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ASSESSMENT OF SUSTAINABLE/ GREEN PUBLIC PROCUREMENT IN KAZAKHSTAN



Acknowledgments

This assessment was conducted to analyse the current state of sustainable/green public procurement (S/GPP) implementation in Kazakhstan and to identify key barriers and opportunities for integrating sustainability and circular economy principles into the public procurement system and other state-regulated procurement systems (procurement by quasi-state companies, subsoil users, and entities of natural monopolies).

The integration of sustainability and circular economy principles into public procurement systems supports the country's transition to a 'green' economy and helps achieve national climate commitments, including carbon neutrality, aligning with the goals of the European Union SWITCH-Asia programme to promote sustainable consumption and production.

The assessment was completed by the EU SWITCH-Asia policy support team specialising in S/GPP, along with a national expert appointed by SWITCH-Asia. Nurgali Rakhmanov, Kazakhstan's national expert, served as the principal author under the guidance of the research team: Sanjay Kumar, Senior GPP Expert; Elodie Maria-Sube, Key Expert on EU Policy Development and Partnership Building; Dr. Lunchakorn Prathumratana, Director of the Thailand Branch Office, SWITCH-Asia Policy Support Component; Sachin Joshi Key Expert, SCP Policy Options and SDG12 Progress; and Dr. Zinaida Fadeeva, Team Leader, SWITCH-Asia Policy Support Component. The expert team made every effort to ensure the highest quality of this report; any errors remain the responsibility of the principal author.

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Abbreviations and Acronyms

AIFC	Astana International Financial Center
AIX	Astana International Exchange
BREEAM	Building Research Establishment Environmental Assessment Method
CSTO	Collective Security Treaty Organization
DV	Domestic value
EAEU	Eurasian Economic Union
EPC	Engineering, procurement, and construction
ESCO	Energy service company
ESG	Environmental, social, and governance
EU	European Union
GEF	Global Environment Facility
GDP	Gross domestic product
GIZ	German Agency for International Cooperation
GPP	Green public procurement
ICGTIP	International Center for Green Technologies and Investment Projects
JICA	Japan International Cooperation Agency
JSC	Joint stock company
KASE	Kazakhstan Stock Exchange
KZT	Kazakhstani Tenge
LCC	Life-cycle costing (an assessment methodology to evaluate total costs over a product's life cycle)
LEED	Leadership in Energy and Environmental Design
LCPP	Low-carbon public procurement
MEAT	Most economically advantageous tender
NCE	National Chamber of Entrepreneurs
NDC	Nationally Determined Contribution
NGO	Non-governmental organisation
NJSC	National joint stock company
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PaaS	Product-as-a-service
RPAD	Regulatory policy advisory document
SCP	Sustainable consumption and production
SCO	Shanghai Cooperation Organization
SDGs	Sustainable Development Goals

SMEs	Small and medium-sized enterprises
SPP	Sustainable public procurement
S/GPP	Sustainable/green public procurement
Taxonomy	A classification framework for identifying 'green' projects
UN	United Nations
US	United States of America

Executive summary

This assessment focuses on analysing the current state of the implementation of sustainable/green and circular public procurement (hereafter referred to as 'GPP') in the Republic of Kazakhstan, supported by the policy component of the European Union's SWITCH-Asia programme. The main objective of the assessment is to study progress, identify barriers, and explore opportunities for integrating the principles of sustainable and circular development into regulated procurement, including government procurement as well as procurement by quasi-governmental entities, subsoil users, and entities with natural monopoly status (hereafter referred to as 'regulated procurement'). The importance of this integration lies in its contribution to achieving Kazakhstan's carbon neutrality goals by 2060, fulfilling commitments to the United Nations Sustainable Development Goals, and implementing the Concept for Transition to a 'Green Economy'.

Currently, Kazakhstan is facing several significant challenges and gaps in its legal and institutional frameworks that are hindering the effective implementation of GPP. Notably, a comprehensive strategy and roadmap for the adoption of a GPP policy does not exist. In addition, coordination between government agencies on implementing environmentally sustainable procurement principles is weak. The annual budget for regulated procurement of goods, works, and services, which reached USD 60.7 bn in 2023, is not yet viewed as an effective tool for 'green' financing capable of accelerating the objectives set out in key national strategic documents, such as the Concept for Transition to a 'Green Economy' and the Strategy for Achieving Carbon Neutrality by 2060.

The analysis carried out in this assessment revealed that the main barriers to advancing GPP are the lack of adequate provisions related to the application of environmental and circular criteria in regulated procurements, which are essential for achieving sustainable development goals, including carbon footprint reduction, waste minimisation, and resource efficiency. It is important to emphasise that GPP can serve as an effective tool to address climate change, water scarcity, biodiversity loss, and environmental pollution, fully aligning with the objectives outlined in national strategies.

Key recommendations and opportunities for implementing GPP:

1. To ensure coordinated efforts in integrating GPP principles into the public procurement system, it is recommended that the Government establish an interagency working group under the leadership of the Ministry of Finance. This group should include representatives from all key stakeholders.
2. When setting GPP targets and notifying suppliers about standards, the Government should conduct a market readiness assessment to evaluate the capacity of manufacturers and suppliers to produce, procure, and deliver goods and services that meet environmental criteria.
3. The interagency working group should initiate the integration of GPP into all national decarbonisation and green economy strategies, as well as into the strategic plans of government agencies, ensuring that public procurement aligns with environmental sustainability objectives.
4. To strengthen the role of public procurement as a driver of environmental sustainability, it is proposed to amend Article 130 of the Environmental Code of the Republic of Kazakhstan ('Economic Incentives for Environmental Protection') by explicitly recognising public procurement as a direct economic incentive for achieving environmental objectives.
5. To implement low-carbon public procurement as stipulated in Article 66 of the Law on Industrial Policy of the Republic of Kazakhstan, it is necessary to develop regulatory acts that will establish a mechanism for integrating low-carbon criteria into the procurement of product categories prioritised for decarbonisation.
6. To facilitate GPP integration into regulated procurement, it is recommended to introduce into regulatory acts the definitions and methodologies for Life Cycle Costing (LCC), along with a point-based rating system that, in addition to price, considers environmental and other non-price criteria.

7. As a pilot project, it is proposed to introduce a unified 'Green Catalog' into the public procurement system, based on the Register of Green Technologies managed by the International Center for Green Technologies and Investment Projects (ICGTIP).
8. As a pilot initiative, it is proposed to introduce environmental selection criteria in public procurement tenders for construction and installation works, including:
 - Use of modular construction
 - Energy conservation and energy efficiency, ensuring compliance with national standards and, where possible, international standards, along with life cycle assessment of construction solutions
 - Durability of construction materials, considering technical, environmental, and operational parameters
 - Integration of requirements for the use of secondary and recycled construction materials into tender documentation.
9. It is recommended to introduce the Product-as-a-Service (PaaS) model in public procurement as a tool for improving energy efficiency and reducing CO₂ emissions. As a pilot project, it is proposed to implement public procurement procedures for energy service company (ESCO) contracts, where payment is made not for the equipment itself but for the actual energy savings achieved.

1. Introduction

This report, developed under the EU SWITCH-Asia programme¹, provides a detailed analysis of the potential for implementing sustainable/green and circular public procurement (hereafter referred to as GPP) mechanisms in the Republic of Kazakhstan. The assessment examines the current state of legislation, institutional frameworks, and operational processes in regulated procurement, including government procurement as well as procurements by quasi-governmental companies, subsoil users, and natural monopoly entities (hereafter referred to as regulated procurement). The assessment also aims to identify barriers and opportunities for successfully integrating sustainability and circular economy principles into regulated procurement systems. The main goal of the analysis is to develop recommendations for the further development of sustainable regulated procurement in line with Kazakhstan's national and international commitments to sustainable development and the transition to a low-carbon economy.

In 2023, the value of public procurement for goods, works, and services in Kazakhstan reached USD 19.06 bn, representing 7.3% of GDP. With the inclusion of procurements by quasi-governmental enterprises, subsoil users, and natural monopoly entities, the total value of regulated procurement rises to USD 60.7 bn, representing 23.4% of GDP. This value of regulated procurement has a significant environmental impact, especially given the high levels of resource consumption and greenhouse gas emissions. The introduction of GPP mechanisms has the potential to reduce the environmental damage associated with regulated procurement and to create a market for green or sustainable alternatives.

Kazakhstan faces serious environmental challenges, including land degradation, water and air pollution, and biodiversity loss. These issues require urgent and systemic action, particularly in light of the country's commitment to achieving carbon neutrality by 2060, as outlined in the Carbon Neutrality Strategy of the Republic of Kazakhstan [1].

According to the new Public Procurement Law, which came into effect on January 1, 2025, the Ministry of Finance of the Republic of Kazakhstan has introduced definitions and principles for sustainable public procurement, marking the beginning of GPP integration into the public procurement system.

In February 2024, Kazakhstan joined the Technical Advisory on GPP under the SWITCH-Asia programme, gaining access to international support in sustainable public procurement. This will enable the country to benefit from global best practices and expert assistance to accelerate the implementation of sustainable procurement mechanisms.

Given the significant volume of regulated procurement, the effective use of GPP mechanisms can support the integration of the regulated procurement market into a climate financing system worth up to USD 60.7 bn annually. Integrating GPP mechanisms into regulated procurement systems is becoming a key tool for meeting national decarbonisation commitments and advancing the transition to a low-carbon economy, as set out in Kazakhstan's Carbon Neutrality Strategy. However, successful GPP implementation requires substantial capacity building among civil servants, quasi-governmental sector employees, subsoil users, and natural monopoly entities, as well as among local specialists and experts who previously lacked experience in this area. The SWITCH-Asia programme provides Kazakhstan with international expertise and resources to address these challenges.

1 SWITCH-Asia is a European Union (EU)-funded programme launched in 2007 to promote sustainable consumption and production (SCP) in the Asian region. In 2019, with the advent of the EU's 'Green Deal' and 'Global Gateway' programmes, the EU committed to supporting partner countries' transition to low-carbon, resource-efficient, and circular economies. These initiatives play a key role in global efforts to combat climate change and accelerate sustainable development.

The SWITCH-Asia programme's policy support component is aimed at assisting governments and regional organizations in the development and implementation of policies and regulatory frameworks for SCP. The programme provides advisory support for GPP implementation and expansion within national and regional strategies. It also creates a platform for knowledge exchange and capacity building among institutions, making it a crucial tool for partner countries in transitioning to a green economy.

One of the programme's key goals is the integration of environmental criteria into public procurement, enabling the exclusion of offers that do not meet minimum environmental standards as well as improving access to public procurement markets for suppliers of environmentally friendly goods and services. These aims are essential for achieving national sustainable development goals and for meeting commitments under international climate agreements, such as the Paris Agreement.

2. Analysis of the country context

2.1. Political, economic, and geostrategic situation of the country

Kazakhstan's geostrategic position is defined by its vast territory, natural resource wealth, and location between Europe and Asia. The country shares borders with Russia, China, Kyrgyzstan, Uzbekistan, and Turkmenistan, positioning it as a key player in the Central Asian region. Kazakhstan adheres to a multi-vector policy, developing relations with various countries and international organisations. It is a member of the Eurasian Economic Union (EAEU), the Collective Security Treaty Organization (CSTO), the Shanghai Cooperation Organisation (SCO), and the Organization of Turkic States. Kazakhstan also advocates for the peaceful resolution of conflicts.

The country has substantial oil, gas, and mineral reserves. However, high dependency on the hydrocarbon sector combined with geopolitical risks present challenges to sustainable development. In recent years, Kazakhstan has sought to diversify its economy and reduce reliance on the oil and gas sector.

According to the Bureau of National Statistics of the Republic of Kazakhstan, as of October 1, 2024 the country's population numbered 20,223,218 [2]. With a vast territory of 2,724,900 km², Kazakhstan is one of the least densely populated countries in the world, with a density of approximately 7 people per km². This low population density results in significant regional disparities in income levels.

Economic structure

According to the World Bank, the country's macroeconomic indicators show steady growth [3]. In 2023, Kazakhstan's gross domestic product (GDP) reached USD 259.3 bn, marking a substantial 15% increase compared to the previous year despite global economic challenges. The nominal GDP per capita in 2023 was USD 14,300, with projected growth to USD 15,800 in 2024 and USD 17,100 in 2025. Kazakhstan's economy is heavily dependent on hydrocarbon exports. In 2023, the oil sector grew by 7.1%, but a slowdown to 0.1% growth is expected in 2024, followed by a projected increase to 8.2% in 2025.

The data on Kazakhstan's GDP from 2010 to 2023 shows that economic growth has been variable. In some years, such as 2011 (29.46%) and 2022 (23.60%), growth was significantly higher, while in 2020, there was a sharp decline (1.61%), likely due to the global economic impact of the COVID-19 pandemic. In recent years (2021, 2022, 2023), there has been strong recovery, with growth rates of 18.83%, 23.60%, and 15.11%, respectively. These data indicate a fairly volatile economic trajectory, but overall, there has been a positive trend in recent years. Future projections should take these trends into account, as well as external factors that could influence growth.

Kazakhstan's economic structure demonstrates significant diversification across sectors, as reflected in GDP contributions. From 2010 to 2023, the manufacturing industry consistently expanded, with its contribution rising from KZT 2,469.8 bn in 2010 to KZT 14,677.3 bn in 2023. Similarly, agriculture, forestry, and fisheries showed steady growth, reaching KZT 4,568.7 bn in 2023. The services sector, including wholesale and retail trade, real estate, and education, has become increasingly dominant, with a notable rise in the overall service GDP share, reaching KZT 67,299.1 bn in 2023. This diversification highlights the country's transition from a predominantly resource-based economy to a more balanced model, with robust growth in industrial production, construction, and innovative services [4].

To successfully transition to a green economy, Kazakhstan must not only diversify its economic assets but also actively strengthen political and economic ties with international partners, ensuring access to advanced technologies and investments in a clean future.

Political structure

Kazakhstan is a unitary republic with a centralised system of governance in which the president holds extensive powers. The president not only appoints the prime minister and cabinet members but also has the authority to issue decrees, veto laws, and guide key aspects of the country's domestic and foreign policy. Such a centralised power structure may facilitate the rapid implementation of reforms, including initiatives aimed at transitioning to a green economy and sustainable public procurement.

The country already has the governance structures and resources necessary for effective GPP implementation: the Ministry of Finance coordinates the procurement process, the Ministry of Ecology and Natural Resources ensures the integration of environmental criteria, and other relevant agencies play significant roles in regulating their respective sectors. This creates favourable conditions for an accelerated shift to environmentally sustainable procurement practices.

Regional and local authorities play an important role in implementing these reforms and are key facilitators for innovation. For the successful local implementation of GPP, active participation and support from regional authorities are needed, making them essential partners for the private sector in fostering a sustainable economy.

International commitments

According to the Foreign Policy Concept of the Republic of Kazakhstan for 2020–2030, Kazakhstan actively participates in various international and regional initiatives, aiming to strengthen its geopolitical influence and pursue a multi-vector foreign policy [5]. Partnership relations with major global powers are crucial to the country's policy.

Cooperation with the European Union is particularly important and has been strengthened through the Enhanced Partnership and Cooperation Agreement, signed in 2015 and effective since 2020. This agreement covers a broad range of issues, including trade, investment, environmental initiatives, and climate action. A key aspect is the support for sustainable economic development and the implementation of environmental standards.

Kazakhstan also plays an active role within the United Nations (UN), advocating for the strengthening of its role in Central Asia and promoting sustainable development through the UN Hub in Almaty. The Hub supports the implementation of the Sustainable Development Goals (SDGs) in the region, helping to integrate international environmental and sustainable development standards into Kazakhstan's policies and those of other Central Asian countries.

On the international stage, Kazakhstan collaborates with economic and financial institutions such as the Organisation for Economic Co-operation and Development, the International Monetary Fund, the Asian Infrastructure Investment Bank, and the European Bank for Reconstruction and Development. These partnerships are critical in supporting economic diversification, advancing GPP principles, and implementing international climate and environmental initiatives.

2.2. National strategic framework for Kazakhstan's development, climate policy goals, sustainable development goals, and the green agenda

Kazakhstan's national strategies provide a solid foundation for reforming the regulated procurement system, which is expected to promote the development of a green economy and reduce environmental impact.

One of the key documents outlining the country's long-term development goals is the 'Kazakhstan–2050' Strategy, presented in 2012 [6]. In his address, Kazakhstan's President Nursultan Nazarbayev emphasised that although Kazakhstan remains a major player in the hydrocarbon market, it must actively develop alternative energy sources, such as solar and wind. The goal is for at least half of the country's total energy consumption to be met by renewable sources by 2050. The strategy also underscores the need to accelerate the transition to a low-carbon economy.

Based on this strategy, the National Development Plan of the Republic of Kazakhstan until 2029 was adopted, which also addresses key environmental challenges: improving air quality, minimising the threat of water shortages, increasing waste recycling levels, preserving biodiversity, and reducing greenhouse gas emissions. Within this plan, sustainable regulated procurement could play an important role in stimulating the innovation and development of environmentally friendly technologies and solutions aimed at effective waste management [7].

The Concept for Kazakhstan's Transition to a 'Green Economy', adopted in 2013 and updated in 2024, emphasises reducing the energy intensity of the economy, sustainable use of water resources, and the development of agriculture [8]. One of the concept's goals is to achieve carbon neutrality by increasing the share of renewable energy sources and advancing carbon capture and storage technologies. The document also highlights the importance of reducing air pollution by implementing the best available technologies in industry and creating an effective waste recycling and separation system.

In February 2023, the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060 was approved, setting out Kazakhstan's long-term climate policy [1]. The strategy includes comprehensive measures to decarbonise key sectors of the economy.

An important element of Kazakhstan's climate policy is the updated Nationally Determined Contribution (NDC) to global climate action, approved in April 2023 [9]. This document, based on the Paris Agreement, aims to reduce greenhouse gas emissions by 15% by 2030 compared to 1990 levels. With international support, Kazakhstan plans to increase its emissions reduction target to 25%. The NDC also emphasises the country's commitment to gradually reduce emissions across the economy and transition to carbon neutrality.

