

Research Paper

A qualitative study on the status and prospects of Green Public Procurement in Slovakia

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Executive summary

Although Green Public Procurement (GPP) is considered a promising instrument towards sustainable development and its governance, many countries, among which Slovakia, face certain obstacles in implementing such a policy instrument. The purpose of this study is to investigate the status of GPP in Slovakia, explain why GPP developed in the ways it did, and finally to analyse the prospects for GPP in Slovakia, and how these prospects can be realized. Semi-structured expert interviews with a range of GPP stakeholders in Slovakia form the primary data source for this thesis. Findings indicate that the uptake of GPP is low in Slovakia, and provide the following explanations: Normatively, environmental concerns are not prioritized by the government, and thus commitment to GPP implementation is low. Secondly, the regulative framework is complicated, it is not clear what is expected from stakeholders and this situation discourages suppliers from participating in GPP tenders. Finally, lack of experience and knowledge prevent procurers from applying GPP. The thesis demonstrates the need of choosing an adequate mix of GPP instruments tailored to the context of Slovakia.

1. Green Public Procurement

Green Public Procurement (GPP) is considered a promising policy instrument to reduce the harmful impact that governments, businesses and citizens have on the environment. GPP can be defined as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured” (European Commission, 2008a).

Although GPP is considered an effective policy instrument in reducing environmental harm, many countries still face certain obstacles in implementing such a policy. In order to contribute into the existing body of research, this study analyses the implementation of GPP in one country in depth: Slovakia. The purpose of this single case study is to investigate what the status of GPP is in Slovakia, explain why and how GPP developed in the way it currently is, prospects for GPP in Slovakia, and how these prospects can be realized. Specifically, it aims to provide practical and feasible policy recommendations that could effectively increase GPP in Slovakia. Semi-structured expert interviews with a range of GPP stakeholders in Slovakia form the primary data source behind these policy recommendations.

2. Background: The Slovak Republic

Slovakia is located in central Europe, surrounded by the Czech Republic, Austria, Poland, Ukraine and Hungary. The country has a population of 5.4 million people (US Department of State, 2015). In 1993, Slovakia became an independent republic, followed by accession into the NATO and EU in 2004. In 2007, Slovakia was included in the Schengen area, and the country joined the euro in 2009 (SK EU 2016, 2017). Ever since the entrance into the European Union, Slovakia has been involved in a process of Europeanisation, driven by the application for membership to the European Union. Slovakia is a unitary state, meaning that the power is concentrated at the central government.

The National Action Plan on Green Public Procurement in the Slovak Republic (NAP GPP) provides the main framework in which GPP is implemented in Slovakia (OECD, 2014). In 2007, the first national action plan was implemented, which laid the legal and administrative foundations for GPP. The second action plan from 2011 to 2015 was aimed at educating the different stakeholders, such as governments, procurers, and producers (OECD, 2014). An evaluation of GPP in Slovakia revealed that the share of green procurement contracts increases 2.9 percentage points between 2011 and 2012, from 2,1% to 5%. Simultaneously, GPP measured as share of the total value of procurement lowered with 21,6%, possibly due to the economic crisis.

3. Theoretical Framework

The theoretical framework used for this study is elaborately explained in “[GPP as an Environmental Policy Tool; toward a theoretical framework](#)”. Taking the Socio-technical Systems approach by Geels (2004), the framework lists successful practices for the implementation of GPP. It can be shortly summarized as follows. Innovation processes, such as Green Public Procurement, can be divided into three sub functions, namely production, distribution, and utilization. Regulations influence these processes. Within the production sub function, the first policy goal is to improve access to public procurement. This can be achieved by creating compatibility between data systems, pre-qualification of economic operators, and the use of e-procurement tools.

