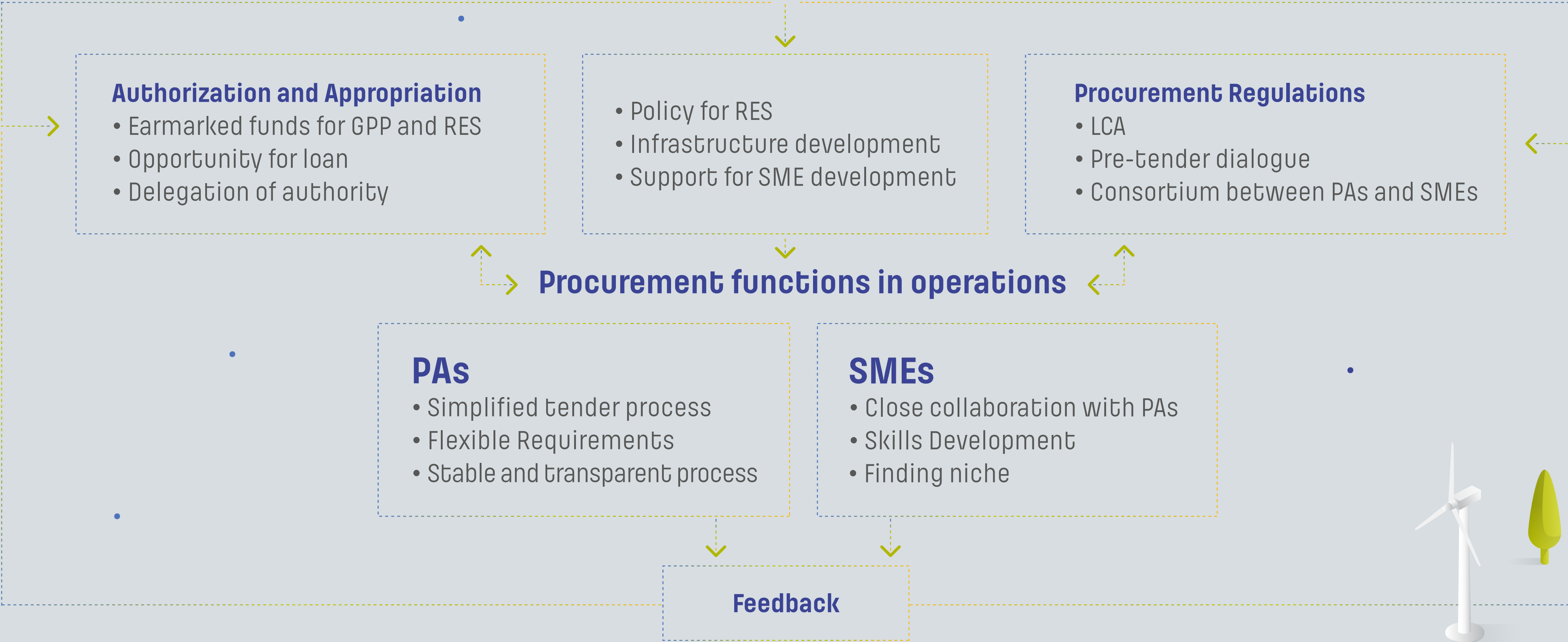
- 1. Policy making and management;**
- 2. Procurement regulations;**
- 3. Authorisation and appropriations;**
- 4. Procurement function in operations;**
- 5. Feedback loop.**



These components are also complex systems on their own and consist of many subcomponents. The barriers and the drivers discussed earlier fall into different subsections of these components. By understanding the relationship between these components, a framework for facilitating the collaboration **between SMEs and PAs** to adopt RES is developed on the right.



The framework for facilitating collaboration between PAs and SMEs in PP to adopt RES



who we are



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