The Environmental Code of the Republic of Kazakhstan, adopted in 2021, provides the legal basis for supporting environmentally sustainable technologies and promotes the development of green approaches in public procurement [10]. Article 47 of the code defines the concept of environmental labelling, which is voluntary and indicates the environmental aspects of products or services, allowing environmental characteristics to be considered in public procurement when included in procurement documentation. Article 130 of the code provides for economic incentives for environmental protection through tax benefits for companies with comprehensive environmental permits, as well as guaranteed purchases of electricity from renewable sources. Green investments, including grants, investments from national development institutions, local budget funds, and other sources, are attracted to implement and execute green technology projects. Financing for green projects is supported through loans and bonds designated for these projects and classified according to criteria approved by the government. The following areas are identified for green technology development:

- Production of non-toxic products in a closed-loop 'production–disposal–new production' cycle
- Maximising waste reduction through innovations in technology and consumption patterns
- Replacing non-renewable natural resources with alternative renewable sources of raw materials and energy
- Introducing biotechnology into agriculture, animal husbandry, and agricultural product processing, as well as producing biological agents for agriculture
- Generating energy from renewable sources (solar, wind, hydro, geothermal, biomass, hydrogen), reducing harmful emissions into the atmosphere, improving fuel efficiency, and enhancing the energy efficiency of buildings and appliances
- Developing resilient green plantations with high greenhouse gas absorption effects to mitigate climate change
- Manufacturing building materials that are free of toxic and carcinogenic substances, using waste from production and consumption.

Another important sustainable development measure is the **Concept for Energy Conservation and Increased Energy Efficiency for 2023–2029**, approved in March 2023 [11]. The concept focuses on energy security, maintaining a balance of interests between the state and businesses in tariff formation, and modernising the economy with a priority on energy-efficient technologies. A key goal of the concept is to reduce greenhouse

gas emissions and achieve carbon neutrality, consistent with Kazakhstan's commitments under the Paris Agreement.

Kazakhstan has also adopted a **Regulation approving the classification (taxonomy) of green projects** eligible for financing through green bonds and loans [12]. The taxonomy aims to support projects that improve energy efficiency, reduce environmental impact, and mitigate climate change.

Furthermore, the **Industrial Policy Law of the Republic of Kazakhstan**, adopted in 2021, also supports the environmental sustainability of the industrial sector [13]. The law provides measures to reduce the carbon footprint, expand the production of low-carbon goods, and encourage public procurement entities to buy these low-carbon products to promote sustainability in the industrial sector.

Thus, Kazakhstan's comprehensive strategic documents and legislative acts set clear priorities and mechanisms to achieve carbon neutrality, reduce greenhouse gas emissions, develop renewable energy sources, improve energy efficiency, and create a sustainable public procurement system that supports environmentally friendly technologies and promotes green economic growth.

2.3. Public procurement system and its connection to the public financial management system and State governance: description of the legal, regulatory, and institutional context

Kazakhstan's public procurement system plays a crucial role in allocating a significant portion of public spending and serves as an important mechanism for advancing national priorities, including climate goals. Through extensive integration with the public financial management system, public procurement can promote environmentally friendly technologies and facilitate the shift to a green economy.

Nature and scope of public and regulated procurement

Public procurement (procurement by government bodies, local executive bodies, and state enterprises) in Kazakhstan is a key economic factor, amounting to USD 19.06 bn (KZT 8.5 tn, with an exchange rate of KZT 446 to USD 1 as of January 2024), or 7.3% of GDP (USD 259.3 bn) in 2023.

It was previously mentioned that the regulated procurement market includes not only public procurement but also procurement by the quasi-governmental sector, subsoil users, and natural monopoly entities. The following categories of procurement are not covered by the Public Procurement Law of Kazakhstan [14] or the Law on Procurement by Certain Quasi-Governmental Entities [15] but are regulated by specific ministries through subsidiary legislation:

- Procurement by subsoil users (regulated by the Ministry of Energy [16] and the Ministry of Industry and Construction [17])
- Procurement by natural monopoly entities (regulated by the Ministry of National Economy) [18]
- Procurement of pharmaceuticals, medical devices, products for free medical care, provision of assistance in detention centres and penitentiary institutions, as well as budget-funded and mandatory health insurance-funded pharmaceutical services (regulated by the Ministry of Health) [19]
- Provision of food for children in public preschool institutions, educational institutions for orphans and children deprived of parental care, as well as technical and vocational education institutions (regulated by the Ministry of Education) [20].

Figure 1 presents data from the National Chamber of Entrepreneurs 'Atameken' on the value of regulated procurement in Kazakhstan for 2023, including sectoral distribution, domestic value (DV), and breakdown by main categories (goods, works, and services). The total value of all regulated public procurement in 2023 amounts to approximately USD 60.7 bn (23.4% of Kazakhstan's GDP).

2023: STATE-REGULATED PROCUREMENT IN KAZAKHSTAN

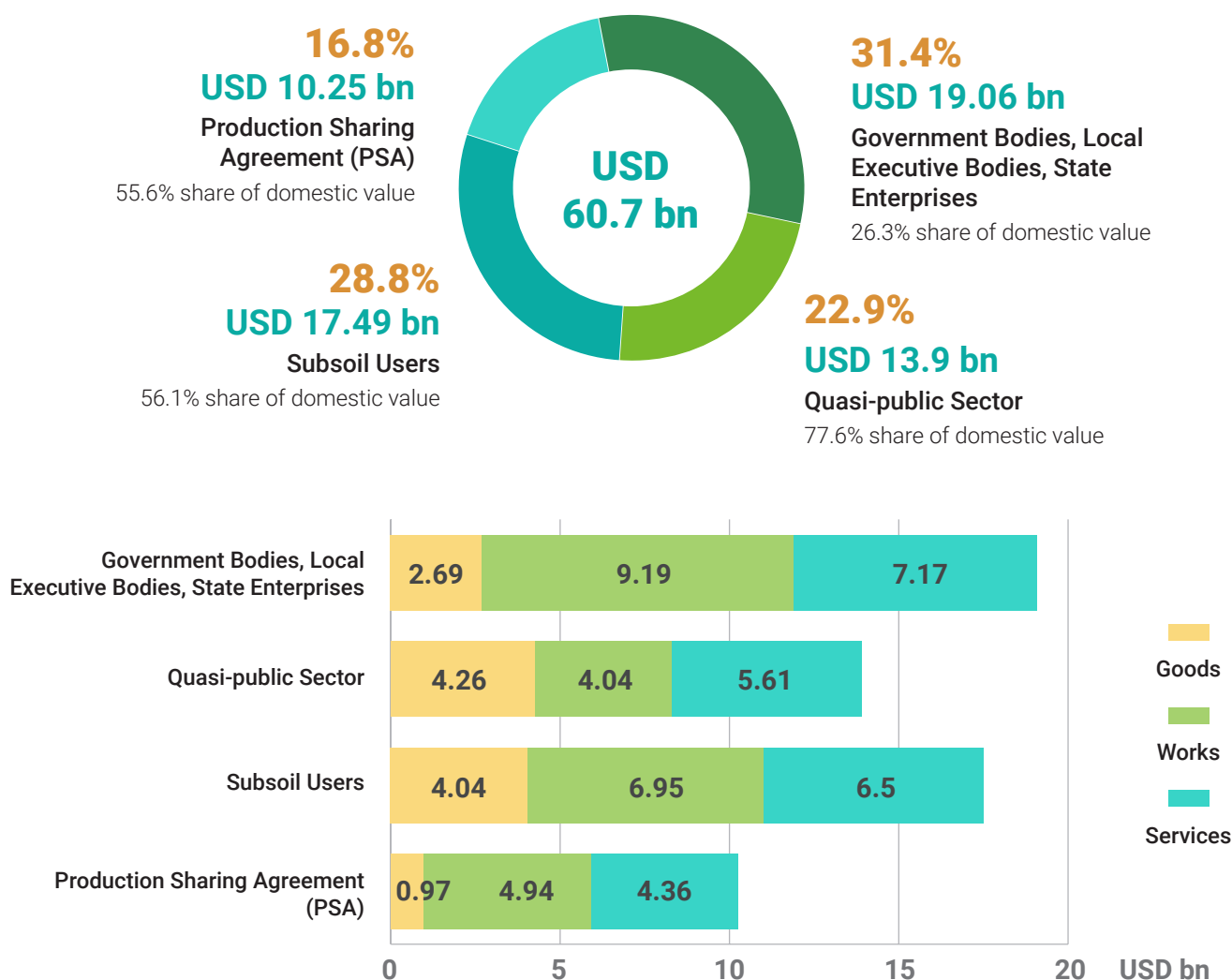


Figure 1. Volume of Regulated Procurement in Kazakhstan for 2023, According to Data from the National Chamber of Entrepreneurs 'Atameken'

Note: Domestic value refers to the share (percentage) of local resources used in the production of goods, performance of works, and provision of services.

Centralised or decentralised public procurement

According to OECD expert assessments, the public procurement system of the Republic of Kazakhstan is characterised by a high level of decentralisation, with ongoing efforts toward centralisation, including the establishment of unified organisers within ministries to improve efficiency and reduce corruption levels [21]. Only 20% of public procurement is conducted at the central level (the President's administration, Parliament, ministries and agencies, national state and quasi-governmental enterprises), while 80% is at the regional level (local executive bodies, regional state, and quasi-governmental enterprises). According to data from the public BI analytics module of the public procurement system, more than 18,210 procuring entities were registered in Kazakhstan's electronic public procurement system as of November 1, 2024 [22].

Priorities, policies, strategies, and objectives in public procurement

According to the Regulatory Policy Advisory Document on the draft of the new Public Procurement Law of the Republic of Kazakhstan, the Ministry of Finance plans to integrate elements of sustainable public procurement that consider environmental, economic, and social aspects [23].

The document also proposes the creation of a unified IT platform for all regulated procurements and the establishment of unified approaches for conducting them. The unified platform is expected to allow

potential suppliers to analyse and plan their participation in procurements in advance, while providing open access to procurement information for both the public and regulatory bodies.

It is noteworthy that on July 1, 2024, the new Public Procurement Law was adopted in a framework format, with all detailed procedures transferred to the new Public Procurement Rules. With the new law now in effect since January 1, 2025, this approach has increased flexibility and efficiency in amending procurement procedures, as they can be approved by ministerial orders from the Minister of Finance without requiring Parliamentary approval.

However, despite the inclusion of sustainable procurement principles in the new Law, adequate provisions for embedding environmental and social criteria have not yet been reflected in the new Rules, approved by an order from the Minister of Finance of the Republic of Kazakhstan on October 9, 2024.

Currently, public procurement and quasi-governmental procurement in Kazakhstan are regulated by separate legal acts, managed by various agencies, and conducted on multiple electronic platforms. For example, public procurement is carried out on goszakup.gov.kz, quasi-governmental sector procurement on eep.mitwork.kz and goszakup.gov.kz, and the Samruk-Kazyna Fund's procurement on zakup.sk.kz.

The issue of unifying these processes will require significant legislative changes in the Republic of Kazakhstan and substantial technical resources. During Parliamentary hearings on the public procurement bill, the Minister of Finance announced plans to transition public and quasi-governmental procurement to a unified platform and harmonise the legislative framework within two years.

Integration of public procurement with budget planning in Kazakhstan: the status of reforms and challenges in sustainable financial management

According to a review conducted by OECD experts in 2019 [21], Kazakhstan's public procurement system is integrated with budget financing as follows:

- Government agencies develop procurement plans based on annual budget allocations.
- Kazakhstan's public procurement legislation enables government bodies to utilise long-term funding, allowing them to plan and carry out procurements several years in advance, particularly for large infrastructure projects. However, OECD experts noted that multi-year procurement planning is not yet a widely adopted practice. Additionally, there is no feedback mechanism to incorporate past experiences into future budget planning, with budgets largely based on previous expenditures.
- The budget cycle is updated every three years, beginning in January.
- The Ministry of National Economy develops budget policy, while the Ministry of Finance sets spending limits.
- Government agencies are required to submit funding requests by May 15, with final approval in September.
- Approved budget requests form the basis for the development of annual procurement plans, which divide spending into operational costs and new initiatives.
- The Republican Budget Commission, chaired by the Prime Minister and comprising key ministers and Parliament members, reviews and approves budget requests. The final meeting takes place in August, after which the draft budget is submitted to the Cabinet of Ministers for final approval.
- According to the Public Procurement Law, each government agency must publish its annual procurement plan in the electronic public procurement system within 15 days of budget approval. These plans include information on the goods, services, or works to be procured, procurement methods, and implementation timelines. Throughout the year, agencies may amend their procurement plans, which must also be published in an updated format.

Despite the effective functioning of Kazakhstan's public procurement system, it still requires mechanisms for long-term planning and feedback to enhance budget planning accuracy and spending efficiency, OECD experts concluded in their report.

Strategy for reforming public finance management until 2030

Kazakhstan's public finance management reform is outlined in the **Concept of Public Finance Management** until 2030. The document, approved by Presidential Decree No. 1005 on September 10, 2022, sets the direction for long-term transformations to enhance the efficiency and sustainability of the budget system [24].

In 2020, Kazakhstan's President, in an address to the nation, highlighted the need to develop a set of key budget coefficients to make budget management more effective. These indicators will help to plan the budget more economically and responsibly, ensuring the rational use of public funds.

According to the Concept, ensuring the sustainability of public finances requires not only creating an effective budget management system, but also assessing and analysing potential future budget risks, and includes forecasting and evaluating how various factors might impact the country's financial position in the long term. All the data will be collected and presented in a special analytical report on budget risks and financial sustainability. The report will consider economic, budgetary, social, and long-term risks, providing a detailed assessment of potential budgetary threats, including those related to state debt. Special 'stress tests' will be conducted to understand the resilience of public finances in the face of major economic shocks.

Within the framework of the Concept, there are plans to:

- **Improve transparency and openness in the budget process.** To enhance budget transparency, it is essential to make information accessible and comprehensible to all. Budget data will be published in a user-friendly and structured format on the online platform 'Open Budgets.' This portal will provide information concerning all stages of the budget process, as well as reports on expenditure. It will serve as the primary channel through which government and local authorities communicate budget issues to citizens. Additionally, the 'Citizen Budget' project will engage the public in public finance management. This initiative will allow citizens to participate in selecting priority funding areas and proposing ideas, thus making fund allocation more open and accessible to the public.
- **Automate and digitise the budget process.** Automation and digitisation are aimed at transitioning all budget-related stages to electronic formats. This includes digitising public procurement, audit results, and integrating them with the budget management system. As a result, funds can be spent more effectively, and better tracking of financial recipients can be achieved. Online monitoring will be introduced for stricter control, enabling real-time tracking of all budget process stages, from planning and procurement to execution and audit. Monitoring will be facilitated through the integration of key digital systems, such as 'e-Minfin,' the public administration system, and e-procurement. The 'Participatory Budget' project will allow citizens to propose ideas and vote on projects that may be funded by the local budget, enabling public participation in budget allocation.

According to the **Concept of Public Finance Management** of the Republic of Kazakhstan until 2030, the central task of the reform is to transition to results-oriented budgeting, which shifts the focus to expenditure efficiency and the achievement of specific indicators in each area, emphasising how effectively and productively public funds are used. The introduction of new budget performance assessment tools, along with more detailed reporting, will enable the government to closely monitor and control the allocation and utilisation of resources; moreover, these tools will create conditions for promptly adjusting management as needed, ensuring greater flexibility and precision in budget governance.

Nevertheless, although the **Concept** addresses essential aspects of public finance management and budget risk assessment, climate and environmental spending are not adequately addressed, as the document focuses primarily on ensuring financial sustainability without providing specific measures for implementing green budgeting principles. In this context, Kazakhstan's public procurement system, closely linked to the budget planning process, could serve as a strong foundation for implementing a Green Public Procurement (GPP) mechanism; however, achieving climate goals and transitioning to an environmentally sustainable economy are complicated by decentralisation challenges and a lack of mechanisms for long-term planning.

These factors point to the need for further reforms and modernisation of the procurement system; such changes would enable the introduction of environmental criteria in project evaluation and more efficient

tracking of climate expenditures, which in turn would support the achievement of climate goals and sustainable economic development.

2.4. Public procurement reform

Reforms to Kazakhstan's public procurement system began several decades ago, reflecting the government's desire to improve transparency, efficiency, and sustainability in procurement procedures. These reforms play a key role in advancing Green Public Procurement (GPP), which is focused on environmental, social, and economic aspects.

Key stages of reform:

- **1997 Public Procurement Law:** The first public procurement law, adopted in 1997, established the legal foundation for the country's procurement system. **2002 Public Procurement Law:** A new law was enacted in 2002, incorporating accumulated experience and introducing several changes to procurement procedures. **2007 Public Procurement Law:** In 2007, another law was introduced to further develop the procurement system, adding new elements to enhance transparency and competitiveness in procedures. **2015 Public Procurement Law:** A major reform occurred with the adoption of this law in 2015, mandating all procurement to be conducted through electronic platforms, significantly modernising the process.
- **Amendments to the Public Procurement Law in 2018:** In December 2018, Kazakhstan's Parliament amended the law to strengthen the institution of single organisers, expand procurement centralisation, and introduce new rules for the quasi-state sector.
- **2024 Public Procurement Law:** The latest law includes specific measures aimed at protecting competitive environments, improving complaint mechanisms, and supporting the local economy and domestic producers. Additionally, these measures are intended to reduce the risk of large companies and quasi-state organisations dominating the procurement market. For the first time, the law provides a definition and principle for the development of sustainable public procurement.

To better understand recent reforms in Kazakhstan's public procurement system, it is essential to examine the factors that prompted updates to the procurement legislative framework.

The impetus for developing the new public procurement law came from the President of Kazakhstan's address, 'A Fair State. A United Nation. A Prosperous Society,' on September 1, 2022 [25], where he tasked the government with systematically supporting entrepreneurship by:

- Creating a qualitatively new public procurement system
- Prioritising the quality of goods and services procured over the lowest price
- Transitioning procurement for public and quasi-state organisations to a single platform.

To implement these approaches, a new Public Procurement Law was required.

The Ministry of Finance of Kazakhstan subsequently developed a vision for reforming the procurement system, outlined in the Regulatory Policy Advisory Document (RPAD), a concept similar to a preliminary draft for the Law of the Republic of Kazakhstan 'On Public Procurement'. Versions of this document were made available for public discussion on the e-government portal 'Open NLA' (normative legal acts) from January to March 2023 [23].

In its analysis, Kazakhstan's Ministry of Finance highlighted the potential for using public procurement as a tool to achieve sustainable development goals, emphasising the importance of shifting from price-based to quality-based criteria when selecting suppliers of goods, works, and services. The Ministry also noted the need to enhance the level of digitisation and to apply data analysis to automate the evaluation of suppliers' qualifications, reliability, and reputation.

