

Advancing Sustainable Public Procurement in Kazakhstan: Opportunities under the New Legal Framework

1. Introduction

Kazakhstan is taking important steps to align its public procurement practices with national sustainable development priorities and international climate commitments. As part of its transition to a green economy, the country has introduced legal and policy reforms that lay the groundwork for Sustainable Public Procurement (SusPP)—a procurement approach that integrates economic, environmental, and social considerations into decision-making.

In 2024, Kazakhstan passed a new Public Procurement Law that introduces sustainability as one of its key principles. This is part of a bigger effort by the government to move toward a greener economy, improve how public money is spent, and meet international commitments like the Paris Agreement and the Sustainable Development Goals (SDGs).

This report provides an overview of the status of SusPP in Kazakhstan, highlighting key developments in the policy and legal framework, institutional readiness, and opportunities for implementation. The findings are based on document reviews and interviews with a



range of stakeholders across government agencies, SOEs, and civil society organizations. While challenges remain in operationalizing SusPP, there is a clear and growing commitment across sectors to advance this agenda. The aim is to identify practical opportunities for advancing SusPP and provide recommendations for further policy development, institutional strengthening, and capacity building aligned with international good practice.

The report is part of ADB's broader support to member countries in the Asia Pacific region for using procurement to deliver better outcomes for people, the economy, and the environment. The aim is to identify policy gaps, operational challenges, and opportunities to advance SusPP in Kazakhstan, offering actionable recommendations for strengthening SusPP integration.

2. Kazakhstan's Development Vision and Climate Commitments: Strategic Policy Foundations for SusPP

Kazakhstan's long-term development policies provide a strong platform for advancing SusPP. The country has committed to a green and low-carbon economic transition, as reflected in several high-level strategies and policy instruments.

The **Kazakhstan-2050 Strategy**, introduced in 2012, outlines the vision of achieving at least 50% of the nation's total energy consumption from renewable sources by 2050. The strategy highlights the importance of increasing energy efficiency and accelerating the shift to a low-carbon economy.

This commitment was further reinforced with the **Concept for Kazakhstan's Transition to a Green Economy**, first adopted in 2013 and updated in 2024. The concept focuses on reducing the energy intensity of the economy, ensuring the sustainable use of water resources, and promoting green innovation in key sectors such as agriculture and infrastructure.

In 2023, Kazakhstan approved its **Strategy for Achieving Carbon Neutrality by 2060**, setting out a long-term vision for reducing emissions across the economy. A national **Road Map for Decarbonization** is currently under inter-agency development and is expected to guide implementation efforts across government entities.

Kazakhstan has also updated its **Nationally Determined Contribution (NDC)** under the Paris Agreement. The revised NDC, adopted in April 2023, sets a target of reducing greenhouse gas emissions by 15% by 2030 compared to 1990 levels, with a conditional increase to 25% subject to international support. The NDC signals Kazakhstan's intention to transition gradually toward a carbon-neutral economy through inclusive and economy-wide measures.

This policy direction is supported by an evolving legal framework, including the **Environmental Code of the Republic of Kazakhstan** (2021), the **Concept for Energy Conservation and Energy Efficiency for 2023-2026** (2023), national regulations establishing a **taxonomy for green projects** (2021 and updated in 2024), and the **Industrial Policy Law** (2021). Together, these instruments provide a coherent legal basis for incorporating sustainability principles into public sector decision-making, including procurement.

3. Public Procurement Reform: Legal Developments, Gaps, and Opportunities for SusPP

Kazakhstan's procurement system has evolved with the new Public Procurement Law and updated Implementing Regulations, responding to recommendations from international

assessments such as the 2019 Methodology for Assessment of Procurement Systems (MAPS), which was supported by development partners.

3.1. Public Procurement Law (2024) - Law No. 106-VIII

The revised Public Procurement Law (PPL) introduces for the first time a legal definition of SusPP and embeds sustainability as a guiding principle. The Law marks a significant milestone by introducing SusPP concepts in Articles 3(23) and 5(8). It also formally prioritizes competitive methods (Article 10(7)) and supports certain categories for social procurement provisions (Article 27). The Law also refines the available criteria for single-source procurement and establishes centralized procurement processes. The new definition of SusPP encompasses economic, environmental, and social dimensions as a guiding principle.

