



## ASSESSMENT OF SUSTAINABLE PUBLIC PROCUREMENT IN THE KYRGYZ REPUBLIC

### *About the assessment*

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### *About the project*

The UNDA project on SPP, which is led by the United Nations Environment Programme (UNEP) Europe Office and implemented jointly with United Nations Economic Commission for Europe (UNECE) and Green Growth Knowledge Platform (GGKP), aims to strengthen the capacity of selected countries in the EECCA region on sustainable public procurement and strengthen the capacity of businesses to respond to public tenders with sustainability criteria. The project is implemented between 2018 and 2021. Kyrgyzstan is one of the selected countries for implementation of the project.

### *Implementing agencies*

UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system. It promotes the transition to economies that are low carbon, resource efficient and socially inclusive. UNEP is a leading agency of the UNDA project on SPP. Other UNEP partners are UNECE and GGKP.

The Promotion and Development Centre, a public association organization based in Bishkek, Kyrgyzstan, was nominated by the Ministry of Finance of the Kyrgyz Republic as a National Focal Organization (NFO) for the UNDA SPP project implementation in Kyrgyzstan.



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## I. INTRODUCTION

The main goal of the United Nations Development Account project “Enhancing sustainable public procurement for the regional transition to inclusive green economy in Eastern Europe, Caucasus and Central Asia (EECCA)” (UNDA project on SPP) is **to strengthen the potential of selected countries in the EECCA region (including in the Kyrgyz Republic) for sustainable public procurement (SPP) and strengthen the capacity of business to respond to public tenders with sustainability criteria.**

To achieve it, it is necessary to solve the following tasks:

### 1. To assess the state of SPP through:

- Studying international and country experience in the implementation of SPP;
- Analysis of political, legal, regulatory and institutional gaps in Kyrgyzstan to include sustainability criteria in the procurement process and provide recommendations for addressing them;
- Prioritization for identifying key categories of products and services through the collection of data on procurement, government spending, environmental pollution and other aspects of SPP with the help of authorized government bodies;
- Conducting an analysis of market readiness to determine potential market readiness for the provision of sustainable goods and services for tenders of SPP; and
- Development of sustainability criteria for priority goods and services for SPP, which will be used for pilot SPP tenders.

2. Organize a training and/or consultation seminar to present and discuss the results of the assessment and determine the next steps for the identified priority product groups.

3. Taking into account the priorities of sustainable development of the country, organize consultations, develop and facilitate the approval of the SPP Action Plan.

To implement this project, the Ministry of Finance of the Kyrgyz Republic as the National Coordinating Organization has appointed the Promotion and Development Center (PDC). In this regard, on 1 February 2019, an Agreement on the Financing of the Small-scale Assignment (SSFA) was signed between the PDC and UNEP, for the execution of the project's assignments.

This PDC report is devoted to the study of international and country experience in implementing SPP, as well as to the analysis of political, legal, regulatory and institutional gaps in Kyrgyzstan to include sustainability criteria in the procurement process and provide recommendations on how to address them.



## II. ANALYSIS OF INTERNATIONAL EXPERIENCE

The state can use its huge purchasing power for sustainable development policies. In world practice, public procurement averages 12% of GDP in OECD countries and 30% of GDP in many developing countries. In Kyrgyzstan, this figure is 12.6% of GDP.

Public procurement can be used to create high and long-term demand for sustainable products, becoming an investment tool for implementing sustainable development policies.

The term “sustainable procurement” was first used at the 1992 Rio United Nations Conference on Environment and Development. At the World Summit on Sustainable Development, in 2002 in Johannesburg, it was decided to use public procurement as a mechanism for implementing sustainable development policies. In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development. It is based on 17 so-called Sustainable Development Goals (SDGs) aimed at achieving the Millennium Development Goals, which take into account three dimensions of sustainable development: economy, social sphere and ecology. The SDGs reaffirm the close link between environmental protection, sustainable development and public procurement. Moreover, in one of the tasks included in SDG 12 on ensuring rational consumption and production models, special attention is paid specifically to the promotion of “practices for sustainable public procurement in accordance with the national strategy and priorities”.