On June 20, 2024, the new Public Procurement Law was approved by the Senate of the Parliament of the Republic of Kazakhstan and signed by the President on July 1, 2024. The law came into force on January 1, 2025 [26].

Overall, the new law aims to simplify procurement procedures, reduce processing times, revise the appeals system, introduce new tools (public monitoring institutions, EPC contracts, and offtake contracts), improve the quality of goods, works, and services procured, increase the accountability of procurement participants, and foster competition. For the first time, the law provides a definition and principle for the development of sustainable public procurement.

Despite significant progress in reforming the procurement system, challenges remain that must be overcome for successful sustainable procurement implementation. A crucial step in this direction is the further integration of environmental and social criteria into the public procurement system, along with raising market participants' awareness of the benefits of sustainable procurement. The successful implementation of these reforms requires consideration of the interests and influence of key stakeholders, which are discussed in the next section.

2.5. Stakeholder analysis

Stakeholder analysis is essential for effective planning, development, and implementation of GPP as it helps identify key participants, their interests, their roles, and the opportunities for collaboration. This optimises GPP implementation and ensures alignment across levels of government and sectors of the economy.

The joint EU-US catalogue of best practices in green public procurement provides an expanded definition of 'Green Public Procurement' (GPP) as a set of policies, actions, and practices aimed at addressing environmental issues through public procurement [27]. This definition aids in identifying stakeholders and their roles in advancing GPP.

The main drivers of GPP in Kazakhstan are the long-term priorities of national policy, such as the transition to a green economy and achieving carbon neutrality by 2060.

The integration of GPP into Kazakhstan's regulated procurement systems can be viewed as the adoption of environmental standards and practices to support the green economy and attain carbon neutrality, and includes the following actions:

- developing and applying environmental criteria at all stages of the procurement cycle—from planning and tender documentation preparation to contract signing and performance monitoring
- incorporating requirements to reduce greenhouse gas emissions, enhance energy efficiency, and transition to a circular economy in tender documentation and proposal evaluation criteria
- encouraging suppliers to adopt clean technologies, use environmentally safe resources, minimise air, soil, water, and noise pollution, and support waste management through separate collection and recycling

GPP implementation in procurement systems is thus aimed at leveraging the purchasing power of the public sector, quasi-state enterprises, subsoil users, and natural monopolies to transition to a green economy and achieve carbon neutrality.

Based on the above, an analysis of key stakeholders is presented in Tables 1–5, below.

Table 1. Stakeholders and their role in implementing GPP in Kazakhstan

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
<p>The Presidential Administration, including: Council for the Transition to a Green Economy under the President of the Republic of Kazakhstan</p>	<ul style="list-style-type: none"> • Support for the President’s strategic initiatives, including decarbonisation and transition to a green economy • Support for Kazakhstan’s international obligations in the field of sustainable development • Monitoring and overseeing the implementation of sustainability initiatives, including GPP 	<p>High</p> <p>The Administration oversees strategic plans and national projects, and has the right to initiate and approve priorities for the public procurement system through coordination with the Ministries and Parliament.</p>	<ul style="list-style-type: none"> • Access to reports and analytics on the current state of public procurement in terms of sustainability • Access to guidelines for incorporating the GPP into government strategic documents • International expert support in the field of GPP 	<ul style="list-style-type: none"> • Accelerating the transition to a green economy through the inclusion of GPP in the strategic and operational plans of the state
<p>Parliament</p>	<ul style="list-style-type: none"> • Implementation of the President’s instructions on Parliamentary monitoring and control of the achievement of the UN SDGs • Adoption of legislative initiatives that contribute to the implementation of GPP (Green Public Procurement) • Ensuring the compliance of national legislation with international obligations under the Paris Agreement and the Sustainable Development Goals (SDGs) 	<p>High</p> <p>The Parliament (Senate and Majilis) play key roles in approving laws and amendments to existing laws related to public procurement and sustainable development.</p>	<ul style="list-style-type: none"> • Analytical materials on the current state and potential of GPP implementation • Methodological support for the development of draft laws related to the green economy • Training of MPs and experts of the Parliament in the field of international GPP practices and the implementation of environmental standards 	<ul style="list-style-type: none"> • Adoption of legislation incorporating environmental criteria into the public procurement process with mandatory consideration of the principles of sustainability in public procurement • Fulfilment of Kazakhstan’s international obligations on decarbonisation and sustainable development
<p>Office of the Government of the Republic of Kazakhstan, including UN Sustainable Development Goals (SDGs) Coordination Board</p>	<ul style="list-style-type: none"> • Maintaining overall control over the implementation of the transition to a green economy • Coordination of ministries and departments in the implementation of GPP 	<p>High</p> <p>Ensuring the coordination of actions of state bodies for the effective implementation of state strategies</p>	<ul style="list-style-type: none"> • Methodological recommendations for the implementation of environmental criteria in public procurement • Access to analytical data and assessment of the impact of GPP on the economy and environment 	<ul style="list-style-type: none"> • Effective implementation of the national strategy for the transition to a green economy • Improving the quality of coordination and accountability among government agencies

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Ministry of Ecology and Natural Resources of the Republic of Kazakhstan	<ul style="list-style-type: none"> • Co-responsible government agency for the implementation of the national SDG indicator 12.7.1 'Number of countries implementing strategies and action plans for greening public procurement' • Implementation of international commitments, including the Paris Agreement and the renewed national contribution • Coordination of the transition to a 'green economy' in order to achieve the Sustainable Development Goals 	<p>High</p> <p>Regulation of all aspects of environmental protection</p> <p>Participation in the development of standards and regulations for environmentally sustainable development</p>	<ul style="list-style-type: none"> • Methodological support for the development of environmental criteria for integration into the system of procurement regulated by the state • Access to analytical data and assessment of the impact of GPP on the economy and environment • Technical solutions for monitoring and assessing the impact of GPP on the environment 	<ul style="list-style-type: none"> • Developed environmental criteria for integration into the system of procurement regulated by the state • Methodology for monitoring and assessing the impact of GPP on the environment
Ministry of Finance of the Republic of Kazakhstan	<ul style="list-style-type: none"> • Co-responsible government agency for the implementation of the national SDG indicator 12.7.1 'Number of countries implementing strategies and action plans for greening public procurement' • Improving transparency, efficiency and fairness of public procurement 	<p>High</p> <p>Ministry develops the legislative and regulatory framework for public procurement, ensures coordination and control over budget execution, regulates the procurement of quasi-public sector entities</p>	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on the economy and environment • Developed environmental criteria for integration into the system of procurement regulated by the state • Methodology for integrating environmental criteria into public procurement procedures • GPP audit methodology • Technical solutions for monitoring and assessing the impact of GPP on the economy and the environment 	<ul style="list-style-type: none"> • Implementation of public procurement standards that take into account environmental criteria • Development of methodological materials for the implementation of environmental standards in procurement • Automation of GPP assessment and monitoring processes through digital platforms • Conducting training events for GPP specialists

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
<p>Samruk-Kazyna Fund JSC that manages the country's key assets, including energy, transport, and telecommunications companies</p>	<ul style="list-style-type: none"> • Regulation of procurement of quasi-public companies that are part of the Fund's group • Implementation of ESG principles and support for the sustainable development of companies within the Fund's group • Attracting investment in projects related to environmental technologies and reducing the carbon footprint 	<p>High</p> <p>The Fund regulates the procurement of national companies that belong to the Fund, the Fund is responsible for the development of the legislative and regulatory framework for these purchases</p>	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on the economy and environment • Developed environmental criteria for integration into the system of procurement regulated by the state • Methodology for integrating environmental criteria into procurement procedures • GPP audit methodology • Technical solutions for monitoring and assessing the impact of GPP on the economy and the environment 	<ul style="list-style-type: none"> • Introduction of procurement standards of national companies of Samruk-Kazyna Fund JSC, taking into account environmental criteria • Development of methodological materials for the implementation of environmental standards in the procurement of Samruk-Kazyna Fund JSC • Automation of GPP assessment and monitoring processes through digital platforms • Conducting training events for GPP specialists
<p>Ministry of Health of the Republic of Kazakhstan</p>	<ul style="list-style-type: none"> • Responsible state body for the implementation of the national indicator SDG 3 'Good health and well-being' • Public procurement regulator medical products 	<p>Average</p> <p>The Ministry plays a key role in shaping policy in the field of public procurement for health care and its environmental sustainability</p>	<ul style="list-style-type: none"> • Analytical data to assess the environmental efficiency of the procurement of medical goods • Methodological recommendations for the introduction of environmental criteria in the procurement of medical goods • Technological solutions for monitoring the environmental impact of the procurement of medical products 	<ul style="list-style-type: none"> • Introduction of environmental criteria in the procurement of medical goods • Conducting training events for GPP specialists
<p>Ministry of Education of Kazakhstan</p>	<p>Public procurement regulator school meals for secondary education institutions</p>	<p>Average</p> <p>The Ministry plays a key role in the formation of public procurement policy for the procurement of school meals for secondary education institutions</p>	<ul style="list-style-type: none"> • Analytical data to assess the environmental efficiency of procurement • Methodological recommendations for the introduction of environmental criteria in the procurement of school meals • Technological solutions for monitoring the environmental impact of school meal procurement 	<ul style="list-style-type: none"> • Introduction of environmental criteria in the procurement of school meals for secondary education institutions. • Conducting training events for GPP specialists

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Ministry of Energy of the Republic of Kazakhstan	Regulator for the procurement of subsoil users for the production of oil, natural gas and uranium	<p>Average</p> <p>The Ministry determines the strategy for energy development and implementation. It has the authority to regulate the procurement of subsoil users (oil, natural gas, uranium)</p>	<ul style="list-style-type: none"> Analytical data for assessing the environmental efficiency of subsoil users' procurement Methodological recommendations for the introduction of environmental criteria in the procurement of subsoil users Technological solutions for monitoring the environmental impact of procurement by subsoil users 	<ul style="list-style-type: none"> Introduction of environmental criteria in the procurement of subsoil users Conducting training events for GPP specialists
Ministry of Industry and Construction of the Republic of Kazakhstan (Ministry of Railways)	<ul style="list-style-type: none"> Regulator of Procurement of Subsoil Users for the Extraction of Solid Minerals Development of the field of energy conservation and energy efficiency Development of housing and communal services, including the modernisation of communal infrastructure and improving the quality of services 	<p>High</p> <p>The Ministry has the authority to regulate the procurement of solid minerals by subsoil users</p> <p>The Ministry forms and implements policy in the following areas: industry, housing and communal services, construction, energy conservation and energy efficiency</p>	<ul style="list-style-type: none"> Analytical data to assess the environmental efficiency of procurement by subsoil users of solid minerals, energy-efficient public procurement Methodological recommendations for the introduction of environmental criteria in the procurement of subsoil users of solid minerals, energy-efficient public procurement Technological solutions for monitoring the environmental impact from the procurement of solid minerals by subsoil users, energy-efficient public procurement 	<ul style="list-style-type: none"> Introduction of environmental criteria in the procurement of subsoil users of solid minerals, energy-efficient public procurement Conducting training events for GPP specialists

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Ministry of National Economy of Kazakhstan Development	<ul style="list-style-type: none"> Responsible state body for the development and implementation of national economic strategies and the implementation of the UN SDGs Responsible state body for the implementation of the Strategy for achieving carbon neutrality by 2060 Creating conditions and providing state support for the development of small and medium-sized businesses Regulation of the activities of natural monopolies, increasing the transparency and environmental sustainability of natural monopolies, introducing environmental criteria in procurement 	<p>High</p> <p>The Ministry develops and approves procurement rules for natural monopolies</p> <p>The Ministry regulates:</p> <ul style="list-style-type: none"> Development and implementation of economic strategies Policies and tools for the implementation of carbon neutrality goals 	<ul style="list-style-type: none"> Guidelines for the Implementation of Environmental Criteria in the Procurement of Natural Monopolies Access to analytical data and assessment of the impact of GPP on the economy and environment Developed environmental criteria for integration into the procurement system of natural monopolies Methodology for integrating environmental criteria into public procurement procedures of natural monopolies GPP audit methodology Technical solutions for monitoring and assessing the impact of GPP on the economy and the environment 	<ul style="list-style-type: none"> Introduction of environmental criteria in the procurement of natural monopolies Conducting training events for GPP specialists
Ministry of Trade and Integration of Kazakhstan, including Kazakhstan Institute for Standardization and Certification (KazInSt), Republican State Enterprise on the Right of Economic Management of the Committee for Technical Regulation and Metrology	<ul style="list-style-type: none"> Development and implementation of standards within the framework of the Strategy for achieving carbon neutrality of the Republic of Kazakhstan until 2060 Development of national standards of the Republic of Kazakhstan for the implementation of the Concept of the transition of the Republic of Kazakhstan to a green economy in such areas as hydrogen energy, waste management, environmental labelling and environmental management, etc. 	<p>Average</p> <p>The Ministry is responsible for the development and implementation of national standards in the field of public procurement, as well as regulates, implements and controls in the areas of technical regulation and metrology.</p>	<ul style="list-style-type: none"> International expert support for the development and implementation of a standard for goods, works and services that meet the requirements of environmental criteria in public procurement in Kazakhstan 	<ul style="list-style-type: none"> Development and implementation of national standards for goods, works and services that meet the requirements of environmental criteria in public procurement in Kazakhstan

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Ministry of Water Resources and Irrigation of Kazakhstan	Supporting sustainable water policies to combat water scarcity and climate challenges	Low The Ministry forms national strategies for water resources management	<ul style="list-style-type: none"> • Technical expertise for the implementation of environmental criteria in water management projects • Technical solutions for monitoring and assessing the impact of GPP on sustainable water management 	<ul style="list-style-type: none"> • Development of environmental criteria related to sustainable water management for integration into the public procurement system
Agency for Strategic Planning and Reforms of the Republic of Kazakhstan	Development of effective reforms aimed at increasing the country's competitiveness and the well-being of the people	Average The Agency develops state policy in the field of strategic planning, monitors and evaluates the implementation of strategic development plans	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on the economy 	<ul style="list-style-type: none"> • Inclusion of GPP implementation as one of the goals in Kazakhstan's strategic development plans
Eurasian Economic Commission	Ensuring the conditions for the functioning and development of the EAEU (Eurasian Economic Union), developing proposals for the further development of integration	Average Department of Competition Policy and Public Procurement Policy of the EAEU contributes to the improvement and implementation of policies, regulatory frameworks and methodology in the field of public procurement in the territories of the EAEU Member States	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on the economy 	<ul style="list-style-type: none"> • Approval of the inclusion of environmental criteria in the public procurement systems of the EAEU member states
Institute for the Development of Electric Power Industry and Energy Saving JSC	Implementation of state policy in the field of energy efficiency	Low The Institute is an expert in the field of energy efficiency and plays an important role in the implementation of state policy related to energy conservation	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on energy saving and energy efficiency • Support from international experts and exchange of experience • Tools for monitoring and assessing the energy efficiency of purchased technologies 	<ul style="list-style-type: none"> • Developed criteria for energy saving and energy efficiency, which can be integrated into the public procurement system

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Electronic Finance Center JSC	The need to modernise information systems of electronic public procurement when integrating the Ministry of Finance into public procurement procedures	<p>Average</p> <p>Operator of the information system of electronic public procurement, individual entities of the quasi-public sector</p>	<ul style="list-style-type: none"> • Register of Environmental Criteria for GPP • Access to international experience in the implementation of digital modules to support GPP within the framework of the e-procurement system 	<ul style="list-style-type: none"> • Technical implementation of the introduction of environmental criteria in the systems of electronic public procurement of individual entities of the quasi-public sector • Training of specialists in the use of modernised procurement information systems, taking into account environmental criteria
Kazakhstan Center for Modernization and Development of Housing and Public Utilities JSC	<ul style="list-style-type: none"> • Introduction of new, energy-saving technologies in the field of housing and communal services • Promotion of the efficient use of energy resources • Training and retraining of specialists for housing and communal services • Methodological support for the implementation of the best international practices in the field of housing relations and housing and communal services 	<p>Average</p> <p>implementation of state policy in the field of modernisation and development of the housing and communal sector in Kazakhstan.</p>	<ul style="list-style-type: none"> • Access to analytical data and assessment of the impact of GPP on energy efficiency, water conservation in public procurement in the housing and utilities sector • Support from international experts and exchange of experience • Tools for monitoring and evaluating low-carbon, energy efficiency and water conservation criteria in public procurement in the housing and utilities sector 	<ul style="list-style-type: none"> • Development of Low-Carbon, Energy Efficiency and Water Saving Criteria in Public Procurement of the Housing and Public Utilities Sector
Kazakh Research and Design Institute of Construction and Architecture (JSC 'KazNIISA')	<ul style="list-style-type: none"> • Assistance in scientific and technical development and the introduction of advanced technologies in the field of construction • Management of the commission for the development of the regulatory and technical framework in the field of information modelling technology in construction within the framework of the Basic Organisation of the CIS member countries 	<p>Average</p> <p>The activities cover earthquake-resistant construction, the development of regulatory and technical documents, the introduction of information technologies, as well as research and implementation of innovative building materials</p>	<ul style="list-style-type: none"> • Methodological materials on environmental criteria in construction. • Access to data on international best practices and regulations 	<ul style="list-style-type: none"> • Development of national standards for sustainable construction, including green criteria for public procurement • Strengthening the regulatory framework to support decarbonisation and the green economy in construction

Who	Motivation and Values in the Context of GPP	Impact on the development of state policy for the implementation of the GPP	Requirements and resources for a successful role	Expected results from stakeholder participation
Republican State Enterprise 'National Center for Road Asset Quality'	<ul style="list-style-type: none"> Improving road quality to ensure citizen safety and comfortable living conditions Implementing new technologies and overseeing pilot road sections 	<p>Average</p> <ul style="list-style-type: none"> Conducting quality assessments of road construction works and materials Carrying out departmental expertise for medium road repairs 	<ul style="list-style-type: none"> Developing methodological materials on environmental criteria for road construction and repair Providing access to best international practices and regulatory frameworks 	<ul style="list-style-type: none"> Integrating environmental criteria into procurement for road construction and repair works Organising training programmes for specialists on Green Public Procurement