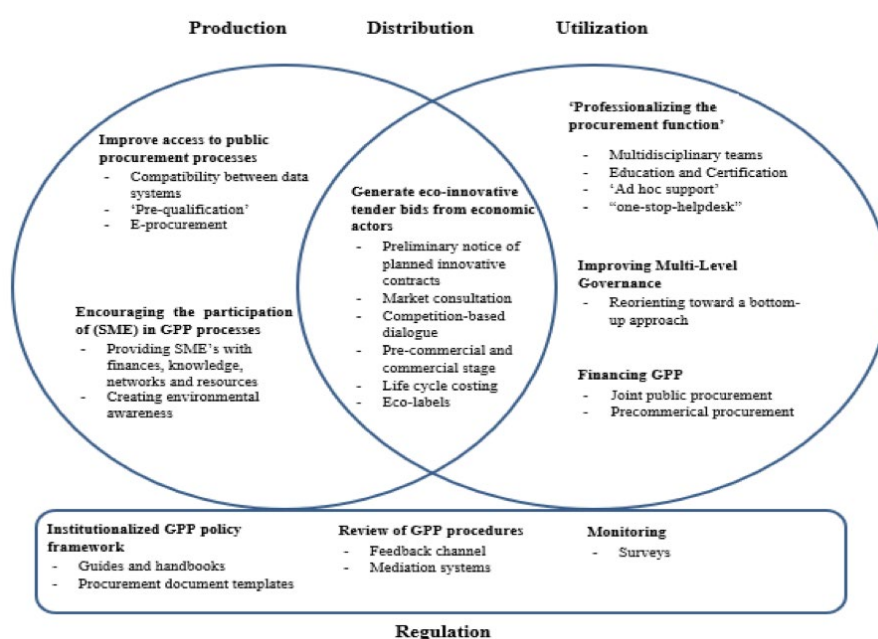
The second goal is to increase the participation of SMEs in GPP processes. To this end, the government has to encourage more SMEs to engage in eco-innovation, through increasing awareness and providing of resources. In the distribution sub function, GPP can be promoted by

matching government demand with eco-innovative products offered on the market. Preliminary notice of planned innovative contracts, market consultation, competition-based dialogue, use of a pre-commercial and commercial stage and life cycle analysis can facilitate the identification of the right eco-innovative products.

In the utilization sub function, the goal is to increase the procurement of green products. The literature review brings forward three main types of action to reach this goal. Firstly, it is advised to improve the functioning of government procurers, through training and assistance. Secondly, governments should improve processes of Multi-Level Governance through vertical and horizontal coordination. Thirdly, financing tools such as joint procurement can help financing GPP. Finally, there are several steps regulative steps that can be undertaken to increase GPP. These are the institutionalization of a GPP framework, the use of mediation systems, evaluation of contracts by an impartial actor, monitoring, and review of GPP procedures.

The sub functions are embedded in rules (Geels, 2004). Three different rules can be distinguished. Firstly, regulative rules are those implemented through the government, and are meant to regulate the conduct of actors. These rules are enforced by means of penalties. For example, authorities can regulate monopolies to ensure the quality of products. Secondly, normative rules refer to the expectations and norms that prevail in society. Thirdly, cognitive rules are those which determine the way in which people make sense of the world around them. To illustrate, producers might not develop green products simply because they have never thought about environmental degradation, nor about the possibly detrimental ecological consequences of their own products.

Figure 1. Theoretical framework



4. Methodology

For this study, semi-structured interviews were conducted among GPP stakeholders in Slovakia to investigate whether, how and why the successful practices identified through the literature review are applied in Slovakia. In this process, obstacles to GPP implementation were also identified. In addition, information on the current state of GPP in Slovakia was gathered from official reports and documents by the Slovak Governments and the European Commission. The study took place in Bratislava (Slovakia).

17 interviews were conducted with a total of 21 participants. The data were acquired through interviews questions. These questions were formulated based on the theoretical framework explained in the previous section. After the transcription of the recorded interviews, the interviews were coded. The main coding categories were formed by themes as they emerged during the literature review. Additional coding categories were created when topics were repeatedly mentioned by the participants (Rubin & Rubin, 2011).

4.1 Generalizability

Although this research has been conducted in the framework of the European policy debate, its results also have relevance for the wider international sustainable development community. The findings are valuable to those countries, inside and outside of the EU, that experience the same obstacles to the implementation of GPP as Slovakia does.

An example is the low level of trust between citizens and the government. In 2016, a little less than 40% of the Slovak citizens had trust in their national government. In comparison, in the countries with the highest GPP performance, such as Germany, the Netherlands and Sweden, the percentage of the population that has trust in the government often lies closer to or higher than 50% (53%, 55% and 49% respectively) (OECD, 2017, P. 215). The lack of trust between citizens and the government also was a reoccurring theme during the interviews conducted for this research. It was often identified as one of the barriers to innovative forms of procurement or participation in tenders by producers. The findings and recommendations resulting from this research are therefore highly relevant to any other countries in which distrust between government and citizens forms an obstacle for GPP.

