Legislative framework of green public procurement and Europeanisation of the Slovak practice

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Abstract

Concept of green public procurement is promoted by the European Union and it is a voluntary tool applicable in public administration that can bring environmental, social and economic benefits both at European and national level. The paper analyses EU and Slovak legislative framework of the green public procurement and Europeanisation of the Slovak practice. Normative analyses was used as a method to assess the current EU and Slovak legal norms regulating the concept of green public procurement and mutual interconnections have been identified between European and Slovak legal institutes. The findings show that the Slovak republic already has initial experience with green public procurement implementation and the impact of the EU had been proven. Directives dominate as legal acts in the EU legal framework of green public procurement. The EU legislative framework is based especially on a possibility to implement the concept of green public procurement. However, obligatory norms are gradually being promoted. This fact can predict progressive change de lege ferenda and the need for flexible adaptation of public administration systems in the Member states. Evidence from the Slovak practice shows direct transposition of provisions and further development of green public procurement with the focus on the Slovak priorities.

Keywords: green public procurement, legislative framework, Europeanisation.

JEL Classification: K32, Q58

1. Concept of green public procurement

Public procurement – the government`s activity of purchasing goods and services it needs to carry out its functions – is a subject of growing interest. Public procurement is the process whereby government bodies purchase from the market goods, works and services that they need. European Union legislation on public procurement aims at opening to competition of procedures for awarding public contracts.

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3 The existence of a functioning market economy requires, along with the free movement of goods, persons, services and capital, an undistorted competitive environment - for details see Dinu, V.,
contracts for all enterprises across the European Union. The concept of green public procurement is promoted by the European Union. Europe's public authorities are major consumers. By using their purchasing power to choose environmentally friendly goods, services and works, they can make an important contribution to sustainable consumption and production. The paper analyses EU and Slovak legislative framework of green public procurement, legal institutes and impact of Europeanisation. Normative analysis was used as a method and interconnection between European and Slovak framework was identified. The concept of green public procurement is governed in a wide range of legal norms both at European and national level. European Union also promotes this concept through non-legislative instruments (strategic documents, guidelines, European standards and others). The paper summarizes respective legal norms and implications of Europeanisation.

The fact that the benefits of green public procurement extend beyond local and regional jurisdiction is an important factor. Currently, the green public procurement is a voluntary instrument. It is a soft instrument used to reduce the environmental impact of organizations. As in many other fields, Europeanisation has appeared. The European Commission and a number of European countries have developed guidance in this area, in the forms of national green criteria (European Commission 2016a). The EU leaders in the green public procurement implementation are: Austria, Denmark, Finland, Germany, Sweden, Nederland, Spain and United Kingdom. However, achieving of such goals is not easy. It is not easy being green. It requires a great dose of affective commitment to change, and a positive attitude towards ecological sustainability from procurers. However, public organizations can make it easier to be green, by ensuring there is a fit between their strategic vision and their sustainable procurement policies, and allowing procurers to influence the procedures and thus increasing procedural justice. Thereby, making it easier for the organization itself to be green too. Green public procurement is an important tool to achieve environmental policy goals relating to climate change, resource use and sustainable consumption and production – especially given the importance of public sector spending on goods and services in

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4 Concerning EU competition policy and State aid incompatible with the EU internal market see Cătălin-Silviu Săraru, State Aids that are Incompatible with the Internal Market in European Court of Justice Case Law, p. 39-48, in Cătălin-Silviu Săraru, Studies of Business Law – Recent Developments and Perspectives, Peter Lang, Frankfurt am Main, 2013.


Europe. The value of green public procurement derives from the great impact that public purchases have on an economy. The concept of green public procurement can find application in the context of environmental governance modes: sustainable development, ecological modernization and sustainability. Jessop (2007) and While et al. (2010) have describe eco-state restructuring as the reorganisation of state powers, capacities, regulations and territorial structures around institutional pathways and strategic projects viewed as less environmentally damaging than previous trajectories. In this process, the state takes a more active and directed role in regulating the environmental inputs and outputs of mainstream economic and social activities. This includes organising and mobilising strategic interests and actors to undertake specific projects and activities that the state (or certain actors operating in and around the state apparatus) understands to be consistent with strategic environmental goals and outcomes set at international and national levels.