Table 2. Customers

Who	Motivation and Values in the Context of GPP	Impact on GPP implementation	Requirements and resources for a successful role	Expected results from stakeholder participation
Local executive bodies, state institutions and state enterprises engaged in the procurement of goods, works and services	Efficient use of budget funds, support for local production, compliance with environmental standards	High	<ul style="list-style-type: none"> Guidelines for the implementation of green standards in the procurement process Training programmes for improving the skills of employees 	Implemented GPP procurement practices
National companies managed by the Sovereign Fund of Samruk-Kazyna JSC	Implementation of ESG principles, increasing investment attractiveness, reducing the carbon footprint	High	<ul style="list-style-type: none"> Guidelines for the implementation of green standards in the procurement process. Training programmes for improving the skills of employees 	implemented GPP procurement practices
Subsoil users (oil, gas and mining sectors)	Compliance with environmental standards, reduction of negative impact on the environment, access to technologies to reduce the carbon footprint	High	<ul style="list-style-type: none"> Guidelines for the implementation of green standards in the procurement process Training programmes for improving the skills of employees 	implemented GPP procurement practices
Subjects of natural monopolies (suppliers of water, heat and electricity, others)	Improving operational efficiency, complying with environmental standards, and developing sustainable infrastructure	High	<ul style="list-style-type: none"> Guidelines for the implementation of green standards in the procurement process Training programmes for improving the skills of employees 	implemented GPP procurement practices

Who	Motivation and Values in the Context of GPP	Impact on GPP implementation	Requirements and resources for a successful role	Expected results from stakeholder participation
Subsoil users (Tengizchevroil LLP, Karachaganak Petroleum Operating B.V., North Caspian Operating Company N.V.)	Transition to low-carbon technologies, reduction of carbon footprint, minimisation of environmental damage, compliance with international environmental standards	High	<ul style="list-style-type: none"> Guidelines for the implementation of green standards in the procurement process. Training programmes for improving the skills of employees 	implemented GPP procurement practices

Table 3. Suppliers and Business Associations

Who	Motivation and Values in the Context of GPP	Impact on operational market changes affecting the availability of green products and the introduction of green innovations	Requirements and resources for a successful role	Expected results from stakeholder participation
'Baiterek' NMH JSC- National Management Holding - National Development Institute	<p>Baiterek Holding has joined the UN Global Compact, the largest international initiative aimed at involving business in sustainable development at the global level.</p> <p>He is a signatory to the Belt and Road Initiative (GIP) Green Investment Principles</p>	<p>High</p> <p>The holding manages key development institutions and finances projects that affect the sustainable development of the economy</p>	<ul style="list-style-type: none"> Access to analytical data to create private business support programmes in the green public procurement market 	<ul style="list-style-type: none"> Financial incentives for enterprises to introduce green technologies that meet environmental criteria within the framework of the GPP
Atameken NCE (National Chamber of Entrepreneurs), unites more than 200 business associations	<ul style="list-style-type: none"> Promotion of environmental standards for entrepreneurs Supporting the implementation of GPP for business development and a sustainable economy Strengthening the reputation of domestic entrepreneurs in the international arena 	<p>High on regulatory regulation, but medium on operational market changes</p> <p>Atameken NCE plays an important role in the formation of the regulatory framework governing the activities of entrepreneurs, and acts as a bridge between business and the state for the implementation of GPP.</p>	<ul style="list-style-type: none"> Methodological recommendations for the adaptation of environmental standards in the business environment Financial support and educational initiatives for the introduction of environmentally friendly technologies Platforms for interaction between business and government agencies 	<ul style="list-style-type: none"> An increase in the number of entrepreneurs applying environmental standards Increasing the competitiveness of business through participation in public procurement using GPP Reducing administrative barriers and improving the business environment

Who	Motivation and Values in the Context of GPP	Impact on operational market changes affecting the availability of green products and the introduction of green innovations	Requirements and resources for a successful role	Expected results from stakeholder participation
International Center for Green Technologies and Investment Projects	The main function of the Center is to create conditions and promote green technologies, the development of green finance and other measures to stimulate investment	High The centre is designed to solve the problems of transition to green business, transfer and adaptation of green technologies and best practices	Access to international know-how and best practices in the field of green technologies	Encouraging enterprises to develop green technologies that meet environmental criteria under the GPP
Industrial companies	Implementation of sustainable production, reduction of carbon footprint, compliance with ESG goals	High	Incentives for low-carbon production, tax incentives for green investments, access to R&D	Access to the green public procurement market
Small and medium-sized businesses	Access to government tenders, expansion of market opportunities, introduction of environmentally friendly practices	High	Clear and transparent environmental requirements in the tender documentation	Access to the green public procurement market

Table 4. Civil society institutions

Who	Motivation and Values in the Context of GPP	Impact on the promotion of GPP adoption by the public	Requirements and resources for a successful role	Expected results from stakeholder participation
Scientific and Educational Center 'Green Academy'	Training and research activities in the field of climate policy, green economy	High	Support for research and training programmes, access to funding	Raising awareness and competence in the field of sustainable development
Kazakhstan Management Association waste 'KazWaste'	Support for sustainable waste management, development of the recycling industry, introduction of separate waste collection	High	Regulatory support, financing, promotion of recycling technologies	Reducing the negative impact of waste on the environment, increasing the level of recycling

Who	Motivation and Values in the Context of GPP	Impact on the promotion of GPP adoption by the public	Requirements and resources for a successful role	Expected results from stakeholder participation
Kazakh Association of Regional Environmental Initiatives 'ECOJER'	Promoting environmentally sustainable practices, ensuring a balance between economic development and improving the quality of the environment	High	Interaction with regulatory authorities, search for tools to support enterprises, creation of a knowledge exchange network	Reducing the negative impact of waste on the environment, increasing the level of recycling, improving the waste management system
Kazakhstan Association of Energy Auditors	Improving energy efficiency, developing the energy audit market, introducing advanced technologies	High	Cooperation with government agencies, access to modern methods and tools, training of specialists	Improving the regulatory framework, stimulating demand for energy audits, improving the qualifications of members of the association
Non-profit civil society organisations	Sustainable development, environmental protection, promotion of environmental practices in society	High , due to the ability to influence public opinion, organise campaigns and interact with citizens	Financial support for awareness-raising campaigns, funding, access to training materials	Active participation in the promotion of GPP, strengthening the role of citizens in making environmentally significant decisions
Mass media	Informing the public, popularising environmental initiatives, raising awareness of GPP	Average , depends on audience coverage and quality of materials	Providing access to experts and analytical data, information support	Increasing interest in the environmental agenda, participating in the formation of public opinion in support of the GPP

Table 5. International organisations

International organisations	Sustainability Track
European Union (EU)	Transition to a green economy, renewable energy, circular economy
European Bank for Reconstruction and Development (EBRD)	Renewable energy, decarbonisation, support for small businesses
World Bank	Green growth, inclusion, restoration of natural resources
Asian Development Bank (ADB)	CAREC, Energy Efficiency, Renewable Energy
United Nations Development Programme	Reducing the risks of investing in renewable energy sources, climate reporting, sustainable development
USAID	Renewable energy, water management, small business support
UK AID	Climate-resilient growth, green investments
Global Environment Facility (GEF)	Biodiversity, climate change, energy efficiency
GIZ (German Society for International Cooperation)	Sustainable land use, low-carbon development
JICA (Japan International Cooperation Agency)	Sustainable Development, Economic Infrastructure
Islamic Development Bank	Financing climate-resilient water projects
OSCE Programme Office in Astana	Water Resources Management, Aarhus Convention
Swiss Agency for Development and Cooperation (SDC)	Water resources, climate adaptation
Regional Environmental Centre for Central Asia	Promoting sustainable development and environmental protection in Central Asia, supporting climate initiatives and green economy

For a better understanding of the structure of the analysis, below are the methodology and parameters used in the assessment of each stakeholder.

A brief methodology for stakeholder analysis

Identification of stakeholders: Stakeholders were identified based on their role in public procurement, analysis of legal and institutional frameworks, relationship to national strategies (e.g. decarbonisation and transition to a green economy) and their relevance to Green Public Procurement (GPP) objectives. To identify key parties, the main sources of information were documents such as the Environmental Code of Kazakhstan; regulations in the field of public procurement and strategies such as the Carbon Neutrality Strategy until 2060; the Concept of Transition to a Green Economy and other national strategic documents; international obligations (Paris Agreement, Sustainable Development Goals); and regulations and plans for the development of departments.

Identifying the needs and interests of stakeholders: the interests and needs of stakeholders were identified on the basis of their statutory mandates, institutional roles, and documented actions in the field of sustainable development.

Expectations were formed based on the author’s interpretation of the priorities and potential roles of stakeholders in achieving the goals of the GPP as an environmental policy tool.

Stakeholder Impact Assessment (High, Medium and Low): The impact was assessed taking the following considerations into account: political and administrative authority (the ability to adopt or amend GPP-related regulations), access to financial, technical or human resources critical to the implementation of the GPP, and the alignment of the stakeholder objectives with the objectives of the GPP.

Summary of stakeholder analysis parameters

Parameter	Description
Who	Identifies a specific stakeholder or organisation to further describe their role in the GPP implementation process
Motivation and Values in the Context of GPP	Reflects the motivation and key values of the stakeholder; includes environmental performance, economic benefits, access to tenders or increased competitiveness; helps to anticipate the response to GPP implementation
Influence***	<ul style="list-style-type: none"> Assesses the degree of stakeholder influence on the GPP implementation process (high, medium or low) Shows how much a contributor can influence policy, decision-making, or the progress of a project: Government Agencies: Influencing the development of public policy for the implementation of GPP Customers: Impact on GPP Implementation Private Sector: Influencing Operational Market Changes Affecting the Availability of Green Products and the Adoption of Green Innovations Civil Society: Influencing Public Acceptance of the GPP
Requirements and resources for implementing the role	Identifies the specific resources and conditions necessary for effective participation in the GPP, such as methodological materials, budget resources, standards data, advisory services, and others
Expected results from stakeholder participation	Identifies the specific benefits or changes that are expected from the stakeholder to participate in the project, such as reduced emissions, increased green tenders, improved regulatory frameworks, etc.

3. Assessment of readiness for GPP

3.1. Legal, regulatory, and State policy framework

Kazakhstan's Legal and Regulatory Framework plays a crucial role in implementing sustainable development principles within state-regulated procurement. The country's legislation contains important provisions aimed at integrating environmental standards. Let us examine to what extent existing regulations and national development goals support the integration of sustainable solutions into the state-regulated procurement system and whether they indeed create favourable conditions for environmentally oriented reforms.

Regulatory framework for public procurement to integrate sustainable development principles in procurement decision-making

Earlier in section 2.4, information on the reform of the public procurement system was provided. The latest Public Procurement Law was adopted on July 1, 2024, in a framework format and consists of only 29 articles [26]. During its drafting, an important legislative approach—the framework format—was used, in which general principles, key concepts, and procedures are presented in a summarised form. All detailed procurement procedures and their order are set out in a subordinate act—the Rules for Public Procurement, approved by the Order of the Minister of Finance of the Republic of Kazakhstan on October 9, 2024 [28]. Since the Rules are a subordinate act of the Ministry of Finance, their amendments do not require extensive approvals by the Parliament of Kazakhstan. Instead, they are approved after consultation with relevant state bodies and the National Chamber of Entrepreneurs 'Atameken', and are subject to public discussion on the governmental portal 'Open Normative Legal Acts' of the e-government of Kazakhstan: <https://legalacts.egov.kz>.

Since January 1, 2025, with the entry into force of the new Public Procurement Law, the Ministry of Finance of the Republic of Kazakhstan has had the ability to regulate the public procurement system flexibly through subordinate acts, such as orders from the Minister of Finance and other sectoral ministries. The framework format of the new law is also convenient for integrating environmental criteria, which can be incorporated into technical specifications of tender documentation, standard contract terms, qualification requirements, and tender evaluation criteria.

Flexible regulation is especially important for implementing pilot projects for integrating environmental criteria into procurement procedures, as the lessons learned can be promptly reflected in updates to subordinate acts. Through this approach, the Ministry of Finance, in collaboration with relevant stakeholders, can transform the public procurement system and quasi-state sector procurement into a strategic tool for Kazakhstan's sustainable economic development.

It should be noted that collaboration between the Ministry of Finance and the Ministry of Ecology and Natural Resources in the framework of GPP requires the development of clear criteria for environmental sustainability until such time as procurement professionals have been upskilled to identify potential sustainability opportunities in procurement cases, and then embed relevant sustainability criteria on their own to enhance the sustainability outcome of their procurement decisions. The Ministry of Finance needs to work collaboratively with the Ministry of Ecology and Natural Resources to develop and approve the minimum environmental criteria for prioritised goods, works and services. These criteria are essential to ensure that green procurement meets established sustainability standards and does not have negative impacts on the environment.

The Ministry of Industry and Construction of the Republic of Kazakhstan has gained some experience in using sustainable procurement mechanisms by introducing the concept of 'energy-efficient public procurement' in the Law of the Republic of Kazakhstan 'On Energy Saving and Energy Efficiency Improvement' through amendments on June 30, 2022. According to this innovation, all government agencies are required to purchase only those goods that meet high energy efficiency classes as listed in the goods, works, and services approved by the Ministry of Industry and Construction in 2022 [29].

This list includes:

1. **Goods:** household refrigeration appliances, electric lamps, televisions, household washing machines, household dishwashers, computers and servers, autonomous and integrated sealed circulating pumps, electric fans, household drum dryers for textiles, air conditioners and room fans, single-speed three-phase asynchronous electric motors, autonomous and integrated clean water pumps, transformers.

2. **Works:** Repair/modernisation of pumping equipment; Repair/modernisation of climate and ventilation systems and equipment; Repair/modernisation of laundry/cleaning equipment; Provision of energy-efficient lighting; Repair/modernisation of electric motors/generators and similar equipment (excluding transport-related equipment); Implementation/installation/improvement of equipment for electric motors; construction of residential buildings/structures; Repair of residential buildings/structures/premises; Reconstruction of residential buildings/structures/premises; Restoration of residential buildings/structures/premises; Construction of non-residential buildings/structures; Repair of non-residential buildings/structures/premises; Reconstruction of non-residential buildings/structures/premises; Restoration of non-residential buildings/structures/premises; Repair/reconstruction of specific elements of non-residential buildings/structures/premises; Installation/mounting of climate systems and ventilation systems and equipment; Repair/modernisation of computer/peripheral office equipment and machinery.

3. **Services:** Maintenance/provision of decorative lighting; Maintenance of buildings/structures/premises and adjacent areas; Maintenance of lighting structures/LED screens and similar equipment and structures.

According to Kamila Zhumakanova, an expert at the Technical Regulation and Metrology Committee, the Ministry of Trade and Integration of the Republic of Kazakhstan is actively developing standards for public procurement aimed at decarbonising purchased goods, works, and services. Particular attention is being given to the creation and implementation of these standards as part of the Strategy for Achieving Carbon Neutrality by 2060, approved in 2023. Standardisation is seen as one of the key tools for implementing decarbonisation goals. In the 2024 National Standardization Plan, 65 national standards are being prepared. In 2023, in line with the Concept for Transition to a Green Economy, 69 standards were developed and adopted. These documents cover areas such as hydrogen energy, waste management, eco-labelling, and environmental management. In Kazakhstan, seven technical standardisation committees operate in the fields of ecology and carbon neutrality, developing and adapting national standards to local conditions.

To confirm compliance with green requirements, such as energy conservation and efficient resource use, 13 organisations for the validation and verification of greenhouse gases are accredited in the country. These organisations operate in accordance with National Standard ST RK ISO 17029:2020, adapted from ISO/IEC 17029:2019. Additionally, Kazakhstan has National Standard ST RK ISO 20400-2018 'Sustainable Procurement - Guidance,' which provides recommendations for integrating sustainable development principles into procurement processes. This standard is intended for all decision-makers in procurement. The Commonwealth of Independent States (CIS) also has over 60 interstate standards related to green technologies.

Regulations and tools for implementing green procurement

According to Article 31-3 of the Law of the Republic of Kazakhstan 'On Public Procurement' dated December 4, 2015, No. 434-V ZRK, competitive procurements in Kazakhstan could be conducted using life-cycle cost assessment for goods, works, and services [14]. At that time, in the version of the Law valid until December 31, 2024, this provision remained the only regulation directly related to green procurement. Notably, the Public Procurement Rules in effect until the end of 2024 did not mention any elements of green procurement.

As of January 1, 2025, a new Public Procurement Law, adopted on July 1, 2024, under No. 106-VIII, has come into force in Kazakhstan. Article 3 of the law introduces the definition: 'Sustainable public procurement means the acquisition of goods, works, and services by customers to ensure optimal and efficient budget spending throughout their life cycle, as well as achieving social, economic, and environmental development goals.' Article 8, 'Principles of Public Procurement,' establishes the principle of sustainable public procurement.

However, despite these innovations, green procurement elements have not yet been integrated into procurement procedures in the current version of the new Rules for Public Procurement, approved by the Order of the Minister of Finance of Kazakhstan on October 9, 2024, and in effect since January 1, 2025.

Eco-labelling

The Environmental Code of the Republic of Kazakhstan, adopted in 2021, includes Article 47 'Eco-Labelling.' This article states that eco-labelling is conducted by product manufacturers (providers of works or services) on a voluntary basis following a conformity assessment carried out by accredited bodies in the field of accreditation and conformity assessment.

Kazakhstan has developed two eco-labelling standards based on the international ISO 14000 series standards:

- ST RK ISO 14024-2023 'Environmental Labels and Declarations. Type I Environmental Labelling. Principles and Procedures';
- ST RK BST ISO 14020-2006 'Environmental Labels and Declarations. General Principles.'

According to the 2022 Annual Report of the Global Ecolabelling Network (GEN), which brings together 27 eco-labelling programmes in 60 countries, Kazakhstan has implemented 10 eco-labelling standards. Forty companies have joined these standards; only 27 product names have received eco-labelling [30].

In Kazakhstan, the NGO 'International Academy of Ecology,' which develops standards in this area, operates Technical Committee 60 on standardisation 'Ecology: Environmentally Friendly Products, Technologies, and Services.' According to their information, eco-labelling standards are focused primarily on food products, agricultural produce, and some industrial goods [31].

Despite the availability of eco-labelled products, especially in food production, the overall number of products and services covered by these standards remains limited, due mainly to the voluntary nature of these standards and the early stage of the green market in Kazakhstan.