Another characteristic of Slovakia brought forward by the interviews is that GPP is not a priority in Slovakia, and that the overall awareness of climate change and its consequences is low. The analysis of, and solutions to, this obstacle render the lessons learnt from this research valuable to any country that wants to increase GPP but has a population with low levels of climate change awareness. Research by Lee et al. provides evidence that low awareness of climate change issue is more prevalent in developing countries (2015).

These two examples illustrate that the findings of this research provide valuable lessons to any country with similar characteristics and obstacles as Slovakia trying to increase its GPP.

5. Explaining the current level of GPP in Slovakia

This study made clear that the cognitive, regulative, and normative rules pose the core explanatory constraints for the low level of GPP in Slovakia. The interviews brought forward that these three types of rules not only directly limit the possibilities of eco-innovation, but also influence the resources, thus, capital, and human interaction in the different sub-functions indirectly. The following section of this study elaborates on how different rules constrain the implementation of GPP in Slovakia.

5.1 Normative rules

Normative rules limit the uptake of GPP as far as environmental concerns or GPP are not deemed a high priority by the relevant Slovak stakeholders. In other environments, stakeholders might be encouraged to mind sustainability in their work because this is the norm, expected, and failing to do so would harm one's reputation. However, such normative forces are not active in Slovakia and thus do not drive GPP. This lack of commitment influences the ST-system throughout all its sub-functions. It explains the lack of resources dedicated and thus underdeveloped capacities both of which are mentioned by several interviewees.

The normative rules which determine the procurer's behaviour became evident during the interviews. Price is the most commonly used award criteria for contracts (in 88% of cases), and procurers indicated that they did not deviate from this standard out of fear of being criticized by the control bodies or the public. This situation can also discourage eco-innovators from bidding on

tenders, if their products have a higher purchasing price and hence cannot compete on price only.

Another normative issue that limits the uptake of GPP in Slovakia is related to corruption. Conflict of interests and unfair competition were two themes that were frequently mentioned throughout the interviews, and suggested that corruption is rooted in among others in the Slovak public procurement system. Whereas procurement for innovation requires more flexibility and subjectivity in public procurement (Yevgeny, Esperanza, & Dirk, 2014), a history of corruption drives Slovak public procurement to be as objective and transparent as possible. Consequently, procurers will not try to generate eco-innovative tenders, demand for green product remains low and suppliers have no incentive to produce sustainably. On the other hand, perception of corruption also influences producers; many times, interviewees mentioned that companies are discouraged from bidding tenders since they did not expect to get a fair chance to compete.

5.2 Regulative rules

Regulative rules also form an obstacle to increasing GPP in Slovakia, mainly influencing the producers. Firstly, the complicated nature of the Public Procurement Act (PPA) discouraged many companies from participating. The regulative rules thus reduce accessibility to public procurement, possibly also of innovative producers. Secondly, interviewees argued that vague formulation of the law and inconsistent interpretation allow procurers to use the PPA as a tool of discrimination. This suggests that the current regulative rules facilitate leeway for corruption, which as mentioned before, directly discourages companies from participating in (green) public procurement.

