



Article

# The Concept of Green Public Procurement and its Role in The Development of A Green Economy

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**Abstract:** The development of green public procurement (GPP) legal structure and execution mechanisms in Uzbekistan receives evaluation in this article while discussing its contribution to establishing a green economy. This evaluation presents the strategic capabilities of GPP that help decrease environmental effects while preserving budget costs and leading to sustainable economic and environmental results. Evaluation of Uzbekistan's green procurement practices and its current status uses document analysis as well as statistical data collection with comparative methods to assess progress and challenges. GPP demonstrates value in protecting the environment and improving efficiency but its implementation remains minimal because current regulations lack support and professionals do not have appropriate competency levels. A key recommendation from the article emphasizes the necessity to boost public engagement and demonstrates how better standards in procurement can occur by establishing vital international financial partnerships. Sustainable development goals and local green market expansion alongside environmental impact reduction become achievable through GPP's proper implementation. Excellent policy recommendations focus on strengthening regulations combined with staff training programs that will improve public contract green procurement levels toward achieving the "Uzbekistan - 2030" strategic sustainability goals.

**Keywords:** Green Economy, Public Procurement, Green Public Procurement, Strategy, Environmental Criteria, Environmental Labels, Environmental Balance, Environmental Requirements

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## 1. Introduction

In connection with the growing importance of urgent environmental problems in the world and the strengthening of international cooperation in this regard, issues of sustainable development and ecology are becoming increasingly important in Uzbekistan. At the same time, considering that solving these environmental problems is of great importance for the sustainable development of the country, improving the health and quality of life of the population, work on eliminating these problems is one of the priorities of state policy today.

During 2018-2024, ensuring transparency in the public procurement system and transitioning procurement processes to a fully electronic system is of great importance, further expanding the competitive environment in this area, and effectively using budget funds. In this regard, the main goal is to have a positive impact on the processes of public procurement of goods based on the principles of sustainable development through the implementation of "Green" public procurement.

The total volume of public procurement of the Republic of Uzbekistan in 2024 amounted to 248.6 trillion soums, implemented through about 1.8 million contracts. Of this, 48.8 trillion soums, or 20 percent of total purchases, are considered "green purchases." As a result of competitive procurement, 13.9 trillion soums were saved [1]. As a result of the measures implemented in the first half of 2024, state customers made purchases in the republic for a total of 113.8 trillion soums (budget customers - 42.8 trillion soums and corporate customers - 71 trillion soums), of which 17.3 trillion soums (15%) of total purchases accounted for the share of "green" purchases.

Based on the priority areas set out in the Strategy "Uzbekistan - 2030", a number of achievements have been made in our legislation to further improve the public procurement system, including accelerating the digitization of procurement processes and expanding "green" public procurement, and the Strategy for Improving and Developing the Public Procurement System for 2025 - 2027 (hereinafter referred to as the Strategy) has been adopted [2].

The plan of measures for implementing the Strategy for Improving and Developing the Public Procurement System for 2025 - 2027, which provides for the systematic development of sustainable public procurement, including the expansion of "green" public procurement;

the introduction of a comprehensive program based on digital technologies for monitoring, analyzing and controlling compliance with contractual obligations by public procurement participants;

the improvement of regulatory legal acts, educational and methodological, scientific and information and analytical base in the field of public procurement, etc., was approved.

With the involvement of international experts, an action plan for the implementation of sustainable public procurement, including "green" public procurement, as well as measures for the development and gradual implementation of model guidelines were identified.

### **Literature review**

Green procurement, its role in regulating the system aimed at harmonizing environmental protection and economic development, has been studied in depth by many scholars. The first theories on the promotion of sustainable development and the green economy at the international level were developed by John Elkington. In his work on green procurement, Elkington drew attention to the fact that purchasing from local manufacturers and small businesses is an important aspect of sustainable procurement in the public sector [3].

Studies show that the use of energy-efficient and environmentally friendly products within the framework of green procurement can significantly reduce the operating costs of organizations. This is achieved, of course, by reducing resource consumption and waste disposal [4].

Another theoretical approach is that UNEP experts, in addition to saving budget funds, green procurement helps to improve the environmental performance of organizations and society as a whole, which has a positive social impact and emphasizes the strengthening of the environmentally responsible image of companies.

Green procurement policy and regulation: Research shows that government support and appropriate policy development are essential for the successful implementation of green procurement. Effective regulation and incentives in the form of tax breaks and subsidies can help to activate the private sector in this direction [5].

