GREEN PUBLIC PROCUREMENT THROUGH LENS OF PRACTICALITY AND POLICIES

A STUDY ON ROYAL UNIVERSITY OF BHUTAN

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PURPOSE
THE first purpose of this study is to understand the procurement policy in terms of green procurements for the constituent colleges of Royal University of Bhutan (RUB) a public funded university of royal government of Bhutan. Second purpose of the study is to identify the level of awareness and orientation of relevant committee/procurement committee of the colleges towards Green Public Procurement (GPP).

Design/Methodology/Approach: Qualitative research based on focused group interview conducted on procurement committee of 5 colleges of Bhutan.

Findings: The people involved in the procurement in RUB colleges were found to know the term green public procurement, but had limited information on the concept and the terminology. There is willingness to accept GPP as a procurement policy but the existing financial policy is a major hurdle. Further, the people need to be trained so as to differentiate between green and non-green products.

Research Limitations/Implications: This research is limited to constituent colleges of Royal University of Bhutan and does not cover the public policy for the country as a whole.

Practical Implications: This study has implication on the RUB policy for procurement and suggests harnessing the threshold limits available to the committee to utilize for GPP.

Originality/Value: The primary data has been collected from the primary source through focused group interview.

Key Words: Green Public Procurement, Royal University of Bhutan, tendering, awareness and orientation.

Introduction

Green Public Procurement (GPP) is "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured" (COM, 2008). According to Carter & Jennings (2000), Sustainable Public Procurement (SPP), Environmentally Preferable Purchasing (EPP), and Purchasing Social Responsibility (PSR) are the other names given to such purchasing practices (Carter & Jennings, 2000).

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GPP sets up criteria for procurement. The global experience shows that procurement of products and services based on this criterion improves the economy's performance and thereby the organization's performance while at the same time promotes ethics and social regeneration. According to University of Louisville (2016) purchase of 100% recycled paper can lead to reduction in energy use and green house emission by 44 percent, and 37 percent respectively. It can also reduce solid waste and water use by 50% at the same time eliminating wood (University of Louisville, 2016). It suggest that if green procurement is integrated in the system of an organisation, it will lead to reduction in ecological footprints of the organisation and will enhance ecological, economic and social balance.

In Bhutan public procurement has a major share of the market, approximately Nu.90.8 billion that is 61 percent of total budget allocated for 10^{th} FYP was spent on public procurement in the form of goods, services and works (Lama, 2014). Green procurement in sectors public transport, health, construction, and education can have a high impact. Therefore, by utilising public organisation's budget to procure goods and services with good environmental impact, the government can contribute to green economy, the sustainable consumption and production. To facilitate this GPP Bhutan looks on both sides i.e. demand of goods, services and works and supply to felicitate the same through a Bhutanese supplier. Project GPP-Bhutan mainly aims at encouraging public demand for environmentally and socially desirable goods, services and infrastructure in the country. The project GPP Bhutan promotes value for money across the asset life rather than supply at the point of procurement. It is believed that this procurement policy will reduce the negative impacts on the environment, and thereby maximizes social benefits. It is strongly believed that imported (alien) products create more waste, more negative environmental impact, and also increase in cost.

Constituent colleges under Royal University of Bhutan being government bodies must also become party to the GPP, and contribute to the sustainability dimension of GNH. There is a need to study the present status of procurements under GPP among the RUB Colleges, and also to analyze the awareness and Orientation of the people involved in the procurement committees of the colleges towards GPP. There is also a need to analyze the future scope of Green Products in the Colleges. In total this study is intended to improve the level of GPP among the RUB Constituent Colleges.

Literature Review

UNEP (2013), states that in Latin American Countries, SPP is playing an important role in the arena of sustainability. The largest country of South America, Brazil saved 8 million litres of water, 1,766 tonnes of waste, and 241 kg of organo halogen compounds through procurement of recycled paper notebooks in middle and higher schools (UNEP, 2013). Further in Mexico, the 2007–2012 National Development Plan has an established procurement law that mandates all the public agencies to look for a certificate highlighting legal origin of all wood and furniture for which procurement is to be done. Also, the paper procured needs to have 50% recycled content.