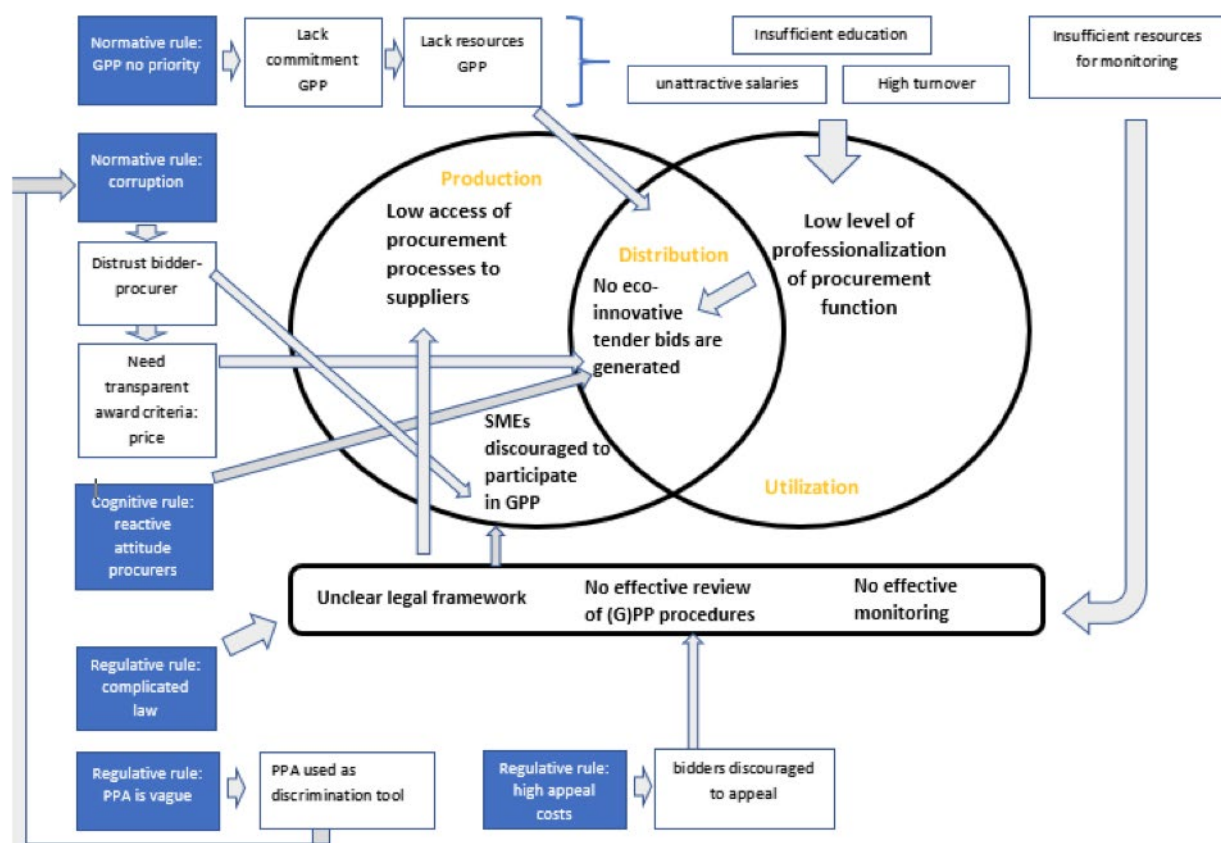
5.3 Cognitive rules

Cognitive rules which influence the behaviour of Slovak procurers limit the uptake of GPP. The interviews brought forward that Slovak procurers have a reactive rather than a proactive attitude. It became clear that procurers only do as much as what is legally obliged from them. The responsibility for promoting eco-innovation thus did not fit in their 'job description' and was consequently not taken. In addition, the skills and knowledge of procurers is currently limited to public procurement based on price award criteria, and this 'cognitive capital' makes it difficult for procurers to start using other types of procurement procedures. The difficulty of altering the cognitive rules in Slovakia

follows from lacking resources for labour education, which again results from GPP having an overall low priority.

The above explanations of the low GPP uptake in Slovakia are summarized in figure 2 below.

Figure 2. Theoretical framework based on the empirical analysis of the findings



6. Discussions and concluding remarks

Although many of the recommendations given in the existing body of literature on GPP were implemented in Slovakia, they were not all successful. The study suggests that the existing literature on GPP is not completely applicable to context of Slovakia. The body of literature appears to have a focus on the implementation of GPP in Western European countries, where certain contextual characteristics, for instance, government commitment to GPP and a relation of trust between citizens and government are present. This implies that the GPP policies informed by this literature require careful consideration on being adapted to another context, such as Slovakia. It also demonstrates the need for more research and evidence on which GPP policy instruments are the most effective in which

context. For Slovakia specifically, it can be fruitful to exchange successful practices with the Visegrád 4 group, which have a similar background and might therefore benefit from the same policy approaches.

7. Recommendations and future research directions

In the discussion section of this study it was argued that not all policy instruments brought forward by the literature on GPP and currently implemented are applicable to the case of Slovakia. Therefore, it is advisable to carefully reconsider the current policy mix applied in Slovakia. Instead of trying to implement all tools recommended by the European Commission, it would be more effective to focus on the policies which are most likely to be effective. In this regard, Borrás and Edquist (2012) suggest three steps to be taken. First, a selection of appropriate policy tools among the available options. Second, the adjustment of the policy tool to the context in which it is to be implemented. Third, the composition of a policy mix with different instruments to increase GPP. In the following paragraphs, some examples are provided on which policy instruments could be introduced or implemented differently.

