

Greening Public Procurement as a Green Economy Development Trend in Russian Coastal Areas*

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Abstract—The article is devoted to environmentally responsible public procurement, which is considered as a transition tool to a green economy. The environmental criteria while implementing green public procurement are described. Challenges in implementation of environmental responsible approach to public procurement in Russia are identified and recommendations for their solution are proposed.

Keywords—green economy; green public procurement; coastal areas; environmental criteria

I. INTRODUCTION

The most important condition for the sustainable development of coastal areas in the Russian Federation is natural environment preservation of land and sea and its restoration after negative anthropogenic impact. Currently, the majority of coastal areas in Russia are characterized by such problems as air, soil, and water pollution, irrational use of natural resources and water areas. A further strengthening of the negative impact on the natural environment of “land-sea” ecosystem will lead to catastrophic consequences for coastal areas.

It should be noted that state regulation of the economy enables to stimulate the development of environmentally friendly industries, which are characterized by a minimal negative impact on the environment and sustainable nature management. The mechanism to stimulate the development

of such industries is the inclusion of environmental criteria and requirements in the system of public procurement regulation [1]. Worldwide, this approach is called Green Public Procurement (GPP).

Being the largest buyer in the marketplace with legislative powers, the government is able to influence producers and consumers by means of public procurement, thus contributing to the transition to a green economy.

As the world practice shows, many countries with different levels of social and economic development use green public procurement, stimulating environmentally friendly production and circular economy, thereby solving a number of issues to support domestic producers creating green jobs, etc. [2].

II. THE ESSENCE OF THE NOTION OF GREEN PUBLIC PROCUREMENT

Both domestic and foreign scientists have studied various aspects of green public procurement, but at the same time, a generally recognized definition has not been developed yet. In addition, a number of synonymous concepts can be found in modern literature — sustainable public procurement, environmentally oriented public procurement, environmentally responsible procurement, environmentally preferable procurement. Various interpretations of the term are presented in “Table I”.

TABLE I. VARIOUS INTERPRETATIONS OF GREEN PUBLIC PROCUREMENT

| Author | Interpretation of green public procurement |
|------------------------------------|---|
| O.S. Belokrylova | purchasing of less environmentally sensitive products and services [3] |
| E.D. Kazakova | a rational, optimizing public spending, or leveraging market opportunities to significantly increase environmental and social benefits at the local and global levels [4] |
| A.N. Kazantseva | a tool enabling the government to use public spending (15 to 25 per cent of GDP) to promote governmental economic, environmental and social policies [5] |
| M. V. Teryoshina | a process when public authorities aim to acquire goods and services with a lower negative environmental impact throughout the life cycle than other comparable goods and services [6] |
| S. Arrowsmith K. Snider, R. Rendon | procurement, which boosts sustainable development via ensuring economic efficiency, social justice and environmental safety [7], [8] |

Interpretation analysis has led to a conclusion that scientific literature presents definitions of green public

procurement by various researchers focused mostly on environmental aspects.

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It should be noted that green public procurement is carried out to achieve a price-quality ratio, as well as requires a deep understanding of certain environmental

aspects, potential impact and costs associated with life cycle assessment of purchased goods and services. By creating a demand for green goods and services, the government promotes industrial innovation.

In practice, this implies including environmental requirements in the regulation of public procurement, which should be based not only on the price criterion, but also on the criteria of sustainability and environmental friendliness.

The essence of public procurement effect depends on the criteria applied to the goods and services purchased. For coastal areas, the introduction of environmental criteria into the process of green public procurement can lead to the following positive changes:

- reducing pollution within “land-sea” ecosystems;
- solving problems of waste disposal and recycling;
- increasing the share of renewable resources used by producing goods and services.

III. FOREIGN PRACTICES OF GREENING PUBLIC PROCUREMENT

The introduction of environmental criteria into public procurement has more than twenty years of history and is a well-established practice in many countries around the world. Since 1995, seven European countries — Austria, Great Britain, Germany, Denmark, the Netherlands, Sweden, and Finland — began to actively apply the principles of environmental safety in public procurement.

TABLE II. COUNTRIES WITH THE LARGEST SHARE OF GREEN PUBLIC PROCUREMENT IN THE TOTAL VOLUME OF PUBLIC CONTRACTS

| Country | The share of green public procurement |
|--|---------------------------------------|
| Finland | 80% |
| The Netherlands, Latvia, Hungary and Lithuania | 60-80% |
| Italy, Austria, Belgium and Romania | 40-60% |
| Slovenia, Denmark, Sweden, Germany, Spain and the Czech Republic | 20-40% |

According to UNEP, by the end of 2012, 56 countries around the world had already developed a national sustainable procurement programme and applied environmental principles to public procurement. OECD countries, including the EU, the US, Canada, Australia, New Zealand and Japan, have largely contributed to the development of green procurement. The BRICS countries have created legal regulation and introduced sustainable procurement in China, Brazil and India. Uganda, Chile, Mexico, Argentina, Morocco have successfully applied environmental principles to procurement.