Thus, public procurement is considered sustainable if it ensures economic efficiency, social justice and environmental safety.

Another approach to the determination of SPP, when in addition to the principles of sustainable development, account is taken of the cost of the product life cycle. Thus, the International Institute for Sustainable Development (IISD) defines SPP as a set of laws, policies and practices aimed at integrating economic, social and environmental risks into public procurement processes and decisions, which are about achieving the best value for money throughout the life cycle. The Marrakesh Working Group defines SPP as a process where organizations meet their needs in a way that they value in monetary terms based on their life cycle in terms of benefits not only to the organization, but also to society and the economy while minimizing environmental damage.

### II.1. GENERAL WORLD TRENDS AND BARRIERS ON THE IMPLEMENTATION OF SPP

In 2017, UNEP published the Global Review of Sustainable Public Procurement, which collects data on the implementation of SPP in different countries of the world. More than 200 respondents from 186 state and private organizations and authorities of 62 countries contributed to the study. The report covers all countries in which SPP is formally adopted or systematically applied at the state or individual municipality level. More detailed information on this review, which, in our opinion, would be useful for Kyrgyzstan in the process of implementing SPP, is presented in Annex 1. Here we would like to present the main conclusions from the analysis of this study from the point of view of the general global trends in the implementation of SPP.

**The first trend** determines the necessary conditions for the success of the SPP, namely the presence of:

- Strong political and organizational leadership;
- Effective top-down management;



- Legislation on SPP; and
- Knowledge in the field of SPP.

**The second trend** is that the cultural procurement environment is steadily forming, when:

- The transition to SPP does not happen from case to case, but more and more systematically;
- Sustainability becomes an obligation of the state; and
- Public procurement includes not only environmental, social and economic criteria, but also ethical standards.

**The third trend** is related to the fact that states set specific goals in the field of SPP, formulate quantitative and qualitative indicators for their measurement, and also monitor and evaluate progress towards them on a regular basis.

**The fourth trend** determines the focus of state action by approving the priority areas of SPP as political priorities at the national level. Among them are often chosen such as rational use of energy, efficient use of natural resources and mitigation of climate change.

**The fifth trend** is that for the introduction of SPP, categories of products or products are selected based on certain criteria. The most popular of these are the following:

- Degree of environmental impact;
- Cost of production in the total volume of purchases;
- Objective price based on the cost of production life cycle;
- Degree of market readiness to supply products with sustainability characteristics; and
- The availability of eco-labels and standards as a mandatory product requirement.

At the same time, for each priority product, the state creates standard requirements and sustainability criteria that customers apply when making purchases.

**The sixth trend** shows a picture of which goods and services are most often selected according to SPP. First of all: office equipment, office paper and stationery, transport, cleaning products and cleaning services, furniture and construction

**The seventh trend** indicates an expansion of opportunities in promoting SPP through:

- Support for international initiatives;
- Cooperation, both regionally and internationally;
- Taking into account best practices and market signals;
- State involvement of representatives of the expert community; and
- Government partnerships with private sector suppliers.

The review also identifies the **most common barriers** to wider implementation of SPP. These are:

- Perception of sustainable goods and/or services as more expensive;
- Lack of expertise in sustainable procurement;
- Lack of products with stable characteristics; and
- Lack of an adequate monitoring and evaluation system.



## II.2. EXPERIENCE IN IMPLEMENTING SPP IN SELECTED COUNTRIES

In addition to the general trends in the implementation of SPP, Kyrgyzstan is interested in the experience of individual countries that have successfully implemented SPP in terms of the specificity of their approaches. Their full description is shown in Annex 2. Only the main points are presented here.

In the countries of **the European Union (EU)**, the environmental aspect has dominated the formation of sustainable procurement. It was reflected in the 2001 Program of Action for Environmental Protection (COM, 2001), as the primary intervention in reorienting government activities towards the respect for nature. An interesting fact is that, in addition to individual criteria for the selection of SPP products, which relate to the general global trend, the EU also takes into account additionally those that affect:

- Improving health and quality of life; and
- Recycling.