GPP is gaining importance among many countries around the globe; some countries have started reaping the benefits from GPP. China in a period of 2 years i.e. 2009-2011 has saved electricity by 2,0360 MW, water by 39,269 tonnes, and oil by 14,008 tonnes in addition to reduction of waste and Carbon Di Oxide emission by 34,418 tonnes, and 105,749 tonnes respectively (Philipps, Espert, & Echhorst, 2011).

Nuntapotidech (2013) talks about Thailand that started GPP plan and have already completed two plans during 2008-2011 and 2013-2016 respectively after it being approved by cabinet resolution. This sets the goal of increasing public expenditure on green products and services. On the similar lines Perera, Colverson, & Liebert (2012) advocated the implementation of GPP by the government. This study suggests that such implementation will help in implementing the environmental policies and national strategies for sustainable development; It will also improve the of demand of sustainable goods

and services and consequently attracting investment in it; This study believes that such practice will improve transparency and efficiency in procurement process; This study further adds emphasize on the reduction in construction cost, along with operation and maintenance of public infrastructure including assets and services through GPP (Perera et al., 2012).

David (2011) refers this concept as social responsibility procurement and suggests that this is even more relevant to the Asian region. According to him social responsibility procurement supports small and micro enterprises along with creation of new opportunities for the start-up ventures.

On the similar lines, The Cottage, Small and Medium Industry Policy, by Royal Government of Bhutan (2012) establishes the vision as "to develop a dynamic, competitive and innovative CSMI sector in harmony with the GNH philosophy, thus promoting employment, poverty reduction and balanced regional development".

For Kingdom of Bhutan that has introduced the concept of Gross National Happiness to the world the concept of GPP becomes even more important. According to Lama (2014), GPP is a practical tool for realizing GNH, and is important to exhibit the commitment of Bhutan towards sustainability. GPP practice is important for Bhutan from various perspectives. GPP Bhutan is a project that is financially backed by European Union; under this researchers from five non-government institutions are collectively studying the feasibility of GPP in the kingdom.

Benefits of GPP as per GPP-Bhutan

According to Lama (2014), the concept of GPP is well suited to the country's development philosophy of Gross National Happiness which seeks to enhance Bhutan's economic Development Policy through sustainable socio-economic development. It envisions promoting a green and self-reliant economy. The public procurement is one essential avenue to drive a green economy as a large share of public money is spent towards purchasing goods and services and infrastructure.

Some of the direct benefits of the GPP are identified as follows.

- Improvement in environmental performance
- Sustainability of resources, sustainable consumption and production
- Risk management
- Economic efficiency
- Stronger supplier relationship
- System-wide process reform
- Improvement in balance of trade deficits

Efforts to promote green procurement are a foreseeable way forward as it carries a lot of direct benefits.

GPP brings a lot of advantages in all areas of environment, society, politics, and economy. The environmental targets set by the government regarding the CO2 emissions, air and water quality, resource use, and waste management are direct results of the purchases we make. It can supplement the green and sustainable agricultural policies of the Ministry of Agriculture (Lama, 2014).

GPP expected to improve the life quality of Bhutanese particularly through avoiding the toxic chemicals present in cleaning items and cooking products. By helping the local farmers, small and cottage industries, we can bring equality in the income and wealth distribution in the society. GPP can help Bhutan grow holistically. It can reduce the dependence on other countries. There will be

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lesser interference in the politics and policy making of the country by the foreigners. GPP saves money. It can save the government budget and leads to lesser taxes paid by the society in the long run. It creates demand for the domestic products and incentivizes the industrial research and innovation. These socially responsible products can have an edge in the global market.

Challenges for GPP as per GPP-Bhutan

While GPP brings a lot of environmental and social benefits, the procurer, public and private, do not value the products which are green. The challenges are:

- Only few green products are locally available
- Local products are relatively expensive and of inferior quality than imported products
- Expensive labor in the kingdom to produce goods
- Small capacity of domestic enterprises in production and supply products along with consistent quality and quantity
- Lack of implementation practices in the policy and legal frameworks to practice GPP
- Limited communication and coordination between procurers and suppliers
- Lack of VCA (value chain analysis) and LCA (Life cycle analysis) knowledge and information
- Lack of incentive such as preferential procurement program
- Lack of clarity in communication which leads to gap between demand and supply

The misinformation that 'green products are more expensive' has is a dominant perception among procurers. The higher buying prices of green products and services are actually compensated by lower operating, maintenance and disposal costs. GPP Bhutan suggest that green products are actually cheaper as they have relatively longer life. The LCC (life cycle costing) approach can clarify this misconception.