2. EU legislative framework of green public procurement

Green public procurement belong to environmental policy of the EU. This policy is supported by various legislative tool and non-legislative instruments. For the time being, the concept of green public procurement is largely in the phase of voluntary application. It strongly affects its current framework of regulation. Basics of normative regulation in the field of public procurement (in general) are governed by the EU Treaties (The Treaty on the Functioning of the European Union, the Treaty on the European Union). The basic principles of free movements, prevention of discrimination, EU actions and legislation are set out in the Treaties. Public bodies at European and national level are responsible for complying with respective rules. The most important part of legislative framework in the field of green public procurement is governed by two directives (Directive 2014/24/EU and Directive 2014/25/EU). These directives replaced old directive (Directive 2004/18/EC) on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. As the European Commission (2017a) presents, the new rules seek to ensure greater inclusion of

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common societal goals in the procurement process. These goals include environmental protection, social responsibility, innovation, combating climate change, employment, public health and other social and environmental considerations. The focal point in the Directive 2014/24/EU\textsuperscript{15} of the European parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC is the Article 42. This article allows setting technical specification in public procurement with respect to life cycle of the requested works, supplies or services. Definition of certain technical specifications is covered by the Annex VII to Directive 2014/24/EC and technical specifications contain, but are not limited to characteristics include levels of environmental and climate performance (public works contracts) or environmental and climate performance levels (public supply or service contracts). The Article 67 is also no less important in relation to the topic. It allows entities to award of the contract based on the most economically advantageous tender (on the basis of the price or cost, using a cost-effectiveness approach, e.g. life-cycle costing). It is clear pointed out that the lowest price is not necessary and the only criterion for awarding of the contract (as is often the case in public administration). Environmental characteristics are legally anchored as one of the several options which are legally binding. The directive governs as well legal institution called innovation partnership (the Article 31)\textsuperscript{16}. Second mentioned directive (Directive 2014/25/EU) on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC is specific with a focus on

\textsuperscript{15} From the statement of reasons of the Directive: […].

\textsuperscript{16} From the Directive 2014/24/EU: The innovation partnership shall aim at the development of an innovative product, service or works and the subsequent purchase of the resulting supplies, services or works. […] In the procurement documents, the contracting authority shall identify the need for an innovative product, service or works that cannot be met by purchasing products, services or works already available on the market. […] The contracting authority may decide to set up the innovation partnership with one partner or with several partners conducting separate research and development activities.
selected entities. This directive also allows using of technical specification with environmental specification, using of labels and awarding public contracts on the basis of the most economically advantageous tender.

Based on the fundamental principles of EU law, the provisions of mentioned directives shall be incorporated to the national law systems of the Member states. A directive is a legislative act that sets out a goal that all EU countries must achieve. However, it is up to the individual countries to devise their own laws on how to reach these goals (European Union 2017b). In this regard, e.g. Thomson (2009) notes that the adjustment of national laws in response to new EU directives has become a testing ground for explanations of variation in compliance. On the other hand, as Falkner (2010) conclude, existing studies of compliance with EU law covering the new EU member states (case of Slovakia) indicate that formal transposition requirements have typically been fulfilled in a satisfactory manner. The process of transposition automatically leads to Europeanisation in the field. The EU Member states are required to achieve the goals set up by the EU.

If analysing legislative framework of green public procurement, case law should be mentioned as well. The European Court of Justice plays important role within interpretation of EU legal norms. In the field of Green Public Procurement, the Court of Justice has issued several important rulings (European Commission 2016b). As indicated by the European Commission (2016), there are four case law: Case C-368/10, Case T-331/06, Case C-448/01 and Case C-513/99. All of them are partially in relation to including of environmental characteristics to tenders, specification of environmental characteristics and assessment of environmental criteria.