There are no incentives in Kazakhstan for using eco-labelled products, as the state and other regulated procurement systems do not provide suppliers with preferences in tenders if their goods, works, or services bear eco-labels.

Difference between centralised and decentralised procurement

Currently, public procurement and quasi-state sector procurement are governed by different laws and subordinate acts, such as procurement rules determined by ministerial orders. These procurements are conducted on various digital procurement platforms: www.goszakup.kz (public procurement), www.zakup.sk.kz (Samruk-Kazyna and the quasi-state sector), eep.mitwork.kz (quasi-state sector, natural monopolies, private business).

At the same time, public procurement rules regulated by the Ministry of Finance of the Republic of Kazakhstan are unified across the national, regional, and rural levels.

Policy and Strategic Framework supporting the implementation of sustainable procurement

Green public procurement (GPP) is a key tool of environmental and climate policy, becoming increasingly relevant in the context of national strategies for decarbonisation and the transition to a green economy.

The transition of Kazakhstan to a green economy is governed by the following legislative acts:

- Strategy-2050
- Carbon Neutrality Strategy to 2060
- Concept for Transition to a Green Economy
- Updated Nationally Determined Contribution of the Republic of Kazakhstan to the Global Climate Response
- Environmental Code of the Republic of Kazakhstan

- Concept for the Development of Energy Saving and Energy Efficiency for 2023–2029
- Resolution on the Approval of the Classification (Taxonomy) of Green Projects for Financing through Green Bonds and Green Loans

Green public procurement is mentioned only in the Carbon Neutrality Strategy of Kazakhstan to 2060 as part of the climate finance system necessary to develop a sustainable carbon regulation system in the country.

All of these strategic documents are long term, except for the ‘Updated Nationally Determined Contribution of the Republic of Kazakhstan to the Global Climate Response,’ which is reviewed every five years. This document is thus of particular interest as a political instrument that can accelerate the integration of green public procurement into the governance system and act as a driver for its development.

It is also important to note that, as the Republic of Kazakhstan is a unitary state, green public procurement policy will be implemented centrally at the national level. This means that all regions and local authorities will be required to follow established national requirements and standards.

Green procurement policy at national and subnational levels

According to the Regulatory Policy Advisory Document for the Draft Law of the Republic of Kazakhstan ‘On Public Procurement’ [23], Kazakhstan aims to adopt international practices for sustainable public procurement (S/GPP), which embraces a wider scope of accountability than green public procurement, through the following approaches:

1. Reevaluate the role of public procurement, not as a mere administrative function (where the primary goal is to spend the budget), but as a tool to achieve strategic goals for sustainable (global) development across environmental, economic, and social dimensions, as follows:
 - Environmental dimension: green procurement; environmental protection; renewable energy; minimal emissions and waste management; eco-friendly products; products made from recycled materials, etc.
 - Economic dimension: selection of suppliers based on total life-cycle cost, innovation, support for SMEs
 - Social dimension: support for persons with disabilities and other categories of citizens with limited opportunities
2. Reexamine supplier selection approaches, shifting from price-based criteria to quality-based criteria and promoting life-cycle cost criteria widely.

The concept and principles of sustainable public procurement were first introduced by the Ministry of Finance of Kazakhstan in the draft of the new Public Procurement Law in 2023, which came into effect on January 1, 2025.

Since June 2022, Kazakhstan has been divided into 17 regions and 3 cities of national significance, each governed by a local executive body, the Akimat. According to the Law of the Republic of Kazakhstan ‘On Local Government and Self-Government’ [32], the akimats are led by akims (governors), who represent the President and the Government in the regions and are responsible for implementing state policy, including strategic initiatives such as the transition to a green economy and decarbonisation. The law defines the primary tasks of the akimats as local executive bodies for implementing state policy and coordinating the work of the regional subdivisions of central government bodies. They must comply with national standards and priorities, limiting their autonomy in setting environmental standards for public procurement. According to the ‘Action Plan for the Implementation of the Concept of Kazakhstan’s Transition to a Green Economy for 2021–2030’ [33], regional akimats are involved in initiatives related to energy saving, water conservation, and waste management; however, these activities are implemented within projects developed at the national level. Consequently, the main directions of akimats’ activities in sustainable development are aligned with national strategic goals, highlighting their reliance on national regulations and coordination with central bodies.

In 2022, the NGO Digital Society, a member of the NGO Coalition Kun Jarygy, sent inquiries to all regional akimats and the akimats of cities of national significance about the implementation of sustainable procurement policies at the subnational level, i.e. at the level of regional executive authorities. Responses from all akimats provided the following insights:

- All akimats emphasise that the Ministry of Finance of the Republic of Kazakhstan is responsible for developing methodological guidelines and coordinating procurement policy. The Ministry establishes the core principles and rules for procurement that must be followed at all levels. All akimats adhere to the current Public Procurement Law of Kazakhstan and the national guidelines developed by the Ministry of Finance. They support the goals of sustainable procurement but stress that implementing environmental criteria requires changes at the national level.
- The akimats expressed a positive attitude towards green procurement, but their responses lacked information on coordination with the Ministry of Ecology and Natural Resources or other central bodies to achieve environmental goals at the local level.
- Akimats mention that the use of the electronic procurement system makes public procurement processes more transparent and accessible. However, their responses do not include information on specific functions on the Public Procurement Portal that support sustainable procurement or training materials for akimat employees.

Thus, subnational authorities in Kazakhstan support sustainable public procurement policies and are willing to implement them, but their actions are constrained by current legislative frameworks and dependent on centralised regulation, with the Ministry of Finance as the primary regulatory body for adapting and implementing environmental criteria. Sustainable development and green procurement have not yet become independent components of subnational initiatives and remain part of national programmes, underscoring the need for a coordination system to adapt environmental initiatives at the regional level. Moreover, regions need training programmes and resources to help local authorities and suppliers meet environmental procurement requirements.

3.2. Institutional structure and management capacity

Institutional structure and management capacity play a crucial role in the successful implementation of Green Public Procurement (GPP). Effective coordination between public and private organisations, as well as the availability of qualified professionals, ensure the execution of sustainable development strategies and climate agendas. The question arises: how prepared is Kazakhstan to implement and sustain GPP at the institutional level?

Integrating green procurement principles into the public finance management system

The public finance management system of the Republic of Kazakhstan is based on principles of transparency, accountability, and efficient resource use. These principles are enshrined in key legal acts, such as the Budget [34] and Tax Codes, the Law on State Audit and Financial Control, and various presidential decrees and resolutions. However, despite a high level of regulation, the current legislation does not yet include specific requirements that would foster the development of green finance as a separate budgetary area.

The principles of sustainable procurement outlined in ST RK ISO 20400-2018 could serve as a foundation for integrating green criteria into public finance management [35]. These principles include:

- **Accountability:** responsibility for environmental impact at all stages of the product or service life cycle, including supply chains
- **Transparency:** availability of procurement decision information, fostering environmentally conscious choices and collaboration with responsible suppliers
- **Ethical Behaviour:** commitment to minimising environmental damage and adhering to environmental protection standards
- **Innovative Solutions:** seeking and adopting sustainable green technologies in procurement
- **Focus on Needs:** procuring only what is necessary and prioritising eco-friendly alternatives, thereby reducing the ecological footprint

- **Integration:** embedding environmental standards at all stages of procurement
- **Total Cost Analysis:** considering environmental costs and opting for sustainable solutions over the product's full life cycle

In Kazakhstan's legislative framework, the concept of green finance is introduced only in the Environmental Code, where it is defined as investments aimed at implementing green projects, funded through tools such as green bonds, loans, and other financial instruments designated by the regulatory authority overseeing the financial market and financial organisations.

In the Budget Code, green finance is mentioned only in the context of funding green projects through borrowing mechanisms. Specifically, according to Articles 209 and 212-1, local executive bodies of cities of national significance, the capital, and special-status bodies may issue government securities and borrow from international financial organisations in national currency to finance green projects as part of sustainable development.

Considering that the Budget Code is a fundamental legislative document regulating the entire public finance sector, it is necessary to introduce additional amendments to it that will:

- harmonise the provisions of the Environmental Code and the Budget Code regarding green financing,
- ensure the allocation of budgetary funds directed towards environmentally sustainable projects through a mechanism of interagency coordination, and
- develop and implement accountability mechanisms for green expenditures, including green public procurement.

Do Regulatory Documents on public procurement allow non-financial criteria in supplier selection?

In sustainable public procurement (SPP), it is essential to consider not only price but also non-financial criteria, such as environmental and social aspects. This enables the government to select suppliers whose goods and services support sustainable development, even if these offers may be more expensive.

According to the Regulatory Policy Advisory Document for the Public Procurement Law, however, one of the primary challenges of the current public procurement system is the dominance of price as a criterion in proposal evaluations. Winners are often determined based on the lowest price, leading to reduced quality in procured goods and services. The document also notes that some non-financial factors, such as work experience and financial stability, play a role in proposal evaluation, but these are insufficient to ensure high-quality procurement.

The OECD experts' review of Kazakhstan's public procurement system [21] confirms that the evaluation process for tender proposals uses a binary approach: proposals are assessed against minimum technical and qualification criteria, and then the winner is determined based on the lowest price. However, the guidelines allow for consideration of certain non-financial factors through a conditional discount mechanism, although their impact remains limited.

A conditional discount in Kazakhstan's public procurement context is a special 'discount' applied solely to determine the winner in the procurement process and does not affect the actual contract price. This means that the discount helps position certain suppliers more favourably when comparing proposals, but the purchaser will not pay less; the discount is used only as a tool to calculate the winner. For example, if two suppliers compete, and one is eligible for a conditional discount (for instance, for using local resources), their proposal appears to be cheaper due to this discount. However, after selecting the winner, the contract will be concluded at the original price, without the discount applied.

The purpose of conditional discounts is to encourage suppliers who meet certain additional criteria, such as environmental or social standards.

In Kazakhstan, the following additional criteria affect the price offer through conditional discounts in competitive public procurement:

- The potential supplier's experience in the market for goods or services being procured
- Paid tax indicator
- Financial stability indicator, used when conditional prices of competitive offers are equal
- Functional, technical, quality, and operational characteristics of goods, as well as costs for operation, maintenance, and repair of procured goods are taken into consideration, meaning that if the proposed goods and services have better characteristics than the required technical specifications, the tender committee may assign the potential supplier an additional conditional discount of 0.5% for each characteristic that exceeds the minimum requirements, up to a maximum of 3%
- If the proposed goods or services have higher quality or additional beneficial functions or properties not included in the technical specifications, the tender committee may assign a conditional discount of 5%
- If the potential supplier offers favourable terms for delivery, storage, use, and maintenance, the tender committee may assign a conditional discount of up to 3%
- The location of the potential supplier within the corresponding administrative-territorial unit (within the region, cities of national significance, and the capital) where the work is performed
- Negative values: for example, if the potential supplier has an unfulfilled contract signed in the current financial year, the web portal automatically reduces the conditional discount by 0.1% of the total amount for each such contract

According to the Public Procurement Rules of Kazakhstan's Ministry of Finance, quality characteristics are parameters of goods that provide higher operational or functional performance than the basic requirements, giving the supplier an additional advantage in the competition.

OECD experts noted in their review that from the suppliers' perspective, the proposal evaluation process through conditional discounts does not encourage innovative solutions or quality improvements due to the relatively small size of discounts, which amount to up to 5%. This puts suppliers offering more expensive innovative solutions at a competitive disadvantage compared to those offering cheaper products.

Potential suppliers offering a low price are more likely to win. In the 2019 review of the public procurement system, OECD experts pointed out that criteria such as Most Economically Advantageous Tender (MEAT) or Life-cycle Costing (LCC) are not used in the evaluation process to determine the winner.

In summary: despite OECD recommendations from 2019, criteria such as MEAT, LCC, and environmental and social standards as grounds for conditional discounts remain underutilised in the new Public Procurement Rules of Kazakhstan's Ministry of Finance, which took effect on January 1, 2025."

Environmental accounting systems

Kazakhstan has already implemented elements of an environmental accounting system, including mandatory reports on emissions and hazardous waste. Legal entities and entrepreneurs are required to develop environmental programmes and report on their implementation. The state waste registry (<https://oos.ecogeo.gov.kz/>) provides data on waste types, volumes, and management systems. The unified environmental portal (<https://ecportal.kz/>) contains information on problematic environmental zones, public hearing announcements on environmental protection and sustainable development issues in the Republic of Kazakhstan. These resources can be used in developing environmental criteria for public procurement, helping to select more sustainable suppliers and technologies, while also addressing local environmental risks, minimising environmental damage, and supporting sustainable development goals.

Kazakhstan is also planning further development of a carbon regulation system, including emissions monitoring and infrastructure for reporting. Such development will provide reliable information on the environmental impact of various sectors, enabling informed decision-making when choosing suppliers and technologies with a lower carbon footprint. Furthermore carbon regulation will create incentives for companies to reduce emissions, supporting the country's climate commitments and fostering environmental sustainability in public procurement and the shift to more sustainable economic practices.

Social accounting systems

Since September 2022, Kazakhstan has piloted the Digital Family Map, integrating data from government bodies to create detailed social profiles [36]. These profiles can guide public procurement to address specific regional and family needs, such as energy-efficient housing or green infrastructure. The Social Wallet project further simplifies social payments and could be integrated with the Digital Family Map to promote proactive social and environmental planning in procurement [37]. By aligning procurement priorities with identified population needs, these tools can enhance the social and environmental impact of public procurement, supporting Kazakhstan's transition to a green economy.

Institutional framework for Sustainable Development Goal (SDG) Implementation and its link to GPP

Sustainable public procurement is a key task under the United Nations Sustainable Development Goal 12, 'Ensure sustainable consumption and production patterns'.

On August 18, 2018, the institutional structure for implementing the UN SDGs in Kazakhstan was approved by the Prime Minister, establishing a Coordination Council led by the Deputy Prime Minister and five interagency working groups [38].

The main tasks of the Coordination Council include reviewing and developing proposals for forming a unified policy on implementing the UN SDGs in Kazakhstan. The working body of the Coordination Council is the Ministry of National Economy of the Republic of Kazakhstan. The Institute for Economic Research under the Ministry of National Economy serves as the secretariat of the Coordination Council, providing expert and analytical support.

The Protocol of the 5th meeting of the SDG Coordination Council on March 12, 2021, approved a list of national SDG indicators up to 2030, which includes SDG indicator 12.7.1: 'Number of countries implementing sustainable public procurement policies and action plans.' Responsibility for this indicator was assigned to the Ministry of Finance and the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan.

On November 1, 2024, at the 8th meeting of the Coordination Council, an updated list of national SDG indicators up to 2030 was approved, and a plan for preparing the voluntary national review for 2025 was endorsed. The Deputy Prime Minister instructed relevant government bodies and organisations to ensure the integration of national SDG indicators into the government planning system and to carry out the plan for the voluntary national review preparation in a timely and high-quality manner [39].

Kazakhstan had previously presented two voluntary national reviews in 2019 and 2022. Both reports are available on the website of the Institute for Economic Research under the Ministry of National Economy of the Republic of Kazakhstan [40]. Notably, the 2019 review lacks information on progress in achieving the 'Sustainable Public Procurement' target under SDG 12. However, by 2022, the situation had changed: the second review includes a new section dedicated to 'Sustainable Public Procurement and Finance'. This section highlights Kazakhstan's efforts to improve public procurement procedures, with a particular focus on environmental, economic, and social aspects.

Because the Government of Kazakhstan considers that achieving the UN SDGs is a priority, it was decided to enhance efforts in this area. On June 20, 2023, a Parliamentary Commission was therefore established to monitor the implementation of national goals and objectives in sustainable development. The main task of this commission is to establish effective cooperation between Parliament and the Government to achieve national sustainable development goals. The commission will also work on refining SDG achievement indicators up to 2030 and preparing new legislation to support sustainable development policies. Active involvement of members of Parliament in this work is expected to contribute to more successful implementation of the UN SDGs at the national level.

Is verification of an industry, environment, or social standard code, or supplier code of conduct, important at the qualification stage?

According to Article 12 of the new Public Procurement Law, the bidding and auction documentation, as well

as the information posted when conducting public procurement by price quotation, must contain technical specification requirements (a brief description) with an indication of national standards, and if absent, interstate standards for procured goods, works, and services. In the absence of national and interstate standards, the required functional, technical, quality, and operational characteristics of the procured goods, works, and services are specified, taking into account public procurement standardisation requirements. The technical specification must also require potential suppliers to provide documents confirming that their goods comply with the requirements set by technical regulations, standards, or other documents in accordance with the legislation of the Republic of Kazakhstan.

According to Article 11, qualification requirements for potential suppliers include:

- Legal capacity (for legal entities) and civil capacity (for individuals)
- Financial stability and no tax arrears. Financial stability is automatically determined by the web portal based on data on income, paid taxes, fixed assets, and payroll in accordance with public procurement rules
- Absence of bankruptcy or liquidation procedures
- Availability of sufficient material, labour, and financial resources to fulfil contractual obligations, as well as no overdue wage arrears to employees. In public procurement for works and services, the customer may require potential suppliers to have material and labour resources registered in the administrative-territorial unit (region, city of national significance, or the capital) where the work will be performed or the services will be provided
- Experience in fulfilling contracts concluded under public procurement, as well as other contracts recorded in state information systems

As we can see, supplier qualification requirements include social aspects aimed at protecting citizens' labour rights and supporting local entrepreneurship. For instance, the requirement for no overdue wage arrears ensures the protection of workers' rights, reducing the risk of labour disputes and supporting corporate social responsibility.

Additionally, the condition requiring material and labour resources to be registered in the same administrative-territorial unit where work will be performed or services will be provided helps protect the interests of regional businesses. This strengthens the local economy, supports employment, and promotes the development of local enterprises through participation in public procurement.

Integration of national and GPP strategies in the procurement processes of quasi-state enterprises

In 2022, the NGO Digital Society submitted official requests through the government platform e-otinish.kz regarding the implementation of the national SDG indicator 12.7.1, 'Number of countries implementing strategies and action plans for sustainable public procurement' to eleven national companies within the Samruk-Kazyna Sovereign Wealth Fund. Samruk-Kazyna, an investment holding in Kazakhstan established in 2008 to enhance national prosperity and modernise the economy, is fully owned by the Government of Kazakhstan. In 2022, procurement by national companies within the Samruk-Kazyna holding totalled USD 8.14 bn.

