

# The Russian Federation's Challenges in Response to SDG Goals 13 and 15: A Stakeholder Perspective

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## Abstract

Sustainable development is critical to the Russian Federation's national competitiveness. While the government and large companies have made progress in the past decade in addressing SDGs 13 and 15, the country still faces major challenges in the implementation process due to the severity of climate change consequences, the slow unfolding of the sustainability concept in society, inconsistent interactions among key stakeholders, and the harmful impact of the conflict in Ukraine on the environment and economy. These challenges position Russia's sustainable development at a crossroads and make the approaches developed in other parts of the world more difficult to apply in the Russian context.

## Outline

Russia is the largest country in the world (17.1 sqkm), covering diverse climate zones from the subtropics to the polar north. Its national competitiveness is globally ranked 43rd by WEF (Schwab, 2020) and 38th by IPSNC (IPSNC, 2022). "Factor conditions" (natural resources, climate, location) are rated higher (6th) in impact than other competitiveness drivers like demand conditions (43rd), business context (47th) or labor (24th) (IPSNC, 2022). Hence, the implementation of SDG goals 13 (climate action) and 15 (sustainable development) is expected to have stronger effects on the country's competitiveness as compared to many other countries.

On the one hand, global warming brings some advantages to Russia, evidenced by new opportunities for commercial shipping through the Northern Sea Route in the Arctic or the agriculture sector benefiting from the opening up of some arable lands due to the thawing of the permafrost. US NIC experts acknowledged that "the state prioritizes development and security with little regard for environmental issues, and a significant proportion of the leading voices view that a warming climate is a net benefit for Russia" (NIC, 2009, 3).

On the other hand, according to President Putin, environmental problems in Russia account for at least 6 percent of its GDP (Interfax, 2016), further amplified by the country's warming rate at 2.5 times faster than the world average (World Bank, 2022). Additionally, the forecasted unfreezing of permafrost on the Russian territory in the next three decades will release millions

of additional tons of carbon and methane with catastrophic consequences for the world.

The effects of climate change are even more critical in the country's core industries (export-oriented hydrocarbon extraction, agriculture, and transportation). Global warming imposes damage to oil and gas infrastructure in the north, as thawing permafrost, which covers two-thirds of the country's territory, is placing pipelines, railroads, and industry infrastructure at high risk. Climate change multiplies agricultural problems due to widespread droughts and is accompanied by precipitation deviations and the destruction of forests in Russia by large-scale fires. The latter in 2021, according to the Russian Federation's Ministry of Natural Resources, covered the territory of 10 million hectares (Kommersant, 2021a) which is greater than the size of Hungary or Austria, and far exceeds the geographical size of the Brazilian Amazon rainforest fires. These numbers are even higher, 16 million hectares, per Greenpeace Russia's estimates (Deutsche Welle, 2021). Furthermore, industrial development is susceptible to major ecological disasters such as pollution leakages in Norilsk where 1.8 million tons of pollutants are emitted per year, making up 11 percent of all emissions in the country (Opera News, 2021), environmental degradation in Ukhta and Nakhodka, or the phenomenon of black snow in Krasnoyarsk.

While a proactive approach to combat climate change and facilitate sustainable development is in demand, the unfolding of the science-based concept of sustainable development and science-policy-society interactions in its implementation in Russia has been

slow. In the 1990s, this concept was “ignored by business” in a predatory economic transformation and used to be “totally neglected” by the Russian government (Andreassen, 2016, p. 84). SDG-tied competencies are “poorly developed” (Kiseleva & Makolova, 2019, 9) due to an insufficient supply of college graduates with environment-tied skills and a lack of relevant programs in higher education. The weaknesses of domestic policy-oriented research on sustainability stem from a poor theoretical base (evidenced in Russian academics’ mostly descriptive approach to the phenomenon), hurdles in transferring Western know-how to Russia (mobility restrictions, educational deficiencies, language), and Western scholars’ limited interest in researching Russia’s sustainable development.

Nevertheless, the government’s commitment to ecological monitoring and scientific research was stated in the 2002 Ecology Doctrine of the Russian Federation (Doctrine, 2002). Selected Russian publications, in collaboration with Western analytics, meet high international standards in policy research (Mitrova et al., 2020). And, more recently, the exchange of SDG-tied information has been accelerated using live and virtual conferences organized in collaboration with leading banks (Sber, 2021), universities (HSE, 2022), or industrial associations (RSPP, 2018), and supported by regional authorities (i.e., Republic of Sakha administration) or occasionally by Western partners (i.e., Russian-German Chamber for Foreign Trade). However, the follow-up transfer of policy ideas to a broader society is yet to be improved in publications and social media.

Russia’s sustainable development and responses to SDG 13 and 15 can be viewed through the lens of key stakeholders, namely the state, business and civil society, and their interaction.