In connection with above mention legislative framework that directly anchors the most important legal institutes relating to green public procurement, related EU legislation add this current legislative framework. E.g. Energy Efficiency Directive (Directive 2012/27/EU), Energy Labelling Directive (Directive 2010/30/EU), Ecodesign Directive (Directive 2009/125/EC), EU Ecolabel Regulation (Regulation No 66/2010), EU Eco-Management and Audit Scheme EMAS (Regulation No 1221/2009), EU Energy Star (Regulation No 106/2008) and other directives and regulations governing areas such as using of renewable energy, clean vehicles, waste, timber, food production or construction and others. The framework of EU related legislation is very extensive. There is an assumption that it will be expanded in the future. In accordance with the EU law

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principles, regulations are binding in their entirety and are directly applicable in the EU Member states. Their implementation should lead to common practices in the EU Member states. On the other hand, transposition of directives may include some differences in the process how to achieve given goals. However, achieved results should be finally the same as well.

3. Non-legislative instruments of green public procurement

European Union has institutional capacities responsible for implementation of the concept of green public procurement. They have developed various initiatives to promote the concept of green public procurement. Initiatives and policy of the European Commission are the most visible. 1st step forward was made in 2001 through „Interpretative communication of the Commission on the Community law applicable to public procurement and the possibilities for integrating environmental considerations into public procurement“. Environmental elements can serve to identify the most economically advantageous tender, in cases where these elements imply an economic advantage for the purchasing entity, attributable to the product or service which is the object of the procurement (COM (2001) 274). The European Commission was presented which possibilities are offered by the European legal framework for inclusion of environmental consideration into public procurement practice. 2nd Communication “Public procurement for a better environment” (COM (2008) 400) was focused on reduction of public authorities consumption and stimulation of green public procurement in practice. Indicative targets were set and the framework of green public procurement became more comprehensive. Common EU green public procurement criteria were setting. So far 21 groups of products have set common EU criteria to facilitate the inclusion of green requirements in public tender documents (e.g. computer and monitors, electricity, furniture, copying and graphic paper and others). Criteria Development Workplan for 2017 – 2018 points to development of new criteria for new groups of products. In 2003, the European Commission in its “Communication on Integrated Product Policy” (COM (2003) 302) encouraged the Member states to draw up publicly available National Action Plans (NAPs) for greening their public procurement. The NAPs should contain an assessment of the existing situation and ambitious targets for the next three years, specifying what measures will be taken to achieve them. The NAPs are not legally-binding but provide political impetus to the process of implementing and raising awareness of greener public procurement. They allow Member States to choose the options that best suit their political framework and the level they have reached (European Commission 2017)\textsuperscript{21}. EU Member states with and without national action plans are shown on the figure 1.

European Union is promoting the concept of green public procurement as well through publication (e.g. Buying Green, Collection of Good Practices on GPP, and GPP at a Glance). The concept of green public procurement is supported by several EU policies and it contribute to the goals proposed in the strategy Europe 2020.

European framework offers also possibilities for standardisation. European standards can be used within ensuring of required technical specifications with environmental criteria. Standardisation is the voluntary process of developing technical specifications based on consensus among all interested parties. [...] Public authorities should be aware of the available EU standards and make use of these as appropriate in their procurement (European Commission 2016b).22.

4. Slovak framework of green public procurement

Nowadays, the concept of green public procurement is voluntary implemented in the Slovak republic. Mandatory implementation is only required in two areas. Legal framework of public procurement in the Slovak republic is governing by the Law No. 343/2015 Coll. on public procurement and on

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modification and amendment of certain laws, as amended. General legislative framework contains a partial incorporation of the green public procurement and the social public procurement into the normative text. This is incorporated as an opportunity for public purchasers. Obligations are given just within purchasing of energy-efficient products and purchasing of motor vehicles in selected categories (M1-3, N1-3). These provisions are enforceable. Both EU directives in the field of public procurement (Directive 2014/24/EU and Directive 2014/25/EU) have been transposed into the Law. The legal institutes relating to green public procurement consist of possibilities in technical specifications with environmental criteria (with the exception mentioned above), environmental management system and in awarding criteria based on the most economically advantageous tender. The Slovak legal framework relating to green public procurement is supplemented by related legislation, just as the EU has. It is primarily law from the field of integrated prevention and control of environment pollution, EMAS, support of energy-efficient and environmentally friendly motor vehicles, waste, environment and so on. Here is obvious that the Slovak republic have implemented the EU requirement into national public procurement law.