Most companies responded that their procurement activities are governed by the procurement procedures approved by Samruk-Kazyna [41], indicating that inquiries regarding sustainability principles should be directed to the Fund.

Two companies out of the eleven provided detailed responses on integrating environmental criteria into their procurement processes.

Joint Stock Company National Company KazMunayGas (KMG)

In November 2021, KMG developed and approved a Low-Carbon Development Programme for 2022–2031, aimed at reducing its carbon footprint by improving the company's operational energy efficiency and incorporating renewable energy sources. The Programme, as a tool for enhancing operational efficiency,

includes provisions for sustainable procurement (Section 7.5 of the Programme). Notably, the Programme recommends establishing Minimum Energy Efficiency Standards for devices and equipment with regular updates to these indicators. Furthermore, KMG is considering stricter requirements for the energy efficiency of technological processes and equipment, based on Order No. 407 of the Minister of Investment and Development of the Republic of Kazakhstan, dated March 31, 2015 [42].

Additionally, under its Carbon Disclosure Project (CDP) reporting, KMG monitors Scope 3 emissions (covering the full life-cycle emissions of goods, including procurement of raw materials, delivery, sales, usage, and disposal of products, as well as employee transportation). KMG plans to establish criteria to improve the monitoring and reduction of suppliers' carbon footprint.

For SDG 12, 'Ensure sustainable consumption and production patterns,' KMG outlined their commitments, which include requirements for contractors to comply with applicable laws, ensure fair treatment of employees, prohibit child labour, maintain safe working conditions, protect the environment, and adhere to other ethical principles. These terms are incorporated into contracts that KMG concludes with contractors to uphold labour rights, foster safe working environments for citizens of Kazakhstan, protect children's rights, and ensure environmental safety. KMG believes that these measures will reduce instances of unlawful activities among their contracting companies. To ensure compliance with established labour rights for contractors' employees, a Model Regulation has been approved to guide the activities of KMG subsidiaries and affiliates (hereafter, SFAs) in their interactions with contracting organisations operating on KMG facilities. Work is currently underway to implement this Regulation across KMG SFAs. The Regulation is mandatory for SFAs when concluding and monitoring contracts with contracting organisations that have their own staff and will be included as part of SFAs' contracts with these organisations. The main objective of the Regulation is to ensure social and labour rights for the employees of contracting organisations.

In procuring goods, KMG also requires potential suppliers to provide certificates of conformity to a quality management system.

KMG reported that achieving SDG 12 is planned for the coming years, and according to the Action Plan for Improving Corporate Governance for 2022–2023, KMG is developing proposals to improve the procurement system in terms of evaluating potential suppliers according to sustainable development principles, which it will submit to the Fund's authorised procurement body.

Joint Stock Company 'National Company Kazakhstan Temir Zholy' (KTZ)

Kazakhstan Temir Zholy (KTZ) emphasised the importance of sustainability principles in its Development Strategy up to 2029, approved by its Board of Directors on September 6, 2019. The company's commitment to sustainable development focuses on three key initiatives:

1. Enhancing social stability and developing human capital
2. Environmental sustainability
3. Improving corporate governance

Minimising the company's environmental impact is accomplished by rational resource consumption, consistent reduction of emissions and discharges of pollutants, waste reduction and reuse, and the use of energy-saving technologies. Furthermore, in working with suppliers for procuring goods, works, and services, KTZ requires suppliers to implement necessary measures and comply with the Republic of Kazakhstan's legal standards on safety, fire safety, labour protection, and environmental protection.

Specifics of public procurement in the construction sector

It is widely known that the impact of the construction sector on CO₂ emissions is significant, and results from a combination of energy-intensive material production processes, fossil fuel use in construction, changes in land use, and the subsequent energy consumption of completed buildings. In Kazakhstan, public procurement of construction works represents a substantial share of the country's total public procurement volume, accounting for 36.4% of all procurements in 2023. The total volume of public procurement in 2023 amounted to USD 19.06 bn.

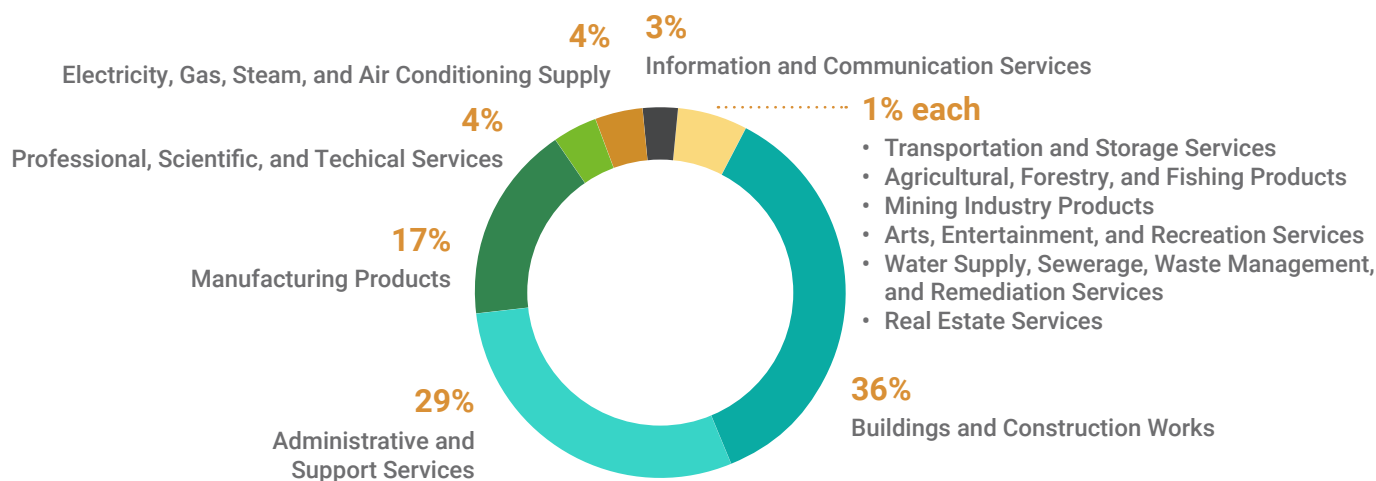


Figure 2. Share of goods, works, and services procurement in the total public procurement volume of the Republic of Kazakhstan for 2023

Effective compliance with environmental requirements, regulated by the Environmental Code and other legislative acts, plays a key role in the sustainable development of Kazakhstan's construction sector.

Environmental requirements in Kazakhstan's construction industry are introduced at the stage of developing project and cost documentation. Notably, the development of the 'Environmental Protection' section in project and cost documentation for building construction projects is regulated by the Constitution of Kazakhstan, 12 codes and laws, and 72 subordinate acts covering the following areas:

1. Air protection
2. Water resource protection
3. Waste management from production and consumption
4. State environmental control
5. Environmental impact assessment and standardisation
6. Licensing and permits in environmental protection
7. Safety of construction materials

However, the procedures outlined in the Rules for Public Procurement of Construction Works, including supplier selection and standard contract requirements, do not incorporate any environmental criteria. Supplier selection is based solely on the cost of the proposal and the financial stability of the supplier.

Currently, systemic issues in the construction sector negatively impact the potential for fully integrating GPP principles into public procurement processes for construction works. To assess the feasibility of integrating GPP into regulated procurement of construction works, attention should be given to the efficiency audit of the pricing system in construction, as well as the use of funds and assets allocated for design and construction in 2023, conducted by the Supreme Audit Chamber of the Republic of Kazakhstan [43].

According to official statistics, the total volume of construction work in Kazakhstan for 2023 reached KZT 7.6 trillion (USD 16.6 bn), a 21% increase compared to 2022. This volume primarily consists of residential and non-residential buildings, roads and highways, water supply and sewage pipelines, and oil and gas main pipelines. From 2017 to 2023, the construction sector accounted for an average of 6.5% of the country's GDP.

The Supreme Audit Chamber concluded that there are systemic issues within the construction sector, including outdated legislation, obsolete regulatory documents, low digital technology adoption, and underutilisation of projects within the state project bank. The audit identified:

- Financial violations amounting to KZT 1.3 bn (USD 2.9 m)
- Ineffective planning and utilisation of budget funds totalling over KZT 14.2 bn (USD 31.8 m)
- Economic losses and missed opportunities amounting to KZT 530 m (USD 1.18 m)

The audit further revealed 26 systemic deficiencies and 88 procedural violations.

Based on the audit report, several factors hinder the integration of environmental criteria into construction works, making the process complex and costly, thereby limiting the potential for ecological improvements in the sector. These factors are described below.

- The lack of clear criteria and transparency in selecting core suppliers and monitoring prices for construction materials, equipment, and structures complicates the incorporation of environmental criteria.
- Without reliable information on the costs of eco-friendly materials and technologies, it is challenging to calculate expenses and budget with environmental requirements in mind.
- The absence of regulations governing the certification of cost engineers involved in design and construction reduces the accuracy of cost estimates that account for environmental requirements. Untrained specialists may underprice or overprice green materials and technologies, making them less attractive.
- The presence of numerous outdated standards, many dating back to the Soviet era, complicates the use of modern eco-friendly construction technologies and standards. This also increases the likelihood of duplication and contradictions in requirements, hindering the inclusion of new environmental criteria in projects.
- The lack of mandatory requirements for the use of building information modelling (BIM) technology and clear digitalisation criteria slows effective planning and the implementation of environmental standards. Digital technologies can facilitate monitoring and management of environmental aspects at all stages of construction.
- Inadequate development of procedures for implementing time tracking and digital solutions hampers the adoption of innovative technologies, including eco-friendly ones, thereby limiting the transition to more sustainable construction projects.

Communication policy for promoting Green Public Procurement (GPP)

Currently, Kazakhstan lacks an officially approved communication policy and strategy for promoting GPP. A document of this type is essential as an action plan aimed at effectively disseminating information, raising awareness, and encouraging the adoption of GPP principles among key stakeholders: government agencies, businesses, public organisations, and the broader public. This gap in information dissemination and coordination among participants hinders the effective implementation of GPP.

Another critical obstacle to advancing GPP is the shortage of qualified specialists in GPP. The training system for government institutions, quasi-public companies, subsoil users, and natural monopoly entities lacks regular training or upskilling programmes focused on GPP principles. Consequently, even when there is interest in eco-responsible procurement, specialists often lack the necessary knowledge and skills for effective implementation.

3.3. Operational aspects of public procurement and market practices

Operational processes in public procurement and prevailing market conditions play a crucial role in successfully implementing eco-friendly procurement principles. To achieve GPP goals – such as transitioning to clean technologies, reducing carbon emissions, and improving environmental standards for goods and services – effective collaboration between the government and businesses is essential. Financial instruments that support the development of a sustainable, low-carbon economy are also important. This section examines how procurement processes and market practices currently function in Kazakhstan and evaluates their impact on GPP implementation.

1. GPP Practice in Kazakhstan

The practical implementation of Green Public Procurement Principles

In recent years, Kazakhstan has launched two initiatives to introduce environmental criteria into its procurement system, but both encountered challenges in practical application and were subsequently discontinued.

1. Experience with Environmental Discounts: Between 2016 and 2019, Kazakhstan's Ministry of Finance attempted to introduce environmental criteria through a system of conditional discounts. However, implementing these criteria required adjustments in regulations across various ministries. In 2020, the environmental discount system was temporarily removed from public procurement due to the complexity of practical implementation and the need for further refinement.
2. Life-cycle Costing (LCC): In 2023, the LCC approach was introduced for the procurement of items like printers and multifunctional office devices (i.e. copiers, and fax machines). However, in 2024, this approach was excluded from new procurement rules, highlighting the need for further analysis and development of the GPP approach.

These examples show that, despite progress in developing regulatory frameworks for GPP principles, practical implementation faces procedural and technical challenges. These obstacles emphasise the need not only for continued regulatory improvements but also for enhanced coordination among all stakeholders.

GPP Training Programmes

In Kazakhstan, the responsibilities of public procurement officials are not classified as a separate profession, and universities lack specialised programmes that could train young specialists in public procurement management.

The OECD examined public procurement professionalisation in Kazakhstan in its 2019 assessment of public procurement effectiveness [21]. The review identified several key issues:

- A shortage of qualified specialists exists
- Existing training programmes do not cover the specifics of public procurement
- The procurement system is underutilised in achieving broader government goals
- Heavy workloads hinder specialists from aligning their work with strategic objectives

The OECD concluded that the absence of a systematic approach to staff development in public procurement creates barriers to transforming the function from an administrative to a strategic one, where it would align with sustainable development goals.

According to Kazakhstan's 'Rules for the Retraining and Professional Development of Procurement Officers' issued by the Ministry of Finance, required topics include:

- Developing and approving bidding documents, technical specifications, and other documents related to public procurement
- Practical training on handling requests from legal and natural persons to clarify procurement regulations
- Practical training on key aspects of compliance auditing within procurement legislation [44]

Although Kazakhstan has a professional development programme for procurement officials, it does not require a dedicated course on sustainable procurement skills.

Integrating Sustainability Criteria in the Public Procurement Cycle

The procurement rules approved by Kazakhstan's Ministry of Finance on October 9, 2024, do not incorporate environmental sustainability criteria. These rules align with the Public Procurement Law, effective January 1, 2025.

Example of a Pilot Project on Sustainable/Green Procurement

As mentioned earlier in section 3.1 of this report, following amendments to Kazakhstan's 'Law on Energy Conservation and Energy Efficiency Improvement' on June 30, 2022, the concept of energy-efficient public procurement was introduced.

According to Enlik Mukanova, a lead expert in the Energy Conservation and Energy Efficiency Department of the Ministry of Industry and Construction, state agencies are now required to procure products that meet high energy-efficiency standards. The list of energy-efficient products includes 13 categories and will be implemented in phases.

The Ministry of Industry and Construction annually monitors compliance with energy efficiency requirements. In 2022, monitoring focused on five product categories: refrigerators, televisions, washing machines, dishwashers, and air conditioners.

The monitoring uses data from the electronic public procurement portal to collect and analyse information on energy-efficient procurement. This process allows for an assessment of whether the products procured meet the set standards. In 2022, out of 3,414 procurements analysed, 6,335 products were purchased, of which 63% met energy efficiency standards while 37% did not.

The monitoring results were sent to the relevant state agencies whose procurements did not meet standards and published online for transparency. For example, out of 2,494 refrigerators procured, 1,093 met energy efficiency standards (A+ rating or higher), while 1,401 did not (A rating or lower). Similar results were found for televisions, air conditioners, washing machines, and dishwashers.

2. Contribution of the private sector to building a sustainable public procurement market

Regarding the private sector, as of April 1, 2024, Kazakhstan had 2.017 m active small and medium-sized enterprises (SMEs), employing 4.2 m people, equivalent to 44.7% of the economically active population [45], according to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan. In the first quarter of 2024, SMEs produced goods and services worth KZT 16,761.4 bn, contributing 37.7% to the GDP.

However, environmental regulation on digital procurement platforms such as **goszakup.gov.kz**, **eep.mitwork.kz**, and **zakup.sk.kz**, remains insufficient. According to a consultative document on regulatory policy for the draft Law on Public Procurement [23], more than 100,000 suppliers were registered on the public procurement portal as of March 2023. Despite the significant economic role of the private sector, which contributes 37.7% to GDP and employs 44.7% of the workforce, its participation in public procurement is limited to only 4.9% of entrepreneurs. This low representation highlights systemic challenges that hinder the full realisation of the private sector's potential, particularly in promoting sustainable procurement practices.

The World Bank's report, *Shaping the Future: Reforms for Long-Term Prosperity* [3], emphasises weak private sector dynamics in Kazakhstan. The report describes the business climate as underdeveloped, with companies underperforming in three key areas: modernisation, resource efficiency, and entrepreneurial activity. This underperformance is evident in both industrial production and the service sector, which accounts for two-thirds of the national GDP. Additionally, Kazakhstan exhibits a low level of entrepreneurial activity, with fewer new companies being established compared to the regional average.

The presence of a large quasi-state sector further restricts private business growth in areas such as banking, transportation, telecommunications, utilities, and energy. While the government has taken steps to reduce the influence of the quasi-state sector and create a more competitive environment, progress has been slow. Moreover, existing business support programmes often focus on sustaining SMEs rather than fostering growth and innovation, resulting in low productivity levels in the private sector.

The *Kazakhstan Country Climate and Development Report* by the World Bank, published in November 2022 [46], notes that the private sector currently lacks the resources necessary to actively participate in the green transition. While the government can set rules and incentives, critical decisions for transitioning to a low-carbon economy must be made at the business level. The absence of clear climate policies further

impedes green investments. Instruments such as carbon pricing and emissions standards could make environmental investments more attractive, but their absence creates uncertainty, discouraging sustainable development financing.

The World Bank highlights that the private sector in Kazakhstan is not yet prepared to lead the green transition. Only 18.5% of businesses have set targets for energy consumption and CO₂ emissions, which is significantly fewer than in other Central Asian countries. Additionally, the share of companies investing in green technologies is lagging compared to neighbouring countries. Between 2014 and 2023, the number of enterprises implementing eco-innovations dropped from 338 in 2015 to 98 in 2023, while the share of such innovations in total innovations declined from 12.7% to 2.7%. Since 2018, activity in this area has stagnated at 0.3%. This lack of incentives and mechanisms to drive environmental innovation demonstrates the limited readiness of the private sector to support the green transition [47].

According to the World Bank, private companies must play a leading role in developing low-emission innovations and supporting structural reforms for sustainable development.

The underdevelopment of the private sector and its limited participation in the green economy transition underscore the importance of a proactive government role. Public procurement with integrated environmental standards could serve as a powerful incentive for SMEs to adopt green innovations.

In Kazakhstan, one form of state support for local businesses is the introduction of 'local content' or 'domestic value' into public policy. Supporting domestic value in regulated procurement serves as a tool for developing the national economy, reducing dependence on imports, and promoting local production. Domestic value refers to the share (percentage) of domestic resources used in producing goods, performing work, and providing services. Domestic value in goods is verified by a CT-KZ certificate issued by the National Chamber of Entrepreneurs 'Atameken.'

According to data from Atameken for 2023, the share of domestic value in regulated public procurement was as follows:

- KZT 2.2 tn (26.3%) in public procurement;
- KZT 4.8 tn (77.6%) in quasi-state sector procurement
- KZT 4.4 tn (56.1%) in procurement by subsoil users

According to the Samruk-Kazyna state holding [48], the fund has achieved a high level of domestic value in the quasi-state sector's procurement by following the procurement system provisions of national companies: category management in procurement; prioritising domestic producers; granting priority to Kazakhstani manufacturers in certain procurements; reducing restrictions; and simplifying requirements for Kazakhstani companies, including waiving tender security, advance payment requirements, and other concessions.