## The state

The Russian government took the initiative in developing the concept after the 1992 Rio Summit; but a visible breakthrough did not occur until after the adoption of the Ecology Doctrine (Doctrine, 2002) and Climate Doctrine (Doctrine, 2009) with goals, principles, substance, and ways of implementation of a unified policy. In 2012, however, the government acknowledged “a slow progress towards the implementation of the principles of sustainable development” and admitted that “the systemic crisis that Russia had gone through in the 1990s had a

negative impact on economic, environmental and social issues in the context of sustainable development when a whole series of measures prescribed by the regulatory framework were not implemented in full, some of them remaining only on paper” (Report, 2012, 5).

In 2012, the Russian president approved the basic principles of government policy in the ecological development of Russia through 2030 (Policy, 2012) and in 2017, the Decree on the ecology security strategy of the Russian Federation through 2025 (Ukaz, 2017) followed by the government plan for implementation (Plan, 2019). In 2020, the Constitution was amended with articles on environmental protection (Constitution, 2020) and in 2021, “the sustainable development of the Russian economy on a new technological basis” and “environmental protection, conservation of natural resources and environmental management, adaptation to climate change” listed as national interests and strategic national policies of the state (Ukaz, 2021; Valdai, 2021). The Russian president emphasized an urgency to “find answers to the climate change challenges, adjust our agriculture, industry, the housing and utilities sector and the entire infrastructure... create a carbon utilization sector, bring down emissions and introduce strict control and monitoring measures” (President, 2021).

Within highly centralized control of environmental issues by the Russian state, the allocation of authority and responsibilities over these issues is somewhat unclear. The Ministry of Natural Resources and Environment’s response to climate change has not been listed as one of its missions, only focusing on drafting and implementing government policies and legal regulations in the exploration, use, reproduction, and protection of natural resources (Minprirody, 2022). Nonetheless, the ministry does possess environmental oversight powers that are encapsulated in the Federal Agency for Environmental Management, which can be directed toward addressing issues of climate change (Semenov, 2021). Furthermore, the guiding documents distance from proactive interaction with the other stakeholders, namely business and civil society.

## Business

It is primarily state-run or state-controlled industry leaders who commit to sustainable development (design relevant strategies, allocate resources, improve

the ecological situation within their locations, and publish sustainability reports), and, according to Standard&Poor, pressure from international investors is far beyond unambitious domestic ESG regulations (S&P, 2021). These companies are expected to set high standards in preserving nature, disseminating knowledge and experience on how to proactively address environmental challenges, and creating a foundation for a more prosperous society (Pakhomova, 2021). Examples of the best SDG-tied corporate practices (Annex 1) suggest a variety of initiatives but not yet the development of a common framework of large business firms' coordinated activities.

Investors in ecology- and SDG-driven initiatives are primarily large firms with access to federal and regional funds, and many small and medium-sized companies minimize or simply ignore sustainability-tied investments and activities with "big differences between companies" (S&P, 2021). Furthermore, Russia lacks unified standards in non-financial accounting. While in 2012 the government published requirements for 22 largest companies and in 2015 Central Bank recommended the Code of Corporate Management with reference to the GRI sustainability reporting, in 2020 the Russian Accounts Chamber admitted that the lack of government requirements impedes compliance with SDG reporting per international standards (Kommersant, 2021b).

## Civil society

Polls reveal that the general public does not view environmental problems as critical to the country (Levada, 2021; Levada, 2020). Civil society's contribution to sustainable development is limited, emerging reactively and locally in response to ecological disasters rather than through building a broad social responsibility and environmental movement. Among the reasons are the known suppression of political activism and the flow of restrictive legislative acts that inhibit the efforts of non-governmental organizations. Those connected to foreign partners are officially labeled as "foreign agents" and even as eco-terrorists, such as in the case of Greenpeace.

Still, in a few selected cases, the consolidated efforts of environmental activism make a difference, such as in the changed construction of the pipeline along Lake Baikal or a hydroelectric dam on the Lower Tunguska River in response to public outrage. The limited contribution of activist groups to Russia's sustainable development and their voices in responding to

environmental challenges will depend on the civil society of a country that is currently leaning toward an authoritarian, populist, and nationalistic model.

## Impact of the conflict in Ukraine

The consequences of military operations in the region elevate risks in Russia's sustainable development and the uncertainties of implementing SDGs 13 and 15. A war poisons air, pollutes water, contaminates land, multiplies waste, raises threats to biodiversity and forest fires, and provokes technological disasters hence, making environmental damage an unavoidable casualty. Western sanctions and the exodus of many MNEs limit Russia's access to technologies that are critical to monitoring and advancing sustainability efforts and to sources of financing that are relevant to ESG initiatives and innovations. In the Russian economy, financial and human resources are rerouted to military-tied activities, leaving sustainability efforts without economic support. In addition, Russia's political and economic isolationism may harm compliance with international sustainability standards as there is a risk of Russia's withdrawal from previous globalization-driven pledges and responsibilities, potential violations of international safety and environmental standards to offset damages, and losses associated with sanctions and military conflict.