In addition, the legal basis of SPP in the EU is the directives 2014/24 / EC and 2014/25 / EC, which provide, in addition to including environmental and social requirements in procurement procedures, also labour protection requirements. At the same time, such obligations are fixed in them as:

- Not impede the application of measures to protect human health, ethical culture, public safety, the protection of animals and plants, etc.;
- Create a partnership between the state customer and the supplier for the development and production of innovative products; and
- Support small and medium-sized businesses, the use of eco-labels and the use of the value of the product life cycle.

The EU has developed a variety of training materials to help customers apply SPP. These include, for example, a list of environmental criteria for 21 product groups.

In **the UK** in 2006, a National Action Plan for the Development of Sustainable Procurement was developed. It reflects the principles and mechanisms of SPP to solve the following problems:

- Minimize adverse environmental effects during the construction and maintenance of state and public buildings;
- Promote more efficient use of public resources;
- Stimulate the market for the development of innovations and production of products with more efficient consideration of cost and sustainability principles for all customers; and
- Set an example for business and the public and show that the state significantly contributes to sustainable development.

At the same time, in the action plan, 10 priority areas for SPP were selected from the existing 174 procurement areas.

In **Australia**, the goal of SPP policy is to reduce the negative impact of government-acquired products and services throughout their implementation. Also, a national waste policy has been defined since 2018, which is focused on the increased use of recycled materials and the creation of demand and markets for processed products. This impact is measured through indicators such as:

- Degree of waste disposal;



- The degree of processing of waste into secondary raw materials;
- The cost of maintaining products during their service life;
- The effectiveness, efficiency and ethics of government spending;
- The share of concluded contracts for products under SPP out of the total; and
- A share of the volume of SPP from the total volume of public procurement.

Achieving value for money is a basic procurement rule. When evaluating the cost, financial and non-financial costs and benefits are analysed in terms of energy efficiency, environmental impact and the use of processed products. And most importantly, the SPP policy is mandatory for all procurement participants!

Normative legal acts also determine the principles of SPP:

- Avoiding unnecessary energy and water consumption and demand management;
- The purchase of goods and infrastructure that can be reused, repaired and recycled;
- Selection of products that have less harmful effects on the environment associated with any stage of their production, use or disposal;
- Promoting innovation in the production of sustainable products through SPP; and
- The use of fair and ethical methods for suppliers to comply with socially responsible practices, including obligations to employees.

To select priority products, in addition to trends common to global criteria, the following criteria are used:

- Value for money;
- Sustainable development;
- Sustainability;
- Environmental management;
- Circular purchases;
- “Green wash”;
- Supply chain assessment; and
- Social benefits.

For Australia, the following products have become successful at SPP:

- Acquisition of consumables, furniture and accessories, including recycled contents, and suitable for processing at the end of the service life;
- Avoiding the purchase of goods from disposable plastics;
- The conviction that treatment agreements are consistent with waste reduction goals;
- Conducting low-waste or non-waste production; and
- Reuse of plastic containers.

In **Finland**, the following priority areas have been identified as part of the green economy policy:

- Jobs in the green economy;
- Bioenergy;
- solar energy;
- Energy efficiency of construction;
- afforestation;
- Recycling;
- Deposit system; and





- New business models in the circular economy.

Sustainability indicators in Finland include:

- Degree of reduction in heat energy consumption;
- Increase in the use of renewable energy sources;
- Energy prices;
- Energy efficiency in new construction and reconstruction of the old fund;
- Export of clean technologies;
- Increase in forest area;
- Share of forests owned by the private sector;
- Share of state-owned forests
- Increase in bioenergy production;
- Share of disposed waste;
- Share of recycled waste for secondary raw materials;
- Increase in energy production from waste; and
- Job growth due to green technologies.