In 2020, representatives of the Russian Ecological Society, the Ecological Union and other organizations reviewed foreign experience in "greening" tenders in a major report. The report provides a brief overview of the experience and practices of legal regulation of public "green" procurement around the world, describes examples of green procurement

implementation in Russia, and makes recommendations for improving the legislative, regulatory and legal framework and practices for implementing green procurement.

According to A.V. Vakhobov, one of the scientists who conducted in-depth research on the concept of a green economy in Uzbekistan, the “green economy” has a more practical significance and is related to real economic policy and specific areas of activity (energy, innovation, agriculture, etc.). In addition, it is explained that from a macroeconomic point of view, the transition to a “green economy” increases economic efficiency, increases national wealth, leads to an increase in renewable resources and a decrease in environmental risks”[6].

## 2. Materials and Methods

The study used document analysis, statistical data collection, and comparative analysis methods. Data were obtained from the State Statistics Committee, international reports, and scientific literature. Qualitative data were collected through expert interviews and systematized using content analysis. Comparative analysis allowed us to compare the experience of Uzbekistan with other countries and formulate key conclusions.

## 3. Results

The main directions of development of public procurement in Uzbekistan are:

- a. Improving a rational and effective sustainable public procurement system that creates broad opportunities for business entities;
- b. Increasing the share of "green" public procurement, as well as implementing measures to protect the environment and prevent damage to the environment in procurement processes;
- c. Setting environmental standards by public customers when forming orders and identifying suppliers of products (goods), creating conveniences for suppliers of goods with low environmental impact, environmentally friendly or made from secondary raw materials and waste;
- d. Strengthening public control over public procurement;
- e. Implementing measures aimed at improving the skills of specialists in the field of public procurement;
- f. Expanding cooperation with international financial institutions in order to study advanced foreign experience and bring all stages of public procurement into line with international standards.

There is a need to further improve the public procurement system based on the priorities set within the framework of the “Uzbekistan — 2030” strategy, and the conducted analyses revealed a significantly low share of “green” procurement in the public procurement sector and a high share of public procurement carried out through direct contracting. There are also pressing issues such as the level of professional skills of persons responsible for organizing and implementing procurement procedures and specialists participating in procurement procedures that do not meet modern requirements [7].

The public procurement system supports the solution of important tasks in the field of sustainable development of the country, environmental protection and ensuring the social well-being of citizens. The introduction of sustainable public procurement serves to form a positive image of the state in the international arena.

The following main measures should be taken to improve the sustainable public procurement system:

- a. Introducing mechanisms to support the production activities of enterprises and penal institutions that provide employment to young entrepreneurs, businesswomen, as well as vulnerable segments of the population - persons with disabilities - through the public procurement system;

- b. Introducing "green" public procurement (purchasing energy-saving products, etc.);
- c. Creating facilities for suppliers of goods with low environmental impact, environmentally friendly or made from secondary raw materials and waste;
- d. Systematic support for manufacturing enterprises, as well as small businesses, creating broad opportunities for them, including the conclusion of long-term contracts (offtake contracts), etc.

In the phased introduction of sustainable public procurement, personnel qualifications will be increased, methodological guides will be developed for customers, and the principles and criteria of "green" public procurement will be included in procurement documents.

Through the implementation of the strategy, it is planned to create a single, integrated and sustainable system of public procurement, which, in turn, will ensure:

- a. organizing public procurement on the basis of the principles of openness and transparency, further expanding effective public control at all its stages;
- b. improving the system of sustainable public procurement, including increasing the share of "green" public procurement;
- c. taking into account the proportionality of social, economic and environmental factors in the implementation of public procurement.

Achieving a halving of the share of non-competitive types of procurement, and other aspects:

- a. In addition, "green" public procurement, which is implemented based on sustainable development criteria, will develop the local "green" goods market;
- b. opportunities will be created to use artificial intelligence tools in public procurement;
- c. "green" public procurement will contribute to the improvement of the ecological environment and measures will be taken to reduce the negative impact on the environment.

The creation of broad opportunities with legislation on the improvement and popularization of "green" public procurement continues at a rapid pace in Table 1.