7.1 Procurement for innovation

Throughout this study, it was mentioned that in the context of Slovakia, optimal and transparency and objectivity is required in the award process of public procurement. It became clear that procurement for innovation is often avoided because of the fear that moving away from awarding criteria based on price might leave the public and control bodies wondering why the tender was awarded this way. Therefore, it is recommended to give more practical recommendations on how to approach these new types or procedures while maximizing transparency. For example, a list of verifiable innovation oriented award criteria could be listed as officially approved way of selecting tenderers.

One option is to develop a database for the life cycle costs of all materials in a certain sector. A tool can be developed which establishes the sustainability of a product based on a Life Cycle Assessment (LCA) of the used material. This implies that all the environmental effects of the materials are included, from the extraction of raw material to the disposal or recycling, to the energy consumption required during the use of the product. To calculate the environmental impact, companies simply have to insert the quantity and kind of materials that are used for a product. Procurers could require

a minimum score with regards to the LCA of the product to procure green products. The award criteria would be could be easy verified by the control bodies and the public (DuboCalc, 2017).

Another option is to increase the use of eco-labels in Slovakia. During the interviews, it was mentioned that there is unclarity about which eco-labels are reliable in indicating that a company produces their goods in an environmentally friendly manner. At the same time, interviewee 12 indicated that in the group of IT products, there are established labels that make it very easy to procure environmentally friendly products. This suggests that the increased use of eco-labels could increase to the higher uptake of GPP. It would therefore be recommendable to provide a clear assessment and overview which eco-labels can be deemed trustworthy, so that procurers can request eco-labels with the guarantee that they are accurate indicators of environmental sustainability.

7.2 Eliminating regulative barriers

Another contextual factor mentioned was that the overload of regulation and bureaucratic work make participation in tender procedures difficult and unclear for some procurers. To remove this obstacle of bureaucracy and overregulation, it can be useful to communicate with procurers and bidders about which factors cause the most lack of clarity. In the Netherlands, a programme was implemented to facilitate such communication between the government, procurers, and bidders, called the “Smart Regulation Programme”. During this programme, the government and entrepreneurs jointly look for more flexibility within existing legislation, to stimulate innovation. The project was initiated when it became clear that entrepreneurs were constrained in their innovative endeavours by legislation. The smart regulation programme analyses the background of these barriers, and gathers the relevant actors to look for solutions. This programme resulted in the elimination of over 80 barriers, which gives firms the space to engage in circular management of resources (Ministerie van Economische Zaken & Ministerie van Infrastructuur en Milieu, 2015). Such a programme could be useful in Slovakia, focussed on regulations that hamper innovation but also participation in public procurement.

7.3 Widening involvement in GPP

Another contextual characteristic that policies should be adapted to is the fact that GPP is not widely embraced throughout the Slovak government and within ministries. It became clear that many procurers do not use procurement for innovation out of fear of being penalized by the financial department within their ministry or the national control body. This suggests that not only procurers should be included in the implementation of GPP policies, but the complete ministries as well at the governments. One way to include all relevant stakeholders within a contracting authority in the implementation of GPP is through a joint thinking process on how to embed the sustainability goals into the organization, policies, education, and the procurement process (PIANOo, 2012). Such a process creates more awareness within the organization about people's own role in this process and the possibilities they have within their work to contribute to the objectives (PIANOo, 2012).

7.4 Professionalization

Certification was used until 2013 but abolished because it did not guarantee the professionalized procurers. In this regard, participant 12 suggested to make use of [CIPS](#) services: This is an NGO which trains and certifies procurers to let them meet an internationally recognized standard. This kind of trainings would also allow organizations or ministries to teach their colleagues in public procurement. This certification could be implemented as a legally required standard for procurers

7.5 Suggestions for further research

With regards to the theoretical framework used for this study, further research is required to extend this model to contexts outside of Western-European countries. It would be useful to have an overview of which of the policy instruments are most effective in which contexts. In addition, a study on the effects of GPP in Slovakia would be a useful contribution to the existing research on GPP in this country. In this study, it became clear that a lack of data about GPP in Slovakia makes it difficult to convince procurers of the benefits of GPP. Research on the effects of GPP in this context could facilitate the development of an evidence-based policy. With such evidence, it could be easier to convince procurers to implement GPP policies.

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