**Germany** follows the National Sustainable Development Strategy, which sets cross-sectoral goals and defines fundamental policy principles. It built a model of sustainable development, the main components of which are:

- Intergenerational justice;
- The quality of life;
- Social cohesion; and
- International responsibility.

Strategic goals and indicators are grouped according to these four components and contain 21 key indicators that are used as a measure of progress, identifying gaps and obstacles in achieving goals and implementing policy measures.

The strategy identifies seven priority areas:

- Creating a sustainable energy supply system;
- Solving the problem of mobility through the development of environmentally friendly transport systems;
- Reorientation in the fields of agriculture and consumer protection for healthy and safe food;
- Management of demographic development;
- Education reform;
- Innovative development; and
- Improving the efficiency of land use.

As part of continuous monitoring, progress reports are regularly submitted. Every two years, the Federal Statistical Office publishes a report on the status of indicators of sustainable development. Analyses are carried out by the department independently and under its own professional responsibility. Every four years, a progress report on the implementation of the strategy is presented, containing also proposals for its updating. At the same time, broad public participation is ensured.





In **Switzerland**, public procurement is designed to become “sustainable” thanks to the current revision of the Federal Law on Public Procurement (FAPP) after the WTO Public Procurement Agreement (GPA), updated in 2012. In order to make public procurement more sustainable, it is proposed to develop and approve a set of indicators and criteria. This approach to the implementation of sustainability in public procurement is a legal requirement covering economic, environmental, social and managerial aspects.

Therefore, changes in this direction go through the following five stages:

1. Data analysis;
2. Existing indicators;
3. Compilation of criteria;
4. Validation (comprehensive validation); and
5. Improvement.

The final set of indicators after stage 5 is published in the form of a brochure, and a seminar on dissemination of information is organized for interested parties to explain the results to policy-makers, government agencies and companies participating in SPP. The scientific contribution of such works is presented at international conferences and published in international peer-reviewed journals.

With a set of indicators focused on sustainability, 40 billion Swiss francs per year are spent more efficiently and effectively, contributing to sustainable development in the country.

In **Ukraine**, two very important achievements contributed to the success in promoting SPP:

- The country's accession to the World Trade Organization (WTO) Public Procurement Agreement (GPA); and
- The introduction of an electronic procurement system for the acquisition by government departments of goods, works and services.

In particular, participation in the WTO GPA provided Ukrainian companies with equal access to procurement markets operating in the European Union, and these companies do not need to wait for the completion of Ukraine's accession to the EU.

### III. ANALYSIS OF KYRGYZSTAN'S READINESS FOR TRANSITION TO SPP

At the UN Conference on Sustainable Development in 2012, the Kyrgyz Republic expressed its commitment to sustainable development through advancing the priorities of the green economy. For the Kyrgyz Republic, such a transition is an urgent need, since the country's socio-economic development is largely based on the consumption of natural resources. This was once again confirmed by the representatives of the PDC, participating in the Pan-European Regional Workshop on SPP, organized by the UNEP European Office in Switzerland in March 2019.