Supporting local producers could enhance compliance with environmental standards, fostering more sustainable and environmentally friendly production processes. Domestic value in public procurement not only drives domestic economic development but also opens opportunities to green procurement processes, which in turn becomes a key aspect of reducing the carbon footprint and advancing sustainable technologies.

3. Financial, market, and governmental tools for supporting GPP

Development of green financing and investment infrastructure in Kazakhstan

Kazakhstan continues to develop financial institutions that focus on supporting green financing. Key steps include the adoption of the Carbon Neutrality Strategy until 2060 along with the new Environmental Code of the Republic of Kazakhstan, which introduces the concept of green financing and classification of green projects, as well as mechanisms for providing state support to such projects. Instruments such as green bonds and loans are being used to attract investment for environmentally sustainable projects.

The Astana International Financial Centre (AIFC) has developed methodological recommendations on

applying green project taxonomy, including the establishment of transitional energy initiatives and national certification for eco-friendly buildings [49].

According to the report from the National Managing Holding 'Baiterek' as of January 1, 2024, the holding supports green project implementation across various sectors, including renewable energy and energy efficiency. The total support volume on that date amounted to KZT 186.7 bn, encompassing financing for several major renewable energy projects [50].

The Kazakhstan Stock Exchange (KASE) has launched a green bond section, facilitating the channelling of funds into sustainable projects. From 2020 to February 2024, KASE recorded 18 ESG bond issuances totalling KZT 211.5 bn, with issuers including the Asian Development Bank and the Development Bank of Kazakhstan. In 2023, the Development Bank of Kazakhstan also issued the first green bonds on the AIX (Astana International Exchange), certified to international standards [51]. Astana International Exchange is an international stock exchange based at the AIFC in Kazakhstan. The shareholders of AIX include the Astana International AIFC, the Shanghai Stock Exchange, the Silk Road Fund, and NASDAQ, which provides the trading platform for AIX.

Development of the market for eco-friendly goods and services in Kazakhstan

According to World Bank research [52], the market for environmentally friendly products and services in Kazakhstan is growing, but remains limited. The private sector faces several barriers, including a lack of incentives, the dominance of state-owned enterprises, and high levels of regulation, which hinder the adoption of green technologies. Key challenges include:

- companies perceive environmental investments as unprofitable
- green solutions are more commonly adopted by large export-oriented companies

Despite these challenges, there is some progress in the development of environmentally friendly goods and services in Kazakhstan. Examples include:

1. Renewable energy production

In 2023, the total electricity generated by renewable energy facilities in Kazakhstan reached 6.675 bn kWh, accounting for 5.92% of total electricity production. The country currently has 147 renewable energy facilities (with a capacity of over 100 kW), boasting a total installed capacity of 2,903.54 MW. These include:

- 59 wind power plants with a total capacity of 1,409.55 MW
- 46 solar power plants with a total capacity of 1,222.61 MW
- 39 hydropower plants with a total capacity of 269.605 MW
- 3 biogas power plants with a total capacity of 1.77 MW

By 2027, 25 additional renewable energy projects with a combined capacity of 599.85 MW are planned for commissioning [53].

2. Green Building certification

The ÖMIP certification, offered by the Kazakhstan Council for Green Construction, provides an opportunity for voluntary building certification using a point-based evaluation system [54]. The development of the ÖMIP certification system drew upon and incorporated best practices from leading international green building certification systems, such as LEED (USA), BREEAM (UK), and Green Star (Australia). Examples include the 'Allah's Flower' mosque in Astana, constructed with green technologies [55], and the 'Green Office' in Almaty, which used modern green technologies, local eco-friendly materials, and alternative energy sources during its construction [56].

3. Eco-Certified consumer products

The OIKO brand of household chemicals holds the international Экологиялық Таза Өнім eco-certificate, recognised internationally [57].

4. Retail Eco-products

Interest in eco-friendly and organic goods is growing, with such products becoming increasingly available in specialty stores and in marketplaces [58].

Challenges in promoting green solutions in the B2G Market

The main issue with promoting environmentally friendly solutions to the public procurement (business to government, or B2G) market lies in the lack of environmental criteria for industrial goods in public procurement processes, which prioritise price above all else. Innovative eco-friendly solutions are often considered as 'nice-to-have' due to high costs and a lack of oversight by procurers. Additionally, the public procurement e-marketplace (<https://omarket.kz/>) does not feature a dedicated section for green products, limiting their accessibility for government institutions.

State support for sustainable development of the private sector in Kazakhstan

The key document aimed at raising private-sector awareness is the Concept for the Development of Environmental Culture for 2024–2029, developed by the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan and approved by the Government of Kazakhstan on October 31, 2024 [59]. According to the Concept, it is crucial to engage the public, civil society, businesses, and the government in enhancing environmental culture, addressing areas such as environmental education and awareness, financial and economic instruments, as well as technological and infrastructural measures.

Kazakhstan is actively implementing projects and initiatives to support the green economy. Programmes run by the Baiterek Holding and the Astana International Financial Centre are helping to strengthen the capacity of private companies to meet sustainable development requirements.

Development of electric vehicle infrastructure

A significant milestone has been the expansion of charging infrastructure for electric vehicles. In 2023, the quasi-state company JSC Zhasyl Damu completed a project to develop electric vehicle charging stations (EVCS) in major cities and along the Almaty–Astana highway. As a result, 105 charging stations were installed [60]. On July 18, 2024, amendments to legislation on transport and infrastructure for electric vehicles were introduced [61].

Recycling of automotive components

Efforts are also underway to collect and recycle used automotive components, as Kazakhstan generates 18,000–24,000 tons of used batteries annually, posing a significant environmental threat. Lead-acid batteries are the primary source of contamination. To address this issue, compensatory payments were introduced in 2016 for enterprises engaged in the collection and recycling of batteries. In 2020, 10,314 tons of batteries were collected and recycled, and since 2016, used oil and worn tires have also been processed [62].

Solid waste management

The government is prioritising solid waste recycling. On March 12, 2024, a session discussed plans to construct 37 new solid waste recycling plants and modernise 8 existing facilities, increasing processing capacity to 1.4 m tons annually. The initiative includes concessional financing through the Industrial Development Fund at a 3% rate for up to 15 years. By the session date, 94 projects worth over KZT 232 bn had been selected, focusing on producing goods from recycled materials. The government emphasised the need to eliminate inefficient waste management, close unauthorised landfills, and adopt circular economy principles to make recycling a profitable business in Kazakhstan [63].

Recycling

In December 2023, the Ministry of Ecology and Natural Resources approved rules for financial support to the private sector for collecting, sorting, transporting, and recycling post-consumer waste. If Kazakhstan lacks the capacity to recycle such waste domestically, funds may be allocated for recycling abroad. These measures aim to promote a circular economy, reduce waste impact on the environment, and encourage businesses to build waste recycling infrastructure [64].

Integration of ESG practices

Kazakhstan is also actively integrating ESG (environmental, social, and governance) practices to support sustainable development. According to the state fund 'Damu,' many large Kazakhstani companies are compelled to adhere to ESG principles, particularly when seeking foreign investment or entering developed markets. Starting in 2025, commercial banks will be required to submit ESG reports detailing their efforts to address environmental, social, and governance issues, under the directive of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARRFR). According to ARRFR representatives, these initiatives will enhance Kazakhstan's investment appeal and foster greater corporate social and environmental responsibility. Some banks, such as Jusan Bank, have already begun applying ESG criteria to evaluate borrowers, enabling the issuance of green loans to SMEs at lower interest rates, thereby advancing sustainable practices in the country [65].

Priority sectors for transitioning to a green economy and decarbonisation

Currently, the key national strategic documents of Kazakhstan are the 'Kazakhstan-2050' Strategy and the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan by 2060.

The 'Kazakhstan-2050: A New Political Course of an Established State' Strategy outlines a roadmap for building a sustainable and efficient market-based economic model and transitioning the country to a green development pathway. Under this strategy, the Concept for the Transition of Kazakhstan to a Green Economy was developed, highlighting the following target sectors:

1. Water Resources
2. Agriculture
3. Energy Conservation and Efficiency
4. Electric Power Industry
5. Air Pollution Reduction
6. Waste Management
7. Ecosystem Preservation and Management
8. Fostering Environmental Culture in Society and Business
9. Green Financing

The Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan by 2060, developed in line with global climate trends and international commitments, identifies the following priority sectors:

1. Electric Power Industry, dominated by coal usage
2. Transport, primarily reliant on petroleum products
3. Buildings (Housing and Utilities Sector), where coal and gas are widely used for heating
4. Industry, with a high demand for fossil fuels
5. Agriculture and Forestry
6. Waste Management

These strategies provide a comprehensive framework for Kazakhstan's sustainable development and align the nation's economic priorities with its environmental commitments

3.4. Accountability, integrity, and transparency of the public procurement system

The Administrative Procedural Code and the 'E-ötiniş' System as tools for transparency and accountability

With Kassym-Jomart Tokayev's assumption of the Presidency of Kazakhstan in 2019, a new political doctrine was announced: 'A Strong President – An Influential Parliament – An Accountable Government.'

As part of this vision, the adoption of the Administrative Procedural Code by the Parliament of Kazakhstan on June 29, 2020 [66], marked the beginning of a transformation in how citizen appeals to government agencies are handled. To ensure oversight of this process, the electronic system E-ötinіsh (E-Appeals, <https://eotinish.kz/kk>) was introduced on July 1, 2021, simplifying and increasing the transparency of the procedure for processing citizen appeals [67].

Citizens can submit appeals electronically using a digital signature or through traditional methods via akimats, government agencies, or public service centres. The E-ötinіsh system has been implemented in over 10,000 government institutions and organisations, encompassing 154,000 employees. All appeals, regardless of submission method, are recorded in the system, enabling the automation of data transfer, including submissions to the courts.

The system creates a unified digital profile for each citizen, documenting all their appeals and complaints. This functionality simplifies the monitoring of appeal processing. Authorities such as the Prosecutor General's Office, the Presidential Administration, and other agencies can track appeals, including those submitted at the local level, reviewing their status and reasons for unresolved cases.

In essence, E-ötinіsh empowers citizens and private organisations to monitor the status of their appeals and complaints to government agencies while also assessing the quality of responses provided.

These initiatives, alongside the reform of administrative justice and the enhanced role of parliamentarians, have laid the groundwork for strengthening civil society's ability to influence the transparency and accountability of public administration. A key mechanism for this influence and the establishment of feedback systems with society was the institution of public oversight, which was legally introduced in April 2024 [68].

Strengthening local government for citizen engagement and combatting corruption in Kazakhstan

In his September 1, 2021 address, President Kassym-Jomart Tokayev emphasised the need to revise Kazakhstan's regional policy. In the document titled 'The Unity of the Nation and Systemic Reforms – a Solid Foundation for the Country's Prosperity' [69], the President stressed the concept of a 'listening state,' where government institutions must prioritise serving citizens. He underscored that this principle should guide local authorities, particularly akimats, tasked with maintaining close engagement with the public and resolving issues at the local level.

However, the President pointed out shortcomings in the current work of akimats, highlighting weak interactions with citizens and the frequent need for central authorities to intervene in correcting regional decisions. He noted that regional heads often rely on directives from the centre, avoiding independent action. One reason for this dependency is their limited accountability to residents. In response, the President proposed enhancing mechanisms for evaluating the performance of akims based on citizen feedback.

Another key theme of the address was combatting corruption. The President instructed the development of a strategic document by the end of the year to implement mid-term anti-corruption measures. As a result, Kazakhstan's Anti-Corruption Agency developed the Anti-Corruption Policy Concept for 2022–2026, approved on February 2, 2022 [70]. This strategy aims to strengthen corruption risk management, ensure transparency in government operations, and actively involve civil society in combatting corruption.

By 2026, the implementation of the Concept's Roadmap is expected to yield significant results, including active civil society participation, greater accountability in government, effective corruption risk management, transparent budgeting processes, competitive procurement practices, and a fair system for holding individuals accountable for corruption-related offenses.

One of the key indicators of Task 2, 'Eliminating Opportunities for Corruption' within the Roadmap, is reducing legal grounds for single-source procurement. The implementation of this indicator is planned for the third quarter of 2025, with responsibilities assigned to the Ministries of Finance, Justice, National Economy, Defense, Internal Affairs, and the National Security Committee.

The Ministry of Finance, in collaboration with Kazakhstan's Parliament, has been systematically working to reduce exceptions for single-source procurement. These exceptions have decreased from 67 in 2014 to 43 under the new Public Procurement Law adopted in 2024. According to the Anti-Corruption Agency and the public analytics module of the procurement portal <https://kz.bi.open-contracting.org/>, the share of single-source procurement has been steadily declining. While the average rate stood at 61% from 2018 to 2020, it had dropped to 19.1% by 2023 (48.6% in 2020, 42.8% in 2021, and 30.5% in 2022).

As highlighted by Sophie Brown and Volodymyr Tarnay in their article 'In Kazakhstan, Opening Up Procurement Boosts Public Oversight and Prevents Millions in Wasteful Spending,' published on the Open Contracting Partnership website on October 30, 2023 [71], Kazakhstan publishes relatively high-quality open data on public contracts in real time. The quality of Kazakhstan's data stands out in Central Asia, thanks to significant government investments in developing an electronic procurement system, improving legislation, digitalising processes, and enhancing data publication. All procedures are conducted electronically, with extensive information available on the public procurement portal.

Kazakhstan's public procurement portal <https://goszakup.gov.kz/> integrates modules for electronic planning, procurement, contract conclusion, implementation, and payment, covering the entire procurement cycle. This system has empowered civil society to monitor public contracts for corruption, foster public debate on government spending, and improve the implementation of state projects and services. Data specialists, journalists, and researchers systematically track procurement processes for corruption risks and violations, using analytical tools that draw data from the public e-procurement system via an open API (Application Programming Interface).

The e-procurement system provides full transparency in a market that accounts for at least one-third of Kazakhstan's public spending. Analytical tools use both international and local indicators to measure efficiency and risk, enabling observers to build evidence on common schemes and violations and investigate specific cases. Civil society observers conduct coordinated campaigns advocating for systemic reforms in procurement transparency and share educational resources with the public and among themselves through platforms such as <https://www.prozakup.kz/>.

The adoption of e-procurement in Kazakhstan has significantly enhanced transparency and efficiency, strengthened public oversight, and built trust in state contracts. Building on these achievements, Kazakhstan continues to refine its system, making it not only more open but also aligning it with sustainable development goals. The principle of sustainable public procurement has been integrated into the new Public Procurement Law, underscoring the government's commitment to environmental and social responsibility throughout the procurement process.

The legislative process for incorporating sustainability principles into the new procurement law was transparent, including public hearings in Kazakhstan's Parliament. In January 2023, the draft law with provisions on sustainable public procurement was published on the Open Regulatory Acts portal for public discussion, engaging citizens, NGOs, independent experts, and business associations. The discussions began with a concept outlined in a Regulatory Policy Advisory Document [24], followed by reviews of the draft law itself. A working group comprising members of the Mazhilis (lower house of Parliament), government representatives, and experts from the National Chamber of Entrepreneurs 'Atameken' finalised the document by May 2024. The new Public Procurement Law was subsequently approved by both chambers of Parliament and signed by the President on June 1, 2024.

The importance of public environmental oversight in public procurement

While civil society in Kazakhstan actively monitors the transparency of public procurement, its involvement in assessing the environmental impact of these activities remains limited. For instance, public monitoring does not yet extend to evaluating the environmental consequences involved in building schools and other social facilities with potential environmental risks. This limitation stems from a lack of knowledge necessary for overseeing the environmental aspects of goods, works, and services procured by the government.

At the same time, Kazakhstan's Environmental Code grants citizens the right to access accurate and timely environmental information and to participate in decision-making by government bodies on matters affecting the environment. Citizens can engage in discussions on draft regulations for environmental protection,

provide feedback, and report cases of environmental damage or legal violations to state authorities. Moreover they can file lawsuits to challenge the actions or inactions of public authorities in the field of environmental protection and participate in public environmental oversight.

The Environmental Code also introduces the concept of public environmental oversight, defining its primary functions. One key outcome is the public environmental review, which provides recommendations to state authorities and the subject of oversight. In areas not regulated by the Environmental Code, public environmental oversight is conducted under the Law of the Republic of Kazakhstan On Public Oversight [72]. However, despite the definitions and procedures outlined in the Environmental Code and the Law On Public Oversight, there is currently no detailed mechanism at the regulatory level for implementing any oversight in the public procurement sector.

The new Public Procurement Law defines public monitoring as a process of systematically collecting, summarising, and analysing information available on the public procurement web portal. This process encompasses data on planning, execution, implementation, and oversight of public procurement activities that affect the rights and legitimate interests of an unlimited number of individuals. Public monitoring is carried out by entities defined as public oversight bodies under the Law of the Republic of Kazakhstan On Public Oversight.

Citizen participation in monitoring environmental risks enhances the accountability of public authorities for the environmental consequences of their decisions and contributes to creating a more environmentally sustainable and transparent procurement system. However, the current Public Procurement Rules and other regulatory acts lack a detailed framework for public environmental monitoring in public procurement, leaving the legal basis for its implementation underdeveloped.

State audit

When considering GPP as a tool in Kazakhstan's environmental policy to address the global triple environmental crisis – climate change, biodiversity loss, and environmental pollution – effective GPP implementation will require legislative amendments in the regulatory framework governing state oversight of public procurement.

Currently, Kazakhstan employs two types of audit to enhance the management and use of budgetary resources, state assets, and assets of quasi-public sector entities:

- **External State Control**, conducted by the Supreme Audit Chamber and regional audit commissions for provinces, republican cities, and the capital
- **Internal State Control**, performed by the Internal State Audit Committee under the Ministry of Finance of Kazakhstan and its regional offices.

State audit is further categorised into the following types:

- **Financial Statement Audit**, to evaluate the accuracy, validity, and reliability of financial reports, accounting practices, and the financial condition of the audited entity
- **Performance Audit**, to assess the effectiveness, efficiency, economy, and productivity of the audited entity's operations.
- **Compliance Audit**, to examine adherence to Kazakhstan's legislative requirements and regulations issued by quasi-public sector entities for implementation.

