

6 Conclusion

This conclusion pulls together the different narratives covered in the report and the recommendations that arise from the analysis. It also highlights different reform efforts from a systems perspective and operationalises the main leavers for change. The Slovenian public procurement system is ready for systems change. This process should incorporate new linkages and forms of collaboration, as well as different ways of analysing the strategic intent of the system and testing and experimenting with innovative procurement methods.

This report presents the results of work undertaken with the Slovenian public sector and the European Commission over the past 12 months. The report was co-created with stakeholders within the Slovenian Civil Service and relies on a series of co-designed sessions that drew upon systems and design thinking, futures research, behavioural insights and other methodologies. Its findings have been tested and validated step-by step with the community of actors, with co-design and capacity-building workshops carried out to create a common understanding of the procurement system's strategic aims and the main challenges – based on those ambitions – that the system is facing (Chapter 2). The aim of the project was not to publish a report, but rather to build readiness and momentum within the system to initiate the necessary processes inside government, with or without the OECD's further involvement.

Through desktop analysis of documents and extensive interviews with stakeholders, both inside and outside of government, OPSI reconstructed the development of the public procurement system with its inherent feedback loops and path dependencies. The procurement system as a whole in Slovenia has been impacted by high-profile cases which have generated negative perceptions (Chapter 3). However, over the past five years, the government has invested significant resources to make the system more open and transparent and demonstrate that, overall, the system is functioning well.

Nevertheless, public perception in Slovenia requires work and more systemic communication to overcome the image created over time. To this end, the Slovenian government should orient procurement usage towards its stated strategic aims and develop open dialogue processes with system stakeholders to highlight its work. However, there will always be public interest and scrutiny of the public procurement system. This will continue to be a focus for the media and civil society and citizens, as part of their role is to hold the public sector accountable. Hence, the government should make it easier for them to fulfil that role in the name of openness and transparency, but also deal with the side-effects of such interactions, which intentionally or unintentionally, may contribute to risk aversion in the public sector and hold back innovation. Some foundational tensions therefore exist within the public procurement system in Slovenia which the government has to contend with and the public sector most likely cannot solve. These can be alleviated but will always pose challenges to the procurement system. They include the size of the economy, knowledge disparities between sectors, and trade-offs between the centralisation and decentralisation of procurement activities. These challenges also exist in other public procurement systems.

Solutions exist to mitigate the above challenges, but fundamental issues will remain regardless of the degree of intervention. In many cases, strategic choices and some trade-offs will have to be made. There are obvious compromises connected to targeted and more open procurement procedures that have to be contextually analysed (e.g. under which conditions to limit competition to produce the most effective result). In addition, smaller public sector organisations still require goods and services that match their specific needs. Thus, the government can invest more in centralised co-ordination bodies and procurement competency one-stop-shops, although there are always going to be costs linked to communication and needs assessment connected to smaller contracting authorities.

Regarding the size of economy, Slovenia can target specific industries and build up sectors within the country using procurement as a demand creation measure. This will require detailed analysis of the potential of different industries and co-ordination with the country's entrepreneurial and innovation policy, which does not yet exist. However, in many sectors the specific needs and size of projects will extend beyond the Slovenian market, regardless of industrial and entrepreneurial development. For example, in areas such as the medical sector and bigger infrastructural developments, dependence on the European Union and global markets will remain. The question here is how to obtain value for money under larger market conditions and develop partnerships with companies beyond the local market. Even large tenders for Slovenia may not be sufficient to make deals with dominant market suppliers in specific industries. Thus, market research and opportunities to partner internationally for tenders will become an important variable, in addition to the ease of participation in local tenders for international companies. While much can be done to make the system more user-friendly internationally, tensions in this area will remain.