**Table 1.** The role of public procurement in GDP.

Indicators	2022	2023	2024 1st quarter	2024 First half of the year	2024
Gross domestic product	995,5	1 204,4	242,7	567,4	1 454,0
Government procurement (trillion soums)	204,5	253,3	49,7	113,8	248,6
Share of government procurement in GDP (in percent)	20,5%	21,0%	20,4%	20,1%	17,1%
"Green purchases" (trillion soums)	-	-	-	17,3	48,8
Share of green goods in public procurement (in percent)	-	-	-	15,2%	19,6%

In 2022, a total of 204.5 trillion soums of public procurement were carried out in the republic. This is 20.5 percent of GDP. Of the public procurements carried out, about 75 trillion soums (37 percent of total procurements) were carried out through electronic trading. As a result of conducting competitive procurement procedures, 14.3 trillion soums were saved. In 2022, public procurements carried out by budget customers amounted to 69.6 trillion soums (34 percent of total procurements). Of this, about 28 trillion soums worth of procurements, that is, 40 percent of procurements carried out by budget

customers, were carried out through electronic trading. As a result of conducting public procurements electronically, 5.2 trillion soums of budget funds were saved [8].

In 2023, 1,505,588 contracts of budget organizations and recipients of budget funds with a total value of 253.3 trillion soums were registered [9].

During the first quarter of 2024, state customers made public procurements in the republic for a total of 49.7 trillion soums (19.3 trillion by budget customers, 30.4 trillion by corporate customers). Of these, purchases worth 23.6 trillion soums (47.6 percent of total purchases) were made through electronic (competitive) bidding. As a result of conducting competitive procurement procedures, savings of 2.6 trillion soums were achieved [10].

Within the framework of the project "Introduction of "Green Procurement" into the sphere of public procurement in Uzbekistan" with the French Development Agency, draft instructions for state customers on the implementation of "green procurement" were developed in early 2024 [11].

Typically, a state customer describes the object of purchase according to four criteria:

- a. High quality - what kind of product is needed,
- b. Technical - what characteristics does it have,
- c. Operational - how reliable is it in use,
- d. Functional - why is it needed.

Discussion The customer can also specify additional requirements that may include environmental requirements.

"Green procurement" is a type of procurement in which the buyer takes into account environmental criteria when choosing a supplier. Such procurement is carried out at the local level in many European and Asian countries. "Greening" procurement is aimed at solving two global problems: pollution of our planet and excessive use of natural resources.

The introduction of "Green Public Procurement" is also one of the main factors that will help to find solutions to the following problems:

- a. Air pollution: Industrial emissions, vehicle exhaust gases and the use of low-quality fuel lead to a deterioration in air quality.
- b. Water scarcity and water pollution: Water pollution due to excessive use of water resources, agricultural runoff and industrial waste remains a major problem.
- c. Land degradation: Intensive farming, deforestation, and mismanagement of land resources are leading to soil erosion and desertification.
- d. Waste management: Inadequate waste management and recycling infrastructure is leading to the accumulation of solid waste and hazardous materials.

Green (or environmentally responsible) public procurement (GPP) has long existed in Europe, Asia, and other developed countries, but is a relatively new concept for New Uzbekistan. Green procurement is public procurement that uses additional environmental criteria, in addition to price, to identify suppliers of goods and services.

Based on research, we can summarize the concepts as follows: "Green public procurement - GPP - is the procurement of goods (works and services) with environmental labels, using environmental criteria and requirements to evaluate suppliers."

They allow public procurement to be oriented towards the needs of sustainable development and environmental protection. At the same time, by introducing requirements for the efficiency and environmental safety of goods purchased for public needs, the state not only provides itself with high-quality products, but also encourages other suppliers and manufacturers to improve them in an energy-saving (efficient) and environmentally friendly direction. The principles of green public procurement are widespread in the world. According to the Organization for Security and Co-operation in Europe (OSCE), almost all OSCE member states have developed GPP strategies and

policies, and 69% of OSCE member states implement such procurement and monitor them [12].

The history of green procurement began in the 1990s with the agreement of the Green Seven countries. In 1995, the countries that now form the “Green Seven” (G7 – Austria, Denmark, Finland, Germany, the Netherlands, Sweden and the United Kingdom) introduced a public procurement system based mainly on the purchase of products and services that reduce their negative impact on the environment [13]. In the late 1990s, the practice of “green” procurement was introduced at the national, regional and international levels due to serious environmental degradation and excessive use of natural resources. This rapid development was facilitated by various international and regional organizations, including the UN, OECD, European Commission and World Trade Organization.

Tasks to be solved with the help of green procurement:

1. Environmental protection;
2. Market stimulation;
3. Increasing the standard of living and quality of life of the population;
4. Reducing the costs of purchasing and using goods and services;
5. Development of small and medium-sized businesses;
6. Reduction of the cost of environmentally friendly products;
7. Fulfillment of obligations on sustainable development and environmental protection [14].