Despite these advances, the Law lacks operational tools required for implementation. For example, lifecycle costing (LCC) is not mandated in the Regulations and environmental and social evaluation criteria are not routinely applied in tenders. Furthermore, the Law does not yet provide supplier incentives to offer sustainable products and services. Importantly, the procurement framework for state-owned enterprises (SOEs) continues to operate under separate legislation—the 2021 Law on Procurement of Certain Entities in the Quasi-Public Sector—which makes no reference to SusPP.

While the revised legal framework offers a credible starting point, implementation remains highly dependent on the political will of institutions and the discretion of procurement officials. Nonetheless, the new PPL provides a legal basis for integrating sustainability into procurement planning, bid evaluation, and contract management.

3.2. Government Procurement Rules (Implementing Regulations) - Ministerial Order No. 687 (2024)

In force from January 1, 2025, these rules reinforce e-procurement, digital transparency, and structured planning. Several provisions offer indirect but clear potential for SusPP integration. For instance, Rule 12(5) refers to “conditions of procurement” aligned with Article 27 of the PPL, which can include sustainable or social requirements if standardized. Rule 23 allows preference of local content and domestic producers, a provision that could be extended to green MSMEs or certified eco-products. In infrastructure procurement, Rule 26 requires uploading of environmental assessments, creating a bridge between construction planning and sustainability considerations. Additionally, Rules 24-25 permit prepayment (up to 30%), a mechanism that can be structured to benefit sustainable suppliers or MSMEs.

However, the rules do not explicitly reference SusPP in core elements such as bid evaluation, supplier qualification, or contract performance monitoring. Likewise, there is no

procedural guidance on when sustainability objectives might justify the use of specific procurement methods, such as LCC-based tendering.

Despite these gaps, the tools introduced by the Regulations—centralized procurement, structured documentation, and local preference mechanisms—offer significant potential for mainstreaming SusPP, provided appropriate policy guidance and templates are developed.

3.3. SOE Procurement Law (2021, as amended)

The procurement framework for SOEs is governed by a separate legal regime, which does not explicitly refer to SusPP. However, Article 1-1 of the SOE Law states that procurement activities should contribute to national development goals. Given Kazakhstan’s national sustainable development commitments, this provision allows for the integration of environmental and social objectives at a policy level.

Currently, the law and related procedures focus primarily on economic efficiency and there is no mandate for the application of LCC or SusPP criteria. Moreover, the SOE Law remains unharmonized with the PPL, creating legal fragmentation that may inhibit consistent SusPP practices across public and SOE purchasers.

Nevertheless, the existing flexibility of SOE procurement processes in supplier selection and procurement methods creates an opportunity for integrating green and social criteria, enabling major SOEs to take the lead in piloting green procurement projects and inclusive sourcing models.

3.4. Samruk-Kazyna Procurement Rules (2025 v2.8)

The national wealth fund, Samruk-Kazyna, oversees procurement across several of Kazakhstan’s largest enterprises and has incorporated advanced procurement tools in its 2025 rules that align with SusPP. For example, its rules enable use of total cost of ownership (TCO) (Article 55), similar to LCC, which enables product lifecycle cost evaluation and can support sustainability goals. Its supplier development initiatives (Article 9) can support the growth of micro, small, and medium enterprises (MSMEs) and green suppliers. Provisions on supplier performance monitoring (Article 67) could be expanded to include key performance indicators on ‘ESG’ (environmental, social, and governance). Samruk-Kazyna has the opportunity to pilot performance-based and sustainability indicators on this basis.

Although these tools are well-aligned with international SusPP practice, they remain optional and are not yet backed by binding sustainability requirements or thresholds. Samruk-Kazyna’s mature procurement structure and sector-wide influence position it as a valuable testbed for green and performance-based procurement models.

While full harmonization across legal frameworks is still under way, the inclusion of SusPP concepts in both public and quasi-public procurement systems is a promising step toward systemic integration.

4. Stakeholder Insights on SusPP Readiness

Stakeholder consultations conducted as part of this assessment revealed a strong and growing interest in SusPP across government institutions, SOEs, civil society organizations, and the private sector. While levels of awareness and practical readiness varied, most stakeholders expressed a willingness to build capacity, explore pilot initiatives, and work toward aligning procurement practices with environmental and social objectives.