1st national initiative in the Slovak republic was realized in 2001. The central state authority in the field of environment had the request to use an environmental label in public procurement procedures under its umbrella. The Slovak republic (EU Member state from 01.05.2004) has prepared 1st National Action Plan for Green Public Procurement 2007-2010 (NAP GPP). Since that time, the Slovak republic has formulated two followed NAPs (2011-2015 NAP GPP II and 2016-2020 NAP GPP III). The 3rd NAP GPP III is document at national level that contains specific state commitments for greening of public procurement and gives direction of GPP in SR (NAP GPP III). Strategic target stated in NAP GPP III: to reach 50 % of GPP (product groups for which the EU GPP core criteria are recommended at national level) at central government level from all public procurements. Beyond strategic target, there is for the first time an effort to stipulate of binding GPP criteria for specific product groups that will be finally specified after the market analysis. NAP GPP III includes 12 groups of products their environmental criteria are based on the common EU GPP criteria. Institutional framework is represented by the Ministry of the Environment of the Slovak republic (ME SR) as the central state authority in the field of environment and by the Slovak Environmental Agency (SEA) as contributory organisation of the ME SR with national scope of competence.

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5. Green public procurement in the Slovak practice

Based on the Europeanisation in the field, the Slovak republic has started with the support of the green public procurement. The Ministry of Environment of the Slovak republic and the Slovak Agency for Environment are leading state administration institutions. The concept of green public procurement may be considered as a part of the concept of Sustainable Public Procurement (hereinafter as SPP). The SPP includes emphasis on social, economic and environmental aspects in public purchasing while the green public procurement is focused mainly on environmental benefits. With a view of the green public procurement vision enforcement, the environmental labelling of products (hereinafter as ELP) have been introduced. The ELP is voluntary tool as well as implementation of green public procurement in Slovakia. Its aim is to promote and support goods and services with a lower negative impact on environment. The green public procurement is nowadays not enforced by law, nor motivated by any form of stimulation of non-application is not punishable. It is a tool of preventive strategies implemented in the form of measures aimed at reducing environmental pollution (Slovak Environmental Agency 2016). Goods and services are authorised to use environmental labelling only with regard to a product’s life cycle. The Slovak Environmental Agency records 43 goods with the national environmental label [but only 3 holders]25.

Second type of environmental labelling in Slovakia is “own environmental label”. Own environmental labelling may be formulated by producers, importers or distributors. They may be a subjects to scrutiny and control of veracity. Practice brings many forms of own environmental labelling. In addition to the above mentioned, EU environmental characteristics, energy labelling and system of environmental management support consideration of environmental aspects in public purchasing. The Slovak Environmental Agency (2016) has declared following benefits of green public procurement (table 1). They can be seen mainly in:

<table>
<thead>
<tr>
<th>fulfilment of the specific objectives and targets in the environment (e.g. energy eff., conserve natural resources, reduce CO2 emissions)</th>
<th>strengthening the confidence of citizens, businesses and society towards public administration</th>
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<tr>
<td>cost savings</td>
<td>promotion of innovation</td>
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<tr>
<td>improvement of social and health conditions of life (e.g. the quality of life, health)</td>
<td>encouragement of the development of competitive environmental goods and services, and expand the market for such products</td>
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</table>

Source: Slovak Environmental Agency, 2016

The Slovak republic has incorporated a basic framework of green public procurement into the Law No. 343/2015 Coll. on public procurement and on modification and amendment of certain laws, as amended. General legislative framework contains a partial incorporation of the green and social public procurement into the normative text. This is incorporated as an opportunity for public purchasers. The Slovak practice is outlined in the table 2.