The lack of practical tools obstructs procurers, managers and officers to adopt GPP. Limited or no training to these procurers and procurement responsible staff adds yet another level of difficulty. Education and awareness level of end-users about sustainable use of products is another issue.

There is no clear demarcation in the definition that what actually environmentally and socially preferable product and service is. GPP is a fairly new concept in Bhutan. It is a challenge to put environmental and social considerations into the tendering process.

Bhutan's largest trading partner, India, has not incorporated GPP in their procurement process. It thus creates severe shortages of GPP products. So there is a challenge of supply not meeting the demand. This can be seen as an opportunity for Bhutanese enterprises in the arena of GPP production and supply.

Royal University of Bhutan and its Colleges

The national university system of Bhutan was established by a royal decree on June 2, 2003 with the name as Royal University of Bhutan (RUB). The university is consortium 9 constituent colleges managed by one secretariat known as Office of Vice Chancellor, RUB and is often referred as the main university. The nine constituent colleges, viz. College of Natural Resources (CNR), College of Science and Technology (CST), Gedu College of Business Studies (GCBS), College of Language and Culture Studies (CLCS), Jigme Namgyel Engineering College (JNEC), Paro College of Education (PCE), Samtse College of Education (SCE), Sherubtse College, and Gyalposhing College of Information Technology (GCIT). Each of the constituent colleges is an autonomous agency and has its own policies formulated around the university guidelines and national laws. The Constituent Colleges

of Royal University of Bhutan (RUB) are public setup (funded by the Government) who are involved in various procurement activities, thus, making them eligible party for GPP.

Existing Procurement system among RUB Colleges

The procurement policies of the constituent colleges are governed through "Royal University of Bhutan Financial Manual", Chapter 10 under the title Procurement Procedures (Royal Government of Bhutan, 2017). This policy is in line with the Royal Government of Bhutan (RGoB, 2016) Procurement rules and Regulations, 2009 and Royal Government of Bhutan Procurement Manual: Rules and Procedures, 2007 (Royal Government of Bhutan, 2007) with slight customization based on university needs. The manual suggests, the Royal University of Bhutan procurement activities include the procurements of:

- 1. Goods and Property, Plant and Equipment (PPE)
- 2. Procurement of works civil, mechanical, electrical and any other kind of jobs/services; and
- Consultants' services.

The capital items such as land, buildings, machineries, equipments, vehicles, office equipments, furniture, computer and its accessories are procured. All the procurements of the Royal University shall be handled by the Procurement Officers of the OVC/Colleges.

Types of tendering at RUB are as follows:

- Open Tender/Bidding
- Limited Tender/Bidding
- Limited Enquiry
- Direct Contracting
- Global Tender
- Funded Procurement

The threshold limits of the various types of tendering are:

Table No. 1: Threshold Limits of Tendering

Value (Nu.)	Limited Enquiry	Limited Bidding	Open Bidding	Global Tender
Goods	Below Nu. 100,000	Nu. 100,000 -Nu. 200,000	Above Nu. 200,000	To be determined on a case by case basis
Construc- tion Works	Below Nu.200,000 -Nu.1,000,000	Nu.200,000	Above Nu. 1,000,000	To be determined on a case by case basis
Consultancies	Below Nu. 100,000	Nu.100,000 -Nu.200,000	Above Nu. 200,000	To be determined on a case by case basis

Source: Royal University of Bhutan Financial Manual, 2017.

For purchasing of goods from suppliers and for obtaining services from consultants upto a maximum of Nu. 50,000 and for execution of construction works maximum of Nu. 100,000, college or office of the vice chancellor can go for the direct negotiations of the terms and conditions with the suppliers after inviting the quotation from them. The lowest bid will get the offer if all the terms and conditions are satisfied.