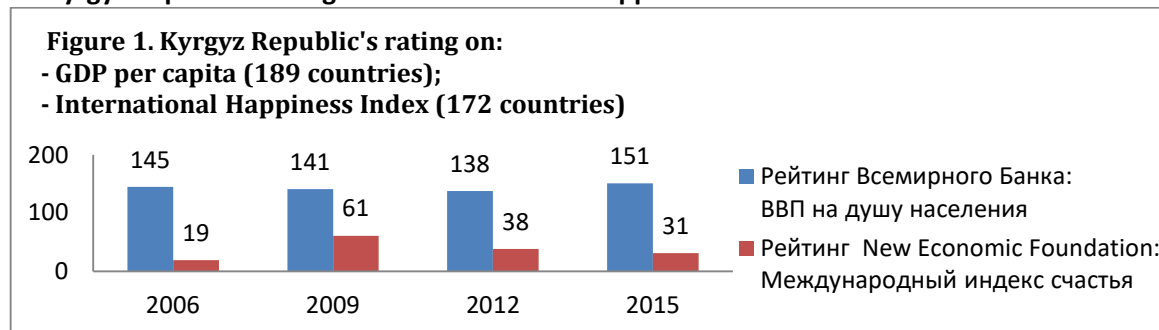
**Box 1.** On 19-20 March 2019, the PDC's expert participated in the Kyrgyz delegation at the Pan-European Regional Workshop on SPP (Geneva, Switzerland), organized by the UNEP European Office. This workshop provided an opportunity to exchange ideas and experiences of different countries in promoting practices on SPP. During the workshop, reports were presented on the implementation of SPP in Switzerland, Finland, the Netherlands, Italy, Ukraine and several other countries. An extensive report was also presented by UNEP on the methodology, analysis and practical implementation of the main principles of SPP. It was noted that, at present, there is no single or standard model for the application of SPP. Each country individually applies its country-specific SPP models, with the emphasis being placed directly on the specifics of the country. The Kyrgyz delegation made a presentation on the status of the SPP.

#### III.1. SOCIO-ECONOMIC SITUATION

According to the National Statistical Committee of the Kyrgyz Republic, as of 1 January 2019, the population of the republic is 6.4 million people. The country's GDP in 2018 amounted to \$24.5 billion and in the IMF rating for this indicator, the Kyrgyz Republic took 140th place among 190 countries of the world. In terms of living standards, among 151 countries of the world in accordance with the UN rating, Kyrgyzstan took the 122nd place in 2018.

According to many world ratings, the republic has always occupied the lowest positions. However, according to indicators in the measurement of which there is no monetary component, a completely different picture is observed (Figure 1).

**Figure 1. Kyrgyz Republic's rating on GDP and level of happiness.**



For example, Figure 1 shows the country's plight in the World Bank's per capita GDP ranking from 2006 to 2015, where, out of 189 countries, Kyrgyzstan has always been among the 50 worst countries in this



indicator. At the same time, according to the International Index of Happiness (Happy Planet Index), measured since 2006 by the New Economic Foundation, Kyrgyzstan in 2006 was one of the 20 happiest countries among 172 countries of the world. It should be noted that when measuring this indicator, only three factors were used: subjective satisfaction of people with life, life expectancy and the so-called “ecological footprint” (a measure of human impact on the environment, which allows us to calculate the size of the adjacent territory necessary for the production we consume environmental resources and waste absorption). But these are precisely the factors that largely determine the sustainability of the country's development.

In addition, this indicator adequately reflects the true well-being of citizens of the country. So, for example, after the “revolutions” (change of power) that took place in Kyrgyzstan in 2005 and 2010, the per capita GDP rating almost did not respond to such fundamental changes in the country's political life. While the rating of the International Index of Happiness showed that after the first “revolution” of 2005, people were happy because they had high hopes for new people to come to power. However, over time, in 2009, they became less happy because their expectations were not met. After the “revolution” of 2010, the people of the country already relied more on themselves than on the state, therefore the level of their happiness again improved 61 places in 2009 in the ranking to 31 in 2015.

**Box 2. Participation in forums on the economics of happiness and the development of alternative indicators of well-being**

Experts from the Development Promotion Center took part in the following international forums:

- “The Economics of Happiness” in 2012 in Berkeley, California, USA, organized by the organization “Local Futures”; and
- “Alternative indicators of well-being” in 2018 in New York, USA, organized by the American Museum of Natural History and the United Nations.

Therefore, in our opinion, such indicators should be taken into account to assess the results of the implementation of SPP in the country's development policy, as they reflect the ethical or moral aspects of moving towards goals. In particular, through them it is possible to evaluate the culture of human behaviour in relation to the environment, future generations, the fulfillment of legal duties in society and, in general, to the sustainable development of the country.

**RECOMMENDATION 1.** To measure the sustainability of development in Kyrgyzstan, it is necessary to take into account intangible indicators that reflect the ethical or moral aspects of moving towards goals. This will make it possible to more objectively reflect progress in achieving results, since tangible indicators measure its quantitative characteristics and intangible qualitative aspects.