At inter and intra-organisational levels, specific interdependencies within the Slovenian public procurement system need to be dealt with in a holistic way. Chapter 3 identified seven specific system systems challenges or dilemmas specific to Slovenia:

1. **Strategic versus tactical action.** As procurement is rarely viewed as a strategic activity in Slovenia, it is not surprising that most of the time, effort and priorities for most of the procurement system are tactically focused. Capacity to use strategic procurement is very low.
2. **Fragmentation versus co-ordination.** The Slovenian procurement system currently operates in a fragmented manner. This fragmentation leads to tactical thinking, less focus on the mission and outcomes, limited learning and spreading of good practises, and reduced understanding of how the system works. This cannot be addressed only through co-ordination from the centre.
3. **Legal versus behavioural leavers for change.** Slovenia has a strong legal-based system with little tolerance for mistakes and failure. Most responses to inefficiencies or lack of effectiveness are countered with legislative changes. At the same time, there is a huge implementation gap resulting from cultural and behavioural factors.
4. **User-centred versus process-driven development.** There is a lack of learning and feedback loops within organisations, ministries and across and outside government. Thus, development of the procurement system focuses on upgrading the technical system rather than user needs inside and outside of government.
5. **Perception versus reality.** Reducing corruption was the most-cited reason for reform, with corruption also cited as the cause of complicated processes and additional burden during the procurement process. The perception of corruption is usually created through single, high-profile cases that do not correspond to overall practices inside government. Rather than employing additional ex ante analysis and expert input to tackle these procurements, the government has decided, thus far, to transform the system for all in a horizontal manner. The resultant adaption processes generate costs within the system.
6. **Isolated incentives versus aligned action.** In the current fragmented system, procurement officials view success in terms of passing through the procedure with few delays, no appeals or no successful appeals. Aligned action around strategic aims and intra-organisational goals is usually not taken into account.
7. **Public scrutiny and accountability versus risk aversion.** Risk aversion and avoidance within the public procurement system is usually linked to lacking support, expertise and time necessary to meet all of the challenges. These will remain as challenges within the system, thus alternative options to free up resources, bring in new capacity, and enhance internal and external support need to be considered.

After analysing these challenges, the OECD organised co-design sessions with the Slovenian government to validate and tackle them in a systematic manner. The following clusters of activity were outlined (Chapter 4) and tested for readiness in scenario-building exercises conducted inside the government (Chapter 5):

- **Develop communities of practice** that can share knowledge, develop expertise, build trust and implement solutions faster across the procurement system.
- Tackle the fragmentation of the procurement system by creating **new forms of work processes officials** that foster understanding and collaboration between technical experts and procurement.
- Manage risk by creating **safe spaces for experimentation** to test new procurement methods, with input from oversight organisations such as audit, revision and competition authorities.
- Support **capacity building and risk taking** within the procurement process to ensure that procurement can achieve the strategic aims of government. This involves the creation of activities to professionalise the workforce and room and resources to innovate.

- **Build up the role and image of the public procurement system**, and tackle issues linked to negative perceptions of the system, to help the profession become an attractive and highly regarded option for future employees in the public sector.

As outlined in the scenarios presented in Chapter 5, the Slovenian Government can tackle these issues in different ways and with diverging levels of ambition. However, to be effective, reforms in the procurement system require the different parties involved to build up trust and collaboration, and that there are feedback and learning loops among the various actors. This is where a community of practice with different working parties could deliver the most value. Such working parties under the co-ordination of the Ministry of Public Administration could serve as a source of living and adaptable policy guidance. As the public procurement data system evolves and becomes more interoperable, the ecosystem around the communities of practice can grow, learn and evolve. This could also serve as a platform through which different parties could openly share their processes and templates and help procurement officers from smaller authorities access and re-use them. The design of these communities and sharing platforms could be informed by similar approaches in Portugal, the United Kingdom and United States, among many others. Communities of practice as a means to greater collaboration can also serve as a way to conduct joint market research and open a dialogue with non-governmental actors. Furthermore, they could engage with awards and other forms of recognition for procurement officers that may help raise the profile of the profession externally, as well as spread learning faster. Additionally, communities of practice could serve as the basis for mobility schemes for procurement officials to tackle some of the challenges coming from a decentralised system. This would require more flexible forms of human resource planning within the sector. Various initiatives that could support the activities are described in Chapter 5.