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The procurement committee at the colleges under RUB consists of:

- 1. President (Chairperson)
- 2. Administrative Officer
- 3. Head of the Finance Section
- 4. One of the Officers of Managerial Level
- 5. College Engineer

Problem Statement

RUB college may be involved in GPP knowingly or unknowingly, which creates a need to appraise the existing procurement system of the college. Secondly, being a relatively new concept in Bhutan, the present issue is how far the people involved in procurement are aware of procuring green products and what their level of orientation towards it is. At the same time, the issue is to identify that in what areas the existing public procurements can be converted into GPP, which can be translated as identification of future scope of GPP among the constituent college of RUB. Being the government funded institutions they qualify to be the beneficiaries of Green Public Procurement.

Research Questions

- 1. What is the current Procurement Policy of Colleges in terms of Green Procurements
- 2. What is the level of Awareness and Orientation of relevant Committee/ Procurement Committee of the College towards GPP

Significance of the Study

This study also attempts to acknowledge the benefits of Green Public Procurement among the Academic Institutions under RUB. The study will contribute to the body of knowledge by identifying the inherent values of GPP. The awareness level among the RUB colleges and most importantly it will sense the orientation of the key people toward GPP.

This study has a major implication on the procurement policies. As it can be clearly inferred from the term GPP itself that it questions the pre existing procurement policies and proposes to replace with a new policy revolving around procurement of greener and sustainable products. The researcher feels that if successful the policy implication will be immediate on the RUB colleges followed by the other academic institutions and ultimately by the nation.

The implementation of GPP majorly depends on the policy and the practices of the Colleges. This study intends not only to explore the awareness and orientation of the RUB colleges viz a viz GPP but also intends to increase the awareness of the same. This shall be an instrumental research in implementing the GPP practices across the colleges.

Scope of the Study:

The topic selected is for all the RUB colleges however, in interest of time and resources this study shall be limited to five RUB Colleges i.e. GCBS, CST, SCE, CNR and PCE. The findings of this study can be indicative but not conclusive for all the RUB colleges.

Research Methodology

Data Collection Procedures

Primary data in the form of focus group interview is used to address the research questions laid down for the present study. In order to identify the orientation and awareness of GPP, focused

group interview based on semi structured questions was conducted for relevant members of the selected RUB colleges primarily including, President, Finance Officer and Procurement Officer. The responses received from them were transcribed and analyzed based on thematic analysis based on the trends identified. The colleges selected for the purpose of this study are: GCBS, PCE, CNR, CST, SCE.

The analysis is based on the data collected from the RUB colleges through focus group interview. The members present for the colleges were as given in Table 2:

SCE CST PCE **CNR GCBS** • Officiating President • President • President Officiating • President President • Procurement officer • Finance Officer • Estate Manager • Finance officer Finance Officer • Estate Engineer Ex-Procurement Administrative Procurement Procurement Officer (now Officer Officer Officer faculty of CST) Senior Faculty (member of ten-Finance der committee)

Table No. 2: Respondents Matrix from each Sample College

Data Analysis Procedures

Qualitative Analysis in the form of thematic Analysis is performed on the transcribed data collected through interview on the basis of themes identified.

Qualitative Analysis and Discussions

Awareness and Impression of GPP among RUB Colleges

The people involved in the procurement in RUB colleges were found to know the term green public procurement, but had limited information on the concept and the terminology. The respondents mentioned that prima facie the term is appealing and is good to have such policy in the practice of the colleges. The respondents mainly emphasized on the environmental benefits of the GPP, few mentioned about the social benefits as well. Very limited benefit associations were made in terms of political and economic benefits as mentioned by GPP-Bhutan. Many respondents referred GPP as a tool in realization of GNH in the Kingdom in real sense. The respondents when appraised by the social acceptance factor of the GPP, they appreciated the idea and looked at GPP as a method to influence Bhutan's quest of self reliance. GPP Bhutan had made its presentations in some of the colleges, and majorly it was the only source of GPP information among the untrained members of the college. At an overall level, procurement team in the RUB Colleges are not abreast with the concept of GPP and its exact functioning, process and procedures.