<table>
<thead>
<tr>
<th>Table 2. GPP in public procurement practice in Slovakia 2011 - 2015</th>
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<tr>
<td>% of GPP on</td>
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<td>Central state authorities</td>
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<td>Regional and local self-governments</td>
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Source: Ministry of Environment of the SR, 2017

Based on the indicators, the Slovak regional and local self-governments are overtaking the central state authorities in the share of the green public procurement on the number of public purchases (especially in 2015). However regional and local self-governments lag behind the central state authorities in the share of green purchases value on the value of public procurement in general (with exception in 2015). It is indicated that there is potential to reach impact through the environmental benefits of green public procurement.

6. Impact of Europeanisation

Europeanisation is a relatively wide concept primarily meaning an approach to the study of mutual interactions between the European Union and a domestic political system. The term Europeanisation is used in several contexts and refers to changes in individual member or candidate countries arising in the domestic economic and political system under the influence of the European Union. Europeanisation, as any social process, has had both intended and unintended consequences. Most scholars define Europeanisation as the domestic impact of Europe and the EU in the sense that EU members and non-members adapt and change domestic institutions in response to EU rules and regulations.

The EU routinely uses positive and negative incentives to induce institutional change in countries and in its neighbourhood, thereby pursuing its own instrumental interests, such as security, stability, prosperity, and environmental protection28. The European Union has a strong vision in the field of green public procurement and benefits that can bring. Impact of the EU is visible in the Slovak practice through the process of directives transposition, application of given regulations and creating requested framework in strategic planning. The goals of directives have been achieved through implementation of provision to the new Slovak Law on public procurement (Law No 343/2015 Coll.) and related specific acts mainly from the fields of environment, energy efficiency and eco-labelling.

Institutional capacities with the scope of competences in the field of green public procurement were built at the central tier. The agenda was devoted to the Ministry of Environment of the SR and to the Slovak Environmental Agency as specialized authority in the field. These administrative capacities are responsible for promotion and education in the field. The Slovak republic adopted strategic objectives relating to green public procurement and set up indicators to measure their fulfilment. So far, three national action plans were created and implemented. Legal framework is based on a possibility to include environmental criteria to public purchasing and public authorities are not obligate to implement the concept. Obligation are provided only in two areas. As indicated, the central public authorities have higher number of green public purchasing value as regional and local public authorities. But they raise their number of green public purchases.

7. Conclusion

The concept of green public procurement is promoted mainly by the European Union and Europe's public authorities are major consumers. Currently, the green public procurement is a voluntary instrument and is used as a tool to achieve specific aims relating to potential of public administration. As in many other fields, Europeanisation has appeared. Voluntary implementation strongly affects current framework of green public procurement regulation. Basics of normative regulation in the field of public procurement are governed by the EU Treaties and the most important part of legislative framework in the field of green public procurement is governed by two directives (Directive 2014/24/EU, Directive 2014/25/EU). Case law should be mentioned as well. The European Court of Justice plays important role within interpretation of EU legal norms. Related EU legislation add the current legislative framework of green public procurement. The framework of EU related legislation is very extensive. There is an assumption that it will expand in the future. European Union has also institutional capacities responsible for implementation of the concept of green public procurement. They have developed various initiatives to promote this concept. The concept of green public procurement is still voluntary implemented in the Slovak republic.

Mandatory implementation is only required in purchasing of energy-efficient products and purchasing of motor vehicles in selected categories (M1-3, N1-3). The Slovak republic has transposed respective provisions of directives and developed three national action plans for green public procurement. Based on the indicators, the Slovak regional and local self-governments are overtaking the central state authorities in the share of the green public procurement on the number of public purchases (especially in 2015). However regional and local self-governments lag behind the central state authorities in the share of green purchases value on the value of public procurement in general (with exception in 2015). Impact of the EU is visible in the Slovak practice through the process of directives transposition, application of given regulations and creating requested framework in strategic planning. The Slovak NAP GPP III includes 12 groups of products their environmental criteria are based on the common EU GPP criteria. Institutional framework is represented by the Ministry of the Environment of the Slovak republic (ME SR) and by the Slovak Environmental Agency (SEA) as contributory organisation of the ME SR with national scope of competences.

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Bibliography