Representatives of the Ministry of Finance (MoF), which leads procurement policy, acknowledged the inclusion of SusPP principles in the 2024 Public Procurement Law but noted uncertainty around how to apply sustainability criteria in practice. The Ministry of Ecology and Natural Resources similarly emphasized the need for guidance and training to support integration of environmental goals into procurement processes. In the transport sector, JSC “KazAvtoZhol”—an ADB client—showed interest in applying SusPP in future tenders, even though such criteria are not yet in use. Samruk-Kazyna, the national wealth fund, demonstrated a more advanced understanding of SusPP approaches. The organization reported experience in applying TCO, conducting internal training, and developing category strategies that could facilitate greener purchasing. The Ministry of Water Resources and Irrigation also highlighted structured thinking around lifecycle approaches and international standards for sustainable procurement.

Civil society and private sector stakeholders, including the Association of Environmental Organizations and the Atameken National Chamber of Entrepreneurs, highlighted the gap between legal recognition of SusPP and its implementation. They emphasized the need for practical methodologies, clearer regulations, and capacity-building support to operationalize green procurement. Some noted that although the Law references sustainability, current practices still prioritize price and lack enforceable sustainability criteria. The Zertteu Research Institute, for instance, explained that LCC was removed from the previous version of the Law due to limited capacity to apply it, though it continues to be used in some SOEs with more manageable supplier pools.

In sum, there is strong cross-sectoral interest in SusPP, tempered by concerns over lack of clarity, tools, and institutional support. Stakeholders widely recognize the need for further training, regulatory refinement, and technical assistance to translate legal intent into real-world practice.

5. Institutional Capacity and Structures: Opportunities for Integration

Kazakhstan's institutional arrangements for procurement present both challenges and opportunities for mainstreaming SusPP. While procurement units exist in all key ministries and SOEs, their roles are largely procedural and compliance-focused, rather than strategic. In ministries, procurement responsibilities are often split: administrative procurement is handled centrally, while project-specific procurement is delegated to local authorities (Akimats), who frequently lack adequate procurement capacity. This decentralization complicates the consistent application of SusPP principles. Moreover, environmental or social policy units within ministries—where they exist—are not systematically involved in procurement planning or implementation. There is currently no centralized SusPP coordination function or advisory service within the MoF or other institutions to guide implementation or develop cross-sector tools.

In contrast, SOEs often have more structured procurement departments. While these have historically prioritized efficiency and compliance, some—particularly Samruk-Kazyna—are beginning to explore more advanced practices such as TCO, supplier development, and category-based planning. These capabilities provide a potential platform for piloting and institutionalizing sustainable procurement approaches.

To harness these opportunities, procurement divisions within ministries and SOEs can be strategically aligned with national sustainability goals. For example, establishing designated SusPP focal points within major procuring entities would promote internal coordination and accountability. Creating a centralized support function—such as a helpdesk or technical advisory unit—could ensure consistent application of SusPP tools and templates, and build procurement officers' confidence.

In the longer term, mainstreaming SusPP will require closer collaboration between procurement authorities and environmental, industrial, and climate policy units. This integration could help align procurement planning with broader goals such as circular economy transition, low-carbon development, and inclusive growth.

Finally, expanding centralized procurement systems and e-platforms can support the institutionalization of sustainability criteria by embedding them into standardized templates, supplier registries, and monitoring frameworks. These digital tools can also help scale SusPP practices by making them easier to apply and monitor across institutions.

Kazakhstan's existing structures offer a foundation for integrating SusPP, but doing so effectively will require a shift from transactional procurement to more strategic, outcomes-based approaches. With targeted reforms and dedicated support mechanisms, public institutions can lead the way in delivering more sustainable procurement outcomes.

6. Capacity Development Needs

As Kazakhstan begins to translate its legal commitments on SusPP into practice, targeted capacity development will be essential to ensure successful implementation across the public sector. While earlier sections of this report have outlined the institutional challenges and stakeholder perspectives, this section focuses on the types of training, support mechanisms, and tools required to build operational capacity for SusPP.

First, there is a need to strengthen technical knowledge and skills among procurement practitioners, policy officers, and project managers. This includes foundational training on SusPP concepts and benefits, as well as more advanced topics such as how to apply environmental and social criteria, including existing standards and ‘eco-labels’, in procurement planning, develop sustainability-aligned technical specifications, and evaluate bids using non-price methodologies such as LCC or TCO. Training should be tailored to different audiences, including central and local government bodies, SOEs, and sector-specific agencies involved in infrastructure, energy, health, and education.