### III.2. STRATEGIC DOCUMENTS INFLUENCING SPP

Today, aspects of the country's sustainable development are reflected in such strategic documents as:

1. The National Development Strategy of the Kyrgyz Republic for 2018-2040 (NDS-2040), approved by Decree of the President of the Kyrgyz Republic No. 221 of October 31, 2018;

2. The concept of the green economy in the Kyrgyz Republic "Kyrgyzstan is the country of the green economy" (GE Concept) was approved by the Resolution of the Jogorku Kenesh of the Kyrgyz Republic No. 2532-VI of June 28, 2018; and
3. The Green Economy Development Programme for the Kyrgyz Republic for 2019-2023 (GEDP-2023), which is under approval by the Government of the Kyrgyz Republic.

Their brief descriptions, from the point of view of the impact on SPP, are presented in Annex 3. Here are the results of a comparative analysis of certain aspects of SPP.

### III.2.1. POLITICAL PRIORITIES

Analysis of all priorities formulated in the above strategic documents showed the following:

- Only three complete coincidences of priorities for all strategic documents (see Table 1).

<b>Table 1. Identical priorities of SPP in strategic documents of the Kyrgyz Republic</b>			
No	NDS-2040 Priorities till 2023	GE Concept	GEDP-2023
1.	Stimulating technological modernization	Green industry	Green industry
2.	Enhancing the participation of renewable energy sources	Green energy and energy saving	Green energy
3.	Development of infrastructure for waste management and recycling	Green recycling	Municipal Waste Management

- One incomplete coincidence of priorities in all strategic documents (see Table 2);

<b>Table 2. Incomplete coincidence of priorities of SPP in strategic documents of the Kyrgyz Republic</b>			
No	NDS-2040 Priorities till 2023	GE Concept	GEDP-2023
4.	Expansion of green space	Expansion of green space	Expansion of green space

- There are four cases when in one strategic document there are no priorities available in different formulations in the other two (see Table 3);

<b>Table 3. Cases when in one strategic document there are no priorities available in different formulations in the other two</b>			
No	NDS-2040 Priorities until 2023	GE Concept	GEDP-2023
5.	Expansion of green space	Biodiversity conservation	Stable natural ecosystems
6.		Green transport in a green city	Low-carbon and environmentally friendly transport Green cities
7.		Green agriculture	Green agriculture
8.	Modernization and	Green investments and	

	implementation of energy efficient technologies	sustainable financing to promote a green economy	
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- Six cases of complete coincidence of priorities in all strategic documents were identified (see Table 4).

No	NDS-2040 Priorities till 2023	GE Concept	GEDP-2023
9.	Tailings conservation and safety		
10.	Sound water management		
11.		Green thinking, green parenting, green education	
12.		Government policy, green public procurement and payments for ecosystem services	
13.		Indicators for the green economy	
14.			Green tourism

This situation, with the inconsistency of priorities in different strategic documents, indicates that the proper culture of strategy has not yet been established in the entire system of public administration of the country. What could become a serious barrier in a focused move towards SPP.

Therefore, based on the results of this analysis, we can confidently focus the implementation of SPP only on completely coinciding political priorities:

- stimulation of technological modernization and green industry;
- "green" energy and energy conservation; and
- development of infrastructure for the disposal and recycling of waste and green recycling.

### III.2.2. MONITORINGS AND EVALUATION SYSTEM

**NDS-2040** mentions the importance of a system for monitoring and evaluating strategic goals and objectives (Box 3), but such a system, based on the text of the strategy itself, has not been built.

#### **Box 3. On monitoring and evaluation in NDS-2040**

High measurability of goals and objectives, constant monitoring of progress, careful monitoring of indicators, as well as a change management system that allows for responding in a timely manner and to make adjustments as a result of external shifts, are the main requirement of the strategy.