The performance indicators for state audit include effectiveness, economy, productivity, relevance, materiality, and forward-looking potential. However, the current framework does not account for environmental factors such as minimising negative environmental impacts, including carbon footprint reduction.

An analysis of the Law on State Audit and Financial Control [73] indicates that external control bodies are to conduct performance audits in the environmental sphere. However, this requirement has not been explicitly or clearly defined for internal control bodies.

Additionally, the Standard Risk Management System for Internal State Audit [74] lacks a profile of environmental risks. Such a profile should be established based on a clear definition of environmental risk. A challenge arises from the absence of this definition in the new 2021 Environmental Code [10], whereas the previous Environmental Code [75] defined environmental risk as ‘the probability of adverse changes in the state of the environment and/or natural objects due to specific factors.’ Without this definition, integrating typical environmental risks into state audit risk profiles is prevented.

To address these gaps, integrating additional supplier selection criteria into the Public Procurement Rules by the Ministry of Finance – such as life-cycle cost assessment or multi-criteria evaluation based on the most economically advantageous tender (MEAT) principle – will necessitate changes in the state audit system.

These changes are essential to ensure effective oversight of supplier selection in public procurement, considering non-price factors like environmental sustainability and supplier social responsibility. Moreover, they would enable a comprehensive analysis of the environmental impact of procurement activities, aligning with the broader goals of sustainable development and green economy principles.

Key findings

Based on the analysis of Kazakhstan’s current public and state-regulated procurement system as part of this Detailed Assessment, the following key issues and gaps have been identified, which hinder the integration of sustainable/green and circular procurement principles for goods, works, and services into Kazakhstan’s financial system:

1. There is no centralised coordination structure among government agencies for integrating Green Public Procurement (GPP) into the public and state-regulated procurement system, including procurements by quasi-state entities, subsoil users, and natural monopolies. Furthermore, a national strategy and roadmap for implementing GPP have not yet been developed, and no responsible entity has been assigned to lead these efforts.
2. Kazakhstan’s annual public and state-regulated procurement budget of approximately USD 60 bn is not yet leveraged as a green financing mechanism under its national decarbonisation and green economy strategies. However, this potential remains untapped. The current Action Plan for the Implementation of the Concept for the Transition to a Green Economy does not yet include measures related to Sustainable/Green Public Procurement (S/GPP) and Circular Public Procurement (CPP), which are essential for achieving the targets outlined in the Concept [76]. Moreover, National Indicator 12.7.1 (‘The number of countries implementing sustainable public procurement strategies and action plans’) lacks clearly defined methodologies or criteria for monitoring and evaluating the effectiveness of such strategies within Kazakhstan’s public and state-regulated procurement system.
3. Article 130 of Kazakhstan’s Environmental Code, titled ‘Economic Incentives for Environmental Protection,’ establishes economic incentive measures in the environmental sector. However, it does not explicitly recognise public procurement as a direct policy tool for achieving environmental objectives. The main incentive measures outlined in this Article focus on tax benefits, support for renewable energy, promotion of green investments, and financing through green financial instruments, which indicates an emphasis on broader market and financial incentives rather than specific procurement mechanisms.
4. Article 66 of the Industrial Policy Law provides for measures to reduce the carbon footprint by mandating the procurement of low-carbon products. However, Kazakhstan’s regulatory authorities have not yet developed the necessary subordinate acts to implement these measures in practice. As a result, environmental low-carbon procurement criteria remain unused in public tenders, despite their formal inclusion in the law.
5. Environmental selection criteria for suppliers are not yet incorporated into Kazakhstan’s public procurement regulations across a wide range of state-regulated procurements, including state procurement, quasi-state sector procurement, procurement by subsoil users and natural monopolies, as well as medical procurement and food supply for public education institutions. For instance, in the large-scale segment of public procurement related to construction and installation projects, supplier selection is still primarily based on price and financial capacity, with no consideration of environmental performance.

6. Kazakhstan currently maintains the following registers:

- National Register of Domestic Green Technology Suppliers and Equipment, managed by the International Center for Green Technologies and Investment Projects (ICGTIP).
- Register of Organic Product Producers, maintained by the Ministry of Agriculture [77].

The absence of a regulatory mechanism requiring public procurers to consider data from these registers, combined with weak coordination between government agencies and the private sector, limits the implementation of Green Public Procurement. The National Register of Domestic Green Technology Suppliers and Equipment could become a mandatory reference for public procurement if its use is legally mandated as a selection criterion for suppliers.

4. Recommendations for the GPP Initiative

Based on these findings, the following recommendations are proposed for the implementation of GPP in the public procurement system.

1. To ensure coordinated efforts in integrating GPP principles into the public procurement system, it is recommended that the Government establish an interagency working group under the leadership of the Ministry of Finance. This group should include representatives from all key stakeholders, including relevant ministries, the National Chamber of Entrepreneurs Atameken, standardisation bodies, and other institutions (see Stakeholder Tables No. 1–5).
2. The interagency working group should initiate the integration of GPP into all national decarbonisation and green economy strategies, as well as into the strategic plans of government agencies, ensuring that public procurement aligns with environmental sustainability objectives.
3. To strengthen the role of public procurement as a driver of environmental sustainability, it is proposed to amend Article 130 of the Environmental Code of the Republic of Kazakhstan ('Economic Incentives for Environmental Protection') by explicitly recognising public procurement as a direct economic incentive for achieving environmental objectives.
4. For the effective implementation of Low-Carbon Public Procurement (LCPP), as stipulated in Article 66 of the Law on Industrial Policy of the Republic of Kazakhstan, it is necessary to develop subordinate regulations that establish mandatory environmental criteria for the procurement of priority product categories, including: construction materials, transport, and energy-consuming equipment). The Ministry of Industry and Construction should be responsible for developing these regulatory standards, while the Ministry of Finance should integrate them into the Public Procurement Rules. To confirm the economic and environmental efficiency of GPP, it is proposed to introduce mandatory national certification standards for pilot product categories, works, and services, which should include the use of international eco-labelling schemes and the creation of a monitoring system to track the carbon footprint of procured goods.
5. To facilitate GPP integration into regulated procurement, it is recommended to introduce into regulatory acts the definitions and methodologies for Life Cycle Costing (LCC), along with a point-based rating system that, in addition to price, considers environmental and other non-price criteria. The list of relevant regulatory acts should include, but not be limited to: public procurement rules of the Ministry of Finance; procurement rules for medical products and school food supply; and procurement rules for quasi-state enterprises, natural monopolies, and subsoil users. Additionally, it is proposed to develop and adopt detailed green procurement criteria, covering environmental aspects related to: climate change mitigation, biodiversity conservation, and pollution prevention. It is also essential to establish quantitative targets for the share of green procurement within the total volume of regulated public procurement. A detailed explanation and justification for these proposed changes, along with examples of possible adjustments in the public procurement system, are provided in Annex 1 to this report.
6. As a pilot project, it is proposed to introduce a unified 'Green Catalog' into the public procurement system, based on the Register of Green Technologies managed by the International Center for Green Technologies and Investment Projects (ICGTIP).
7. As a pilot initiative, it is proposed to introduce environmental selection criteria in public procurement tenders for construction and installation works, including:
 - Use of modular construction to reduce construction waste, enable material reuse, and minimise the carbon footprint associated with transportation.
 - Energy conservation and energy efficiency, ensuring compliance with national standards and, where possible, international standards, along with life-cycle assessment of construction solutions.
 - Durability of construction materials, taking into consideration technical, environmental, and operational parameters. This approach enables the procurement of construction materials based

on their performance rather than just initial specifications. Buildings serve as an example. In building construction tenders, procurement should assess the building's operational efficiency throughout its entire life cycle rather than simply prescribing the use of specific construction materials.

- Utilisation of secondary and recycled construction materials in public procurement of construction works.
8. Integrate the Product-as-a-Service (PaaS) model into public procurement as a tool to enhance energy efficiency and reduce CO₂ emissions. As a pilot project, it is proposed to implement public procurement procedures for the services of Energy Service Companies (ESCOs) based on the energy performance contract model, where payment is made not for the equipment but for the actual energy savings achieved.

Appendix 1. Analysis of the new public procurement law and new public procurement rules of the ministry of finance of the Republic of Kazakhstan in the context of integrating GPP approaches

Explanation of the Law

1. Article 5 of the new Law of the Republic of Kazakhstan on Public Procurement establishes the principles of public procurement. It states that public procurement will be based on eight fundamental principles, including the principle of sustainable public procurement (SPP).

In addition, Article 3 of the Law defines sustainable public procurement as ‘the purchase by customers of goods, works, and services to ensure the optimal and efficient use of funds allocated for public procurement throughout their life cycle, as well as to achieve the social, economic, and environmental aspects of development.’

The United Nations Environment Programme (UNEP) defines sustainable public procurement as ‘the process by which public organisations meet their needs for goods, services, works, and utilities in a way that provides optimal value for money throughout the life cycle, creating benefits not only for the organisation but also for society and the economy, while significantly reducing negative environmental impacts.’

Thus, both the Law’s and UNEP’s definitions emphasise the optimal and efficient use of public funds, considering the life cycle and achieving social, economic, and environmental benefits in procurement decisions. The principle of sustainable public procurement generally involves a long-term approach to procurement policy that considers the full impact of procurement on society and the environment, for example, by promoting life-cycle cost analysis, disposal cost, and environmental impact accounting. It can also be used to implement socio-economic policies through procurement, such as employment conditions, social inclusion, anti-discrimination, support for small and medium-sized enterprises, and local development.

It should be noted that the SPP principle does not contradict other public procurement principles specified in the Law. On the contrary, it supports other principles, such as efficiency, value for money, transparency, fairness, and more.

It is also worth mentioning that the SPP principle has gained acceptance among governments worldwide, with many countries incorporating relevant provisions in their laws and regulations to integrate sustainability considerations into procurement decisions. All major multilateral development agencies, such as the OECD, the World Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development, have endorsed the effectiveness of sustainable procurement policies in achieving broader national development goals. This principle can also be an important tool for the Republic of Kazakhstan in achieving carbon neutrality and Net Zero status by 2060.

2. The UNCITRAL Model Law on Public Procurement emphasises the key role of public procurement in transforming markets to improve environmental and social outcomes. It encourages States to achieve environmental and socio-economic objectives through public procurement.

3. The rationale for compliance with the public procurement principles specified in the law must be clear and unambiguous. By-laws, such as rules and guidelines, give effect to the fundamental principles of the law by providing detailed procedures and standards. Therefore, it is imperative that by-laws strictly adhere to the principles specified in the procurement law to ensure consistency, integrity, and legal compliance in all procurement activities. This ensures that all procurement processes align with the basic principles established by law and helps to avoid legal disputes, as all procurement activities will be grounded in a clear legal framework. Adherence to these principles also protects the public interest, builds trust, and ensures the efficient use of public resources.

Comments on the integration of the 'Sustainable/Green Public Procurement' approach into the draft Public Procurement Rules

1.0. One key lesson learned from international experience in implementing sustainable public procurement (SPP) is the importance of governments strategically using their procurement spending to achieve broader national development goals. To fully harness the potential of public spending, it is important that public procurement legislation, rules, and practices be aligned with national priorities, such as the Sustainable Development Goals (SDGs) and commitments to combat climate change.

The Presidential Executive Order on Achieving Carbon Neutrality by 2060 mandates the development and implementation of measures to significantly reduce carbon emissions and promote sustainable development. Similarly, the **Concept of Transition to a Green Economy** calls for the modernisation of the economy using the most efficient and environmentally friendly technologies. Integrating provisions based on sustainable/green public procurement principles into public procurement rules contributes to implementing these decrees and ensures Kazakhstan's economy's long-term sustainability and global competitiveness.

The Ministry of Finance of the Republic of Kazakhstan plays a pivotal role in transforming the public procurement system into a strategic environmental policy instrument, capable of ensuring the implementation of measures aimed at decarbonisation and sustainable development. These decrees provide the basis for incorporating appropriate measures into public procurement regulations.

In this context, introducing provisions to integrate sustainability considerations into procurement decisions would be an important reform. This approach to procurement reform has already proven effective in many countries worldwide. The Ministry of Finance has already taken a significant step in this direction by including sustainable public procurement (SPP) as one of the principles in the new public procurement law governing procurement in the Republic of Kazakhstan.

2.0. In 2023, the European Union's SWITCH-Asia programme published a report titled 'Asian Experiences in Sustainable/Green Public Procurement'. It provides an overview of GPP implementation experiences in five Asian countries: China, Laos, Malaysia, Thailand, and Vietnam, with impressive results.

China: China has established a comprehensive legal framework for GPP, including mandatory green product lists. China's GPP initiatives have significantly reduced CO₂ emissions, energy consumption, and pollutants, demonstrating the effectiveness of integrating sustainability into public procurement.

Malaysia: Malaysia's GPP programme, launched in 2013, has made significant progress, particularly in the construction sector. Malaysia's long-term action plan for GPP has led to incorporating green criteria into public procurement, increasing the demand for green products and services and stimulating the development of the local green economy.

Thailand: GPP is integrated into national policies in Thailand, focusing on promoting sustainable consumption and production. The implementation of GPP in Thailand has supported the development of green markets and encouraged the private sector to adopt sustainable practices.

These examples illustrate that countries have achieved tangible benefits by following S/GPP policies, including environmental protection, economic growth, and social development. By adopting similar practices, Kazakhstan can leverage public procurement as a powerful tool to achieve its Sustainable Development Goals.

3.0 Clarifications on the possible integration of the 'Sustainable Public Procurement' approach into the draft Public Procurement Rules of the Ministry of Finance of the Republic of Kazakhstan.

The integration of sustainable public procurement principles into the new draft Public Procurement Rules is not only a logical continuation of the strategies outlined in the Decrees of the President of the Republic of Kazakhstan but also a critical step towards creating a procurement system that aligns with modern international standards and contributes to the country's sustainable development. In this regard, it is recommended that appropriate amendments and additions be introduced into the draft Rules, reflecting the need to integrate the 'Sustainable/Green Public Procurement' approach to implement presidential decrees and ensure environmental sustainability in procurement processes.

The Review of the new Rules for Public Procurement, approved by Order of the Minister of Finance of the Republic of Kazakhstan, dated October 9, 2024, shows that the principle of sustainable procurement was not reflected in the articles of these procurement rules. In fact, the 300-page document does not mention the words 'sustainable' or 'green' even once.

To emphasise the importance of the sustainable public procurement principle enshrined in the Law, the Rules must clearly explain what it means for stakeholders and how it will be applied in practice. The Rules should specify how requisitioners are to integrate sustainability issues at each stage of the procurement cycle, including needs assessment and planning, technical specifications, qualification criteria, award criteria, and contract terms and management. This is essential to ensure that customers have the flexibility to identify appropriate steps that will maximise the sustainable outcomes of procurement decisions.

Overall, it is recommended that the Ministry of Finance of Kazakhstan consider including the following provisions in relevant sections of the Rules for Public Procurement to facilitate the practical implementation of the principle of sustainable public procurement.'

a. Needs assessment: Each product, work, and service purchased by the state is associated with certain risks to sustainable development. The contracting authority is required to identify these risks during the planning stage and develop an appropriate procurement strategy to mitigate them.

Sustainable procurement should be integrated into the annual public procurement plan to ensure compliance with the Public Procurement Law, which already acknowledges the principle of sustainable procurement. The relevant chapter of the Public Procurement Rules should include a provision mandating the incorporation of sustainable procurement objectives in the annual plan. An appendix to the rules can also specify the types of goods, works, and services that will be procured using environmental criteria.

b. Technical specifications: Different types of specifications encourage varying levels of innovation from suppliers, and the customer has the freedom to select the most suitable specifications for the specific requirements of the contract. Technical specifications should encompass all necessary technical, quality, functional, environmental, and operational characteristics and requirements (such as material composition, physical dimensions, and tolerances, workmanship and production processes, and test schedules, including guaranteed or acceptable maximum or minimum values, where applicable, etc.).

c. Selection criteria: Qualification criteria should account for not only past performance, experience, technical competence, and production capacity related to the relevant goods, works, and services, and financial sustainability for successful contract execution, but also compliance with environmental standards, the presence of an environmental management system, and other relevant aspects of sustainable public procurement.

d. Evaluation criteria: Tender evaluation is one of the most critical areas of procurement management for maximising the sustainable impact of procurement decisions. The customer should consider not only criteria such as price, specifications, functional properties, warranty support, delivery schedule, completion time, etc., but also environmental performance, cost-effectiveness, after-sales service, quality, and operating costs. No criterion should be used for evaluating tenders unless it can be verified. Information based on hearsay or previously unstated conditions should not be considered during the evaluation. This stage also offers an excellent opportunity to incorporate evaluation criteria that promote societal benefits and local development, such as job creation, training, etc.

e. Contract Terms: Customers may establish specific terms and conditions related to social and environmental aspects to reinforce the contract's sustainability objectives.

4.0. Life-cycle Costing (LCC): The regulations should clearly outline how LCC can be practically applied in procuring goods, works, and services. Customers should be encouraged to utilise LCC methodologies to estimate the total cost of ownership, including production, operation, maintenance, and disposal costs.

5.0. The Case of Ukraine in the Adaptation of the National Public Procurement System to the Legislation of the European Union

In carrying out interagency coordination within its legal powers, the Ministry of Finance of the Republic of

Kazakhstan may amend the regulatory framework for public procurement management (Public Procurement Rules and other sectoral regulatory legal acts) to enable state customers to conduct procurement both traditionally and, when necessary, use SPP/GPP tools in the context of the state environmental policy on decarbonisation and the transition to a green economy. This can be achieved by creating an additional regulatory framework for implementing S/GPP within the public procurement system, which would include new concepts, definitions, abstract characteristics, formulas for calculating the life-cycle cost (LCC), a rating point system, and key criteria for selecting suppliers, such as price, life-cycle cost, or a combination of price and non-price parameters.

Thus, applying the GPP approach in public procurement will become an additional tool for customers, expanding their procurement management capabilities. This approach was also used in developing the draft Law on Public Procurement in Ukraine, which aims to adapt Ukraine's legislation to the European Union's legal framework under the Association Agreement between Ukraine and the European Union. Studying Ukraine's experience in implementing S/GPP in the public procurement system appears to be important and beneficial for potential application in Kazakhstan, given the similarities in the state regulation systems of procurement for goods, works, and services in both countries.

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