To support consistent and effective application, practical tools are equally important. These may include standardized templates, model contract clauses, evaluation matrices, and planning checklists that reflect sustainability considerations. Developing a set of sector-specific guidance notes—for example, on green construction or energy-efficient equipment—could further enhance usability and uptake.

Given the decentralized nature of procurement in Kazakhstan and the differing levels of readiness across institutions, capacity-building efforts should be accompanied by a dedicated support mechanism. This could take the form of a national helpdesk or technical advisory unit—potentially hosted within the MoF or Ministry of Ecology and Natural Resources—that offers real-time guidance, disseminates training materials, and coordinates peer learning across agencies. Digital platforms could also play a role in supporting knowledge exchange and housing practical resources.

In addition to formal training and tools, there is strong potential to promote learning-by-doing through SusPP pilot initiatives. These pilots could focus on sectors or agencies with higher capacity, such as leading SOEs or line ministries already engaged in sustainability planning. Lessons from these pilots would help refine methodologies and provide replicable examples for wider adoption.

Capacity development efforts should be designed with sustainability in mind—by embedding training into regular professional development programs and institutional systems. Partnerships with local universities, training centers, and civil society organizations could help ensure continuity and local ownership. In parallel, donor support

could focus on strengthening national training infrastructure and linking Kazakhstan with international networks and good practices.

Ultimately, capacity development for SusPP in Kazakhstan should be seen not as a one-off intervention but as a strategic investment in public sector modernization. By equipping procurement actors with the knowledge, tools, and support they need, the country can unlock the full potential of procurement as a lever for green and inclusive growth.

7. Recommendations

Kazakhstan has made notable progress in establishing a legal foundation for SusPP, particularly through the adoption of the 2024 Public Procurement Law. However, further refinement of the legal and regulatory framework is essential to ensure effective implementation.

Legal and Regulatory Reform: The PPL should be supported by revisions to the Implementing Regulations that mandate LCC and embed SusPP criteria into technical specifications, bid evaluation, and contract conditions. Sector-specific guidelines, model clauses, and templates should be developed, including references to environmental product declarations and eco-labels. The Regulations should integrate these elements into standard templates, introduce weighted sustainability criteria, and embed monitoring indicators to track performance.



SOE Engagement and Alignment: The 2021 SOE Procurement Law should be amended to explicitly recognize SusPP and align with national sustainability goals and the public sector PPL. SOEs should reflect SusPP in procurement plans and indicators, harmonize with public-sector SusPP practices and templates where practical, and adopt internal policies promoting environmental and social integration. Samruk-Kazyna, in

particular, should consider strengthening the SusPP aspects of their procurement rules, including defining green procurement categories and expanding use of TCO and ESG metrics for priority sectors.

Institutional Capacity and Support: A centralized advisory function or helpdesk should be established to issue guidance, tools, and technical support, which could be hosted within the MoF or Ministry of Ecology and Natural Resources. Key SOEs and ministries should appoint SusPP focal points and pilot sustainable procurement in selected categories. Training and capacity building should target both public buyers and domestic suppliers, especially MSMEs, to improve their readiness to participate in tenders with sustainability criteria.

Piloting and Practical Implementation: Pilot projects—particularly in infrastructure and energy—should be used to test and refine SusPP tools and approaches. Lessons learned should inform wider roll-out and guide adjustments to regulations and templates.

Monitoring and Knowledge Sharing: Use of sustainability criteria in public tenders should be tracked systematically and digital platforms should be used to share procurement data and examples of good practice. Creating communities of practice can foster collaboration and continuous learning across government, SOEs, the private sector, and civil society.

8. Conclusion

Kazakhstan has taken significant steps toward integrating sustainability into public procurement, most notably through the revised 2024 Public Procurement Law and Implementing Regulations. These developments reflect political commitment to supporting the country's green economy and sustainable development goals.

However, SusPP implementation is still at an early stage. Many institutions are working to understand how to apply sustainability criteria in their tenders and there is a clear need for guidance, tools, and targeted training. Lifecycle costing and environmental or social evaluation criteria are not yet widely used in practice.

Encouragingly, stakeholders across ministries, SOEs, and civil society have shown strong motivation to advance SusPP. With refinements to implementing regulations, the introduction of centralized technical support, and capacity-building programs, Kazakhstan can move from policy to practice. ADB is committed to supporting this process, including through pilot-based approaches and ongoing alignment with international procurement standards. With the right support, Kazakhstan has the potential to become a regional leader in green and inclusive public procurement.