The results achieved in the experience of developed countries in the implementation of green procurement:

1. Reduction of costs and saving budget funds;
2. Reduction of the negative burden on the environment;
3. Increasing the availability of environmentally friendly products;
4. Creation of additional conditions for the development of small businesses;
5. Increasing the skills of employees, knowledge about environmental products and state environmental protection measures;
6. Improving working conditions;
7. Stimulating innovation and improving product quality.

Public “green procurement” (GPP) helps to “green” the economy. Green procurement allows you to increase the number of goods that are safe for nature. For example:

1. purchasing detergents with environmentally friendly chemical composition - reduces the level of pollution of water, air and soil with toxic compounds;
2. purchases for processing certified raw materials help save natural resources;
3. eliminating the most harmful substances from production;
4. reducing industrial waste, including waste buried in landfills;
5. purchasing equipment with energy-saving and water-saving features saves energy and water.
6. increases the share of renewable resources in the production of goods and services.

Also: compliance with environmental requirements is a competitive advantage for suppliers. Companies will need to modernize their production to win in “green procurement”. Procurement participants will need to introduce environmentally friendly machinery, equipment, and technologies. In addition to protecting the environment, this will save the budget and allow for a more rational allocation of funds within the company [15]. Several key components are important for the successful implementation of green procurement, including the concepts of “Green Goods and Services”, “Green Construction”, and “Green Office”.

“Green goods” and services make people’s lives safer. For example, electric vehicles and electric buses running on ecological fuel emit less harmful substances into the atmosphere. Such procurement can be carried out at all levels — from public transport services to consumables for individual organizations — only at the state level.

“Green construction” is a type of construction and operation of buildings that has minimal impact on the environment. Its goal is to reduce the level of energy and material resource consumption during the selection of the construction site, design, operation, maintenance and demolition of the building. Another goal of “green” construction is to maintain or increase the quality of buildings and the comfort of their internal environment. This practice expands and complements the concepts of economy, utility, durability and comfort of classic building design.

“Green office” is a concept for managing the office space of an organization, the purpose of which is to reduce the negative impact of its activities on the environment and rationally use resources. “Green” procurement and “green” policies contribute to achieving the following goals: – reducing the use of electricity and water; – reducing the use of printed paper for office needs, as well as for communication with customers, preferring electronic media over paper; – reducing the environmental footprint, using energy-efficient equipment; - encouraging waste recycling; - using environmentally friendly detergents; - purchase of organic products for canteens in offices.

#### 4. Discussion

The selection procedure for including specific environmental criteria in procurement documents depends on the needs of suppliers and market opportunities (availability, economic feasibility, etc.). Environmental requirements may arise at different stages of the procurement process.

In New Uzbekistan, it is necessary to develop standard requirements and specifications for product groups and ensure their availability to all customers. In this case, two types of requirements are distinguished. These are requirements for the product manufacturing process and the product itself.

Environmental requirements should also be included in the qualification requirements for suppliers. However, this method of defining environmental criteria is possible only for budgetary organizations. Environmental criteria may be included in the evaluation criteria for competitive orders. In such cases, environmental criteria for evaluating applications must be measurable, have a monetary or numerical expression, be objective and transparent, and be related to the purchased products.

Additional terms of the contract may include environmental criteria related to the delivery of products or services. These may include: delivery by transport with less environmental impact, delivery in reusable containers, etc.

#### 5. Conclusion

Green public procurement in Uzbekistan is developing as the country moves forward toward sustainable development along with environmental protection needs. The practice of integrating environmental considerations into public purchasing processes encounters primary obstacles because environmentally friendly products typically cost more than standard alternatives. Employing green procurement methods results in sustainable advantages because it reduces operational expenses and both enhances ecological preservation and shows social accountability. The research points to green procurement as an economic efficiency driver which minimizes costs related to power consumption and water usage and waste disposal. Sustainable growth is promoted through this strategy as maintenance costs decrease in the long run. Through green procurement organizations can decrease their environmental impact which creates a stronger environmental footprint. moving toward green procurement requires stronger

performance criteria together with educated staff and financial benefits from public institutions. Uzbekistan requires a comprehensive regulatory structure which promotes green investments as well as the development of local green goods markets and the establishment of a National Green Bank to fund environmental projects. Green public procurement stands to deliver substantial budget savings and environmental protection even though it requires initial funding challenges because Uzbekistan wishes to adopt a sustainable green economic model.

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