Another systemic gatekeeper for the use of strategic procurement towards substantive aims (Chapter 2) is the use of multi-disciplinary teams, working together throughout the procurement process, with each having shared goals. Such teams would include programme and procurement officials, as well as other potentially relevant stakeholders. According to stakeholders in Slovenia, the procurement process is highly disjointed at present and collaboration between policy specialists and procurement officers to define aims and possibilities does not happen as frequently or as deeply as necessary. Design, hackathons, challenges and other non-traditional forms of collaboration during pre-procurement phases are not commonly practised. Any attempt to implement these approaches in the Slovenian public sector would require not only capacity but also collaboration among different experts in government. This is even more important when dealing with agile procurement and technological development, where development and tendering is modular and iterative.

Collaboration is also crucial to redefining procurement award criteria beyond the lowest price. Only together can officials establish the criteria for success with a view to achieving strategic aims. Examples of such criteria include the efficiency of project execution, business performance substantive aims (social, sustainability goals, etc.) technological innovativeness, personal growth and professional development of the team. These criteria must also be supported by organisational leadership and work planning processes. Collaboration should expand the whole lifecycle (see Figure 4.1, Chapter 4) of the procurement process in order to build better feedback loops regarding the success of projects in their entirety, beyond execution on schedule and lack of delays. Currently, such evaluation tools and feedback systems are absent, and no information is collected systematically about more substantive policy outcomes of the process and the performance of outside partners. This also limits the possibility of successfully monitoring and evaluating secondary goals of procurement, such as driving the economy.

One of the biggest challenges uncovered through the OECD's work with Slovenia is a significant aversion to risk. While legislation covering different forms of innovative procurement is in place, such approaches are not used in practice. In order to tackle this in a more systematic manner, the government needs to establish a safe space for experimentation. However, taking into consideration the current culture and organisational capacities of government, it is unreasonable to assume that all procurement authorities will be ready to implement new and innovative procurement approaches immediately. Instead, demonstration

cases could be used to socialise new approaches and change the supporting infrastructure. These could be incubated within a public procurement experimentation sandbox or a lab. They would need to be supported by capacity building and tools for agile contract language, templates and tips on how to use them. These could be developed as part of the activities of the communities of practice and kept as an evolving repository of knowledge. The work of the sandboxes could include more user-centred approaches to procurement. They could also push forward more strategic procurement efforts around specific government goals such as sustainability or emerging technology.

All of the above requires professionalisation and capacity building within the public sector to ensure successful implementation. While much work has been done on procurement competency models at the EU level (Chapter 4), there is a need for opportunities to apply these capacities on the ground. There is also a need to tie these competencies to new ways to acquire information from external partners, especially through collaboration. This leads to opportunities to introduce new ideas and innovative approaches to the public procurement system of Slovenia. However, the up-front and waterfall procurement practices currently dominating the system do not make room for the former. In order to create that space, the government must take a more proactive stance to addressing team workload, and demand for and incentives to carry out alternative procurement procedures.

None of the above-described clusters of interventions will solve all the issues within the public procurement system of Slovenia. Moreover, any upgrading efforts must involve a systematic analysis of any barriers that new solutions will help address as well as new challenges they create. Integrating new solutions will also create new pressures in the system, whether in terms of time, capacity or other challenges. These will need to be addressed simultaneously. Finally, using procurement as a core, strategic function of government places more pressure and responsibility on procurement authorities and officers. As such, it is essential to boost appreciation for their core role and their image within the public sector. Otherwise, the objectives of the Government of Slovenia's ambitious procurement journey will not be realised.



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