

# XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

## – SLOVAKIA –

*This case is based on an interview with a public procurer from a city in Slovakia.*

The interview partners are responsible for public procurement procedures in the city office and for the energy in the city. This city has 35 000 citizens and is the central city for the region.

### *Analysis of the current situation*

#### *a. Sustainability strategies, energy-related strategies:*

The city has goals around energy management and energy savings. In particular, they try to reduce the energy consumption, with the help of programs of the European commission. They have no defined strategy for sustainable or green procurement, but they are trying to apply green criteria in all procurements. For example, they have procured electric cars for the city or they have procured some office materials as well as services for the green parts of the city. There they have taken ecological criteria into account.

The city already procured one electric vehicle. Regarding the energy supply procurements, so far, they do not require the suppliers that the supplied energy needs to be green.

#### *b. PP strategy:*

The qualification of the staff and the head workers as well as references about which kind of supply the company already made are important pre-conditions for having a chance in a tender. However, in the awarding stage, it is only the price that is relevant. There is no political support and initiative to consider other components such as LCA. Such support is considered to be needed before LCA can play a role for procurers.

#### *c. PP and supplier engagement:*

The interview partners mention that pre-tender consultation is a law in Slovakia since about one year (in cases when the cities procure larger projects) but has not been used by them so far because there is no need to do so in their regular procurement business. They consider it as presumably helpful for a better preparation of the contract or the procurement and, in particular, for the green energy procurement.

#### *d. PP and SME*

The municipality has no established strategy for more SME engagement in public procurement as the procurement code does not allow preferring one company size in particular. “But what



is interesting in our country, and in general in the European Union, there are only 2% of large companies. Thus, there is a high probability that most of the suppliers would be small and medium enterprises in this city". The procurement can be divided into smaller parts and the city really tries to use this legal possibility. For example, recently, a small supplier has won the tender for the treatment of the fountain and irrigation system in the city.

### *Barriers for SMEs*

In general, the interview partners feel that there is a good participation of SMEs in the tenders.

- A recognized barrier is that the company does not have the proper technical infrastructure, like machines, which they need for the procurement.
- The other barrier can be a very long process of the procurement and not so deep knowledge about the legislation and the process of the public procurement. When the company wants to prepare the tender offer, this can be complicated for them, regarding the administration. Also, the electronic communication is not only an advantage but can also be a barrier because companies may not have such equipment and, thus, are unable to communicate in an electronic way. SMEs may also have a capacity problem because the owner often has no time to prepare the tender offer, and they also lack the employees with appropriate knowledge.

### *Drivers for SMEs*

- Cooperation with some other suppliers or having a person who can give this technical expertise to the SME can solve the above-mentioned problems
- Reduction of the number of different documents which needs to be prepared would be most beneficial for SMEs (no such a large and detailed documentation than currently required)
- Cost efficiency to be able to offer a good price for this service
- Competence to use the electronic marketplace

More stable legislation related to public procurement so that suppliers do not have to adjust frequently