The EU practices are advanced; in fact, it can be said that green procurement in the EU is organically integrated into the overall procurement system, policies and activities of public authorities. The political objectives of green procurement are inseparably combined with those of public institutions. Moreover, they are a tool to achieve these objectives, such as improving living standards, enhancing the environment, or maintaining healthy markets [9].

Foreign legislations have long included environmental standards of public procurement.

In 2008, the European Commission published the Communication “Public procurement for a better environment” (COM (2008) 400), the objective of which was to provide guidance on how to reduce the environmental impact caused by public sector consumption and how to use GPP to stimulate innovation in environmental technologies, products and services. At EU level the European Commission set an indicative target that, by 2010, 50% of all public tendering procedures should be compliant with endorsed common core EU GPP criteria [9].

Currently, EU legislation provides for mandatory energy efficiency standards for office equipment (Energy Star Regulation), promotes clean and energy-efficient road transport (Directive 2009/3/EC), and restricts the use of certain hazardous substances in products (EU RoHS Directive), etc.

Since 2013, Directive 2010/31/EC has been applied while constructing any new building, as well as restoring or repairing the existing ones. Since January 1, 2019, all new buildings purchased or rented by public authorities require “virtually zero energy consumption” [10].

Green public procurement in European countries is based on certain environmental requirements imposed by the government on green products and matching Type I eco-labelling schemes (energy efficiency, use of secondary resources, etc.). The countries with the largest share of green public procurement in the total volume of public contracts are listed in “Table II” [10].

IV. PRACTICES OF GREENING PUBLIC PROCUREMENT IN RUSSIA

In the Russian Federation, green public procurement is a new tool of governmental control, which involves optimizing and improving a more efficient use of public resources and increasing competitiveness of domestic goods and services in local and global markets. In our country, the total volume of public procurement is about 30 per cent of GDP.

In 2017, about 3.52 million contracts were signed with a total volume of more than 6.31 trillion rubles, that is respectively 2.6 per cent less and by 16.85 per cent more than the same figures for 2016. Last year’s average contract price amounted to about 1.78 million rubles, which exceeds the price for 2016 by 14.1 per cent [11]. Top 5 largest governmental customers in Russia are shown in “Table III”.

TABLE III. TOP 5 LARGEST GOVERNMENTAL CUSTOMERS IN RUSSIA

| Governmental customer | The public procurement volume, billion rubles |
|--|---|
| Road Service of the Republic of Crimea | 152,15 |
| The Ministry of Industry and Trade of the Russian Federation | 102,6 |
| The Ministry of Health of the Russian Federation | 82,74 |
| The Ministry of Defence of the Russian Federation | 76,07 |
| The State Unitary Enterprise “Fuel and Energy Complex of St. Petersburg” (GUP TEK SPb) | 71,698 |

The legal basis for regulating the public procurement system in the Russian Federation is enshrined in the Federal law dated from April 5, 2013 No. 44-FZ “On the contract system in state and municipal procurement of goods, works and services”. This legal act includes only one provision that expressly establishes an environmental requirement. The provision is laid down in Item 3 of Part 1 of Article 32 of the Federal Law “On the contract system”, which states that for evaluation of applications, final proposals of the procurement participants a Customer in procurement documentation establishes qualitative, functional and ecological characteristics of object of procurement [12].

Despite this provision, in practice, ecological characteristics are rarely included by customers in technical specifications and evaluation systems. This is due to the lack of regulatory lists of ecological characteristics, which entitles the Federal Antimonopoly Service of Russia (FAS) to

recognize environmental criteria initiatively established by the customer as a restriction of competition freedom.

In addition, this Article regulates only the placing of orders through competitive procedures. For other procedures of state and municipal procurement, there is no such direct possibility, and therefore the decisive criterion for determining the customer is the price of goods or services, but not their environmental friendliness. Thus, one of the main challenges on the way to greening public procurement in Russia is insufficient legal regulation of this process.

Besides, the lack of mandatory environmental requirements/standards for goods and services is no less important. They may be introduced by either adoption of technical regulations, or a system of standards, eco-labelling schemes or environmental specifications. “Table IV” provides environmental patterns for some product groups.