## Summary

Overall, Russia faces major challenges in responding to SDGs 13 and 15 due to the severity of climate change effects, the slow unfolding of the sustainability concept in a society, inconsistent interaction among key stakeholders in implementation, and the harmful impact of the conflict in Ukraine on the environment and economy. These challenges position Russia's sustainable development at a crossroads with high uncertainties and make the approaches developed in other parts of the world (based on corporate responsibility, business initiatives and firms' willingness to implement standards, civil society's awareness, and pressure) more difficult to apply in the Russian context.

## Policy recommendations / conclusions

Support Russia's efforts in developing the sustainability concept and science-policy interfaces (SDG 13.2, 13.3.):

- establish a regional university-business center for SDGs initiative, offer SDG-tied research

grants, launch a relevant Russian policy-focused academic journal, facilitate SDG-tied interactions between Russian and international scholars in collaborative research and publications (government, universities, business associations)

- develop higher education standards to build SDGs and sustainable development competencies, increase the number of graduates with relevant skills; include SDGs component in management (MBA) curriculum (government, universities)
- encourage scholars' interactions with Russian-speaking contributors to SDG agenda from the other NIS countries (government, international organizations)

Strengthen Russia's capacity in addressing SDGs 13 and 15 (SDG 13.1, 13.A., 15.1., 15.A.):

- incorporate business and civil society as stakeholders in government documents relevant to SDGs (government)
- clarify allocation of authority, responsibilities, and financial resources for implementation of the SDGs agenda in central and regional governance (government)
- develop ESG standards for Russian businesses compatible with international practice (government, business associations)
- evaluate the impact of Western sanctions on Russia's access to advanced environmental technologies and research (international organizations)
- monitor Russia's compliance with and/or deviations from international standards and pledges, evaluate the risks of Russia's freezing participation in or leaving international frameworks that combat climate change on political grounds (international organizations)

Promote interactions among the key stakeholders in addressing SDG goals (SDG 13.B., 15.9.):

- engage the media in forming positive perceptions of sustainability efforts in the Russian society, especially on TV channels, and disseminate science-based ideas and best practices on social media (government, media)
- share best corporate practices by promoting "role models" for business (media, business associations)
- support knowledge and information sharing through science-policy forums and post-

conference publications (government, universities, business associations)

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## Annex 1. Examples of the best SDG-tied corporate practices

The commitment to sustainable development at Gazprom, a majority state-owned energy corporation (revenue \$120 bln) and the largest Russian company, is based on the Corporate Ecology Policy that holistically addresses issues of protecting nature, advancing water resources, preserving biodiversity, and seeks to achieve energy efficiency and the proper utilization of waste. This policy applies to all the company's subsidiaries and all regions where they operate. Gazprom established the System of Ecology Management in compliance with ISO 14001:2015 standards and conducts regular audits of sustainability practices (Gazprom, 2022).

The world's largest producer of refined nickel and one of the largest copper producers Norilsk Nickel (revenue \$15 bln) committed to financing environmental projects at their production facilities on the Kola Peninsula and is recruiting new employees with specific skills and competencies that enable them to contribute to projects in the green economy, renewable energy, environmentally friendly biotechnology, and recycling (Severpost, 2022).

The top Russian steel manufacturing and mining company Evraz (revenue \$14 bln) successfully implemented its five-year ecological strategy that sets goals for decreasing the use of water, effective recycling, and lowering greenhouse gas emissions. The company actively participates in the "Clean Air" federal project and aims to reach a 20 percent reduction in the emission of greenhouse gases (Moroshkina & Dranishnikova, 2021).

At the major state-owned oil and gas company, Surgutneftegaz (revenue \$20 bln), the corporate Ecological Board sets environmental goals for company units (two-tier technological control and ecological monitoring, preventive measures to eliminate industrial accidents, effective total quality management, the rational utilization and recycling of water, the elimination of dangerous waste, the protection of land resources and forests, the provision of support for biodiversity, and enhancement of interactions with indigenous people in the north of Russia) and uses those indicators in internal competition and distribution of financial awards. The company applies "green office" principles in the organization, conducts research on the environment and sustainability,

promotes employees' ecological education and relevant professional development. In the last ten years it spent \$325 million on activities to protect the environment and sustain ecological safety (Surgutneftegaz, 2021).

The largest electricity generating company Rosatom State Nuclear Energy Corporation (revenue \$7.5 bln), a participant in the UN Global Compact, developed the Unified industry-wide ecological policy for its 300 plus subsidiaries (nuclear energy, military, medicine, etc.) which guides ecological safety in high-risk activities. It emphasizes the role of science-based decision-making, transparency in interactions with stakeholders, and the importance of disseminating the best practices in environmental protection and ecological safety (Rosatom, 2022).