Integration of GPP into procurement system:

Integrating green procurement into the main procurement system was taken as a huge challenge as the existing procurement policy is based out of tendering i.e. procurement based on lowest bids. The respondents shared that if the bids are low it triggers to the use of unsustainable production process. This can be mass production or in other words the capital intensive production. The respondents were found to have an assumption that the mass production products are unsustainable. Researchers also tried to check their perception about the green products in term of price. It was found that there is a general assumption that Green products are expensive but in long run they are cost effective. The common example used by respondents was LED lights which are expensive

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at the time of procurement but in a long run they save more money by being energy efficient and durable. CST has undertaken a study on calculating the cost of energy it saves by way of using LED lights, the outcome of the study is awaited as it involves a considerable amount of time.

The colleges were not sure how far Royal University of Bhutan can do away from the existing procurement policy which is directly adopted from the Royal Government of Bhutan (RGoB) Procurement rules and Regulations, 2009 and Royal Government of Bhutan (RGoB) Procurement Manual: Rules and Procedures, 2007. The respondents suggested that if RUB can make use of its autonomy and can come up with new procurement policy in line with GPP, integrating GPP into the existing procurement system will become feasible and effective.

Pre-existing and Proposed green initiatives at the colleges.

Some of the colleges were already practicing the green initiatives, knowing or unknowingly at their level. Samtse College of Education, College of Science and Technology at Rinchending, Gedu College of Business Studies and Paro College of Education have installed the LED lights in their campus, some college in their students' hostels, some in their academic blocks and some have replaced street lights with the LED lights. College of Science and Technology also has rain water harvesting system, solar panels installed on the roof of their library block and biogas system linked with their dinning food wastes. College of Natural Resources at Lobesa has their green house in their campus which supplies the vegetables to their college mess. Samtse College of Education has replaced their plastic dining tables with wooden tables, which is more durable. Gedu College of Business Studies have already planned to transform the existing kitchen which is firewood based to a green kitchen system.

One of the major concerns of all college executives has been on differentiating the green products from normal products. They advocated the idea of providing some labels signifying it to be green products. Going through the literatures it was identifies that some countries have a practice of providing green labels to products that qualify the definition, thus, making the green product more viable in terms of procurement. Simultaneously, different tender policy can be introduced that can be used for the green products exclusively along with the existing tender norms for the normal products.

Conclusions and Recommendations

The major concern before writing conclusion is whether or not the research questions have been answered. In this regards, the answers for the two research questions have been obtained. The answers for the same is presented here in the form of conclusions and the recommendation are proposed accordingly.

The procurement policies in Bhutan do not have flexibility where procurement of expensive and better quality products can be procured. The procurement rule says that a bidder with the lowest bid should be offered the contract. The products with the lowest bid usually are of inferior quality. On the other hand, the green products are comparatively expensive than the other products. Most of the procurement officers that the researchers have interviewed were of the opinion that the procurement policies are the major hurdle in purchasing the green goods in their organizations. In some of the colleges, they were already trying their best to bring in the better quality products by exercising whatever liberty they have in the procurement rules by not giving tender contracts. This answers the first question, "What is the current Procurement Policy of the Colleges in terms of Green Procurements".

To address the second question, "What is the level of Awareness and Orientation of Relevant Committee / Procurement Committee of the College towards GPP"? Many colleges are aware of the green products and the recent initiatives of the green public procurements. Many started practicing it. To mention few, college of science and technology have started using solar panels to light up their entire library

unit and they have their own bio-gas system to convert their kitchen wastes into cooking gas. Many other colleges have also started growing their own organic vegetables in their own greenhouses to meet the demand of their college mess. Many colleges are already switching from old styles of lighting into LED lighting system. Some of the respondents have not undergone the formal training on GPP but have received this information through some section of the trainings they get as part of their profession. At the same time, the presidents were found to have an orientation towards human values, GNH, and sustainability because of which their initiatives taken were already complying with the principle of GPP. This means that they were already found practicing GPP without realizing the GPP concept. To verify the title of the paper, it is concluded that a complete change of procurement policy at the government level is needed to achieve efficiency and effectiveness of GPP else, the practicality of the same concept is very limited and insignificant to its overall objective.

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