TABLE IV. ENVIRONMENTAL PATTERNS FOR SOME PRODUCT GROUPS

| Product name | Environmental patterns |
|---|--|
| Paper package (these requirements are also applied to the packaging for the supply of any products) | <ol style="list-style-type: none"> 1. For food products – packing paper of A, V, O1, O2 grades; pure cellulose coated cardboard made of bleached or unbleached pulp. 2. For non-food products – packing paper of E grade (made of waste paper and fibrous waste of the pulp and paper industry); waste paper cardboard (made of secondary fibers). The share of recyclable materials in the packaging material should be at least 45 %. 3. Paper (cardboard). Bleached without chlorine (oxygen or hydrogen peroxide bleached). |
| Writing paper | <ol style="list-style-type: none"> 1. Recycled paper (with recycled content of at least 45 %) or wood-free paper (made of bleached and unbleached pulp). 2. Chlorine-free paper (oxygen and hydrogen peroxide bleached). 3. Paper of A grade |
| Waste containers | <ol style="list-style-type: none"> 1. Waste containers should provide for separate collection of waste with appropriate labelling in the following categories: food waste, paper, plastic, glass, metal 2. Container bodies must be made of galvanized metal. 3. The service life of containers should be at least 7 years. |
| Lightbulbs | <ol style="list-style-type: none"> 1. Fluorescent. 3 to 85 Watt Compact Fluorescent Lamps (CFL). 2. Energy efficiency class: A. 3. Light colour: cool white (daylight) (6400K) 4. Cap size: according to customer requirements. |

Procurement review in Russia has showed that while using technical specifications customers often refer to existing GOSTs, SNIps and standards. Less customers impose additional environmental requirements, which are not specified by GOSTs.

Requirements for suppliers can affect both production of goods and services, and the supplier’s own procurement. Compliance with these requirements indicates that the manufacturer/supplier meets environmental standards and shares the policy of governmental customer in terms of production and supply of products with minimal environmental impact.

Examples of environmental requirements for suppliers can include:

- an environmental management system (e.g. ISO 14001, ISO 20400, European EMAS or standards of equal value);
- absence of legal proceedings related to violation of environmental legislation;
- public reporting on greenhouse gas emissions and measures to reduce emissions;
- auditing energy consumption, waste and waste generation;

- ways to reduce or dispose waste, environmental design initiatives, energy saving and energy efficiency initiatives, generation or use of renewable energy sources, water saving or reuse / recycling of water, use of products with eco-labels, etc. [10].

Introducing environmental criteria could lead to the following positive changes:

- reducing surface water, air and soil pollution with toxic chemicals, removal of the most harmful substances from production;
- minimizing waste buried in landfills, increasing the percentage of waste processing, reducing production wastes;
- increasing the share of renewable resources used while producing goods and services [13].

It should be noted that green public procurement is currently in demand by the Russian business community, which is due to global trends to green production as well as to cooperation of large domestic companies with foreign partners. In addition, domestic systems of voluntary environmental certification, such as “Vitality Leaf”, have been developed and are actively used. Under this certification, green procurement scheme is a mandatory requirement for eco-offices [3].

To ensure the transition of coastal areas to a green economy, it is important to meet standards of the Marine Stewardship Council (MSC) Board of Trustees.

MSC aims to using their ecolabel and fishery certification program, thus significantly contributing to ocean conservation by recognizing and rewarding environmentally friendly and sustainable fishing practices.

The MSC Fisheries Standard reflects requirements, norms, and rules met by a fishery that is successfully certified to the Fisheries Standard and has the right to sell its certified catch with the blue MSC label.

The MSC standard applies to wild-capture fisheries — whatever their size, type or location but does not apply to farmed fish. The Standard has three core principles that every fishery must meet.

A. Sustainable Fish Stocks

Fishing must be at a level that ensures it can continue indefinitely and the fish population can remain productive and healthy.

B. Minimising Environmental Impact

Fishing activity must be managed carefully so that other species and habitats within the ecosystem remain healthy.

C. Effective Fisheries Management

MSC certified fisheries must introduce a quality management system that can respond to changing market positions without impeding sustainable development, and

comply with relevant local, national and international laws. [14].

V. CONCLUSION

Summarizing the above, it can be concluded that the greening of public procurement in modern Russia is a relatively low process. This is due to certain shortcomings of its legal regulation, in particular, the lack of mandatory environmental requirements/standards for goods and services. In this regard, the following areas of promoting green procurement can be offered:

The first is the improvement of regulatory and legal support for the greening of public procurement, which involves:

- defining “green procurement”; “green public procurement” and “environmental qualification requirements”, as well as requirements and recommendations for their implementation/application;
- determining and applying additional environmental qualification requirements for procured products;
- introducing internal regulatory acts by government customers;
- Supplier’s responsibility for false information concerning ecological product characteristics declared;

The second is the approval of procedures (rules, standards) to develop and meet environmental qualification requirements for a single product range.

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