Currently, such a system is only being generated by the Secretariat of the National Council for Sustainable Development. In this work, experts from the PDC directly participate. It will be called "NDS-2040 Passport" and indicators will be developed in it, indicating the sources and frequency of their measurement, for all goals and objectives of the country's main strategic document. Thus, after its implementation in practice, all the priorities of NDS-2040 will become measurable, giving them certain advantages from the point of view of SPP.



Also, since NDS-2040 has the highest status of a (national) strategic document, all other concepts and programmes, in terms of priorities, must obey it. In addition, experts of the PDC developed, on the initiative of the Office of the President of the Kyrgyz Republic, a draft Law “On State Strategic Management”, which has been approved by the Government of the Kyrgyz Republic and is now undergoing examination in the Parliament. It is designed to introduce a culture of strategy into the public administration system.

Therefore, such priorities of NDS-2040 as expanding the area of the green spaces, modernization and implementation of energy-efficient technologies, conservation of tailings and ensuring safety and rational management of water resources – from the point of view of the level of policy – have more advantages over the priorities of other strategic documents.

The GE Concept “Indicators for the Green Economy” is one of the priorities of this concept. In the concept itself, a monitoring and evaluation system has not been developed; it only talks about its importance (see Box 4).

**Box 4. On monitoring and evaluation the green economy concept**

To measure progress and monitor the transition to a green economy, appropriate indicators should be developed. UNEP, OECD and other international organizations have already proposed indicators and indicators. Indicators and criteria are needed not only to assess progress, but also to formulate national policy priorities, mobilize efforts and other tasks, including the selection of green technologies.

In the GEDP-2023, not all strategic goals and objectives are covered by indicators. The monitoring and evaluation system is discussed only from the point of view of its institutional organization and managerial reporting by state bodies (see Box 5).

**Box 5. On monitoring and evaluation in GEDP-2023**

To monitor the implementation and evaluate the effectiveness and impact of the programme, both the ministries and departments of the Kyrgyz Republic will submit, on a quarterly basis, information on the implementation of the programme to the Ministry of Economy of the Kyrgyz Republic for generalization. In turn, the Ministry of Economy of the Kyrgyz Republic will submit to the Committee/Council and the Government Office of the Kyrgyz Republic summarized information on the implementation of the Action Plan.

In addition, in accordance with GEDP-2023, this programme is designed to implement GE Concept. However, before it is approved, it is too early to talk about its practical feasibility.

The final list of priority directions of SPP corresponding to political priorities from different strategic documents is as follows:

- 1) Stimulation of technological modernization and green industry;
- 2) "Green" energy and energy conservation;
- 3) The development of infrastructure for the disposal and recycling of waste and green recycling;
- 4) Expansion of the area of the green spaces;
- 5) Modernization and implementation of energy-efficient technologies;
- 6) Conservation of tailings and ensuring safety;
- 7) Rational water resources management; and
- 8) Monitoring and evaluation of sustainable development.



**RECOMENDATION II.** When choosing the priorities of the SPP, it is necessary to focus on the general priorities, goals and objectives of the strategic documents of the country within the framework of a unified and clear culture of strategy. Moreover, it is very important that all strategic guidelines have real measurable indicators. In particular, such indicators should be included in the annual statistical work plan of the National Statistical Committee of the Kyrgyz Republic.

### III.3. LEGAL FRAMEWORK FOR PUBLIC PROCUREMENT

This section describes the regulatory environment for public procurement in Kyrgyzstan.

#### III.3.1. REGULATORY LEGAL ACTS OF THE KYRGYZ REPUBLIC ON PUBLIC PROCUREMENT

The main laws of the Kyrgyz Republic, directly or indirectly affecting public procurement issues:

1. The Constitution of the Kyrgyz Republic dated 27 June 2010;
2. The Civil Code of the Kyrgyz Republic, Part I dated May 8, 1996 No. 15, Part II dated January 5, 1998 No. 1;
3. The Budget Code of the Kyrgyz Republic dated 16 May 2016 No. 59;
4. The Tax code of the Kyrgyz Republic dated 17 October 2008 No. 230;
5. The Customs Code of the Kyrgyz Republic dated 12 July 2014 No. 87;
6. The Law of the Kyrgyz Republic "On Customs Regulation" dated April 24, 2019 No. 52;
7. The Law "On the licensing system in the Kyrgyz Republic" dated October 19, 2013 No. 195;
8. Law of the Kyrgyz Republic "On Environmental Protection" of June 16, 1999, No. 53;
9. The Law of the Kyrgyz Republic "On Environmental Expertise" dated June 16, 1999, No. 54;
10. The Law "On the Basics of Technical Regulation in the Kyrgyz Republic" dated May 22, 2004 No. 67;
11. Law of the Kyrgyz Republic "General Technical Regulation for Ensuring Environmental Safety in the Kyrgyz Republic", dated May 8, 2009 No. 151; and
12. Regulation "On the Procedure for Conducting an Environmental Impact Assessment in the Kyrgyz Republic" (EIA), approved by the Resolution of the Government of the Kyrgyz Republic dated February 13, 2015, No. 60.

A complete list of legal acts is given in Annex 4.

**Constitution of the Kyrgyz Republic.** The Constitution has the highest legal force and direct effect in the Kyrgyz Republic. On the basis of the Constitution, constitutional laws, laws and other normative legal acts are adopted.

**Civil Code of the Kyrgyz Republic.** The Civil Code is the main source of civil law in the Kyrgyz Republic: a systematic single main legislative act defining the legal status of participants in civil turnover, the norms of which in a single system regulate the totality of civil law relations and determine the content of all other civil acts legislation and civil law. The norms of civil legislation contained in other laws and other legislative acts must comply with the Civil Code of the Kyrgyz Republic.

**Budget Code of the Kyrgyz Republic.** The Budget Code establishes the basis for the legal regulation of relations arising in the field of public finance management in the process of formation, consideration,





approval, clarification and execution of the republican and local budgets, including the concept of regular procurement carried out from funds of budgetary institutions of the Kyrgyz Republic.

**Tax Code of the Kyrgyz Republic.** Since 2009, a new version of the Tax Code has been operating in the republic. Significant changes consisted of: (1) a reduction in basic tax rates; (2) reducing the total number of taxes and fees from 16 to 8; (3) the elimination of cascading non-market taxes; (4) the liberalization of tax administration with respect to a bona fide taxpayer; and (5) introducing partnership mechanisms. Despite this, the overall level of tax collection in the country remains insufficient, due to the imperfection of administration.

**Customs Code of the Kyrgyz Republic.** Customs legislation consists of the Customs Code, other regulatory legal acts of the Kyrgyz Republic, as well as interstate agreements and other international law that have entered into force in the Kyrgyz Republic, in the manner determined by the legislation of the Kyrgyz Republic on international treaties. The adoption of the Customs Code was based on the recommendations of the World Customs Organization, which, in turn, is based on the provisions of the updated version of the Kyoto Convention – the International Convention on the Simplification and Harmonization of Customs Procedures.

**Law on Customs Regulation.** The legal basis for customs regulation in the Kyrgyz Republic is the Treaty on the Eurasian Economic Union of May 29, 2014, the Customs Code of the Eurasian Economic Union, international treaties and acts in the field of customs regulation.

**Law on the Licensing System in the Kyrgyz Republic.** Licensing is carried out on the basis of the Law "On the licensing and authorization system in the Kyrgyz Republic" dated October 19, 2013 No. 195 Regulation on licensing of certain types of activities, approved by the Decree of the Government of the Kyrgyz Republic of May 31, 2001 N 260.

### III.3.2. SUSTAINABILITY ASPECTS IN THE CONSTITUTION OF THE KYRGYZ REPUBLIC

In the Constitution of the Kyrgyz Republic, aspects of sustainable development are spelled out through obligations and rights. So the obligations of a citizen in article 48 clause 3 are defined as follows:

- Everyone is obliged to take care of the natural environment, flora and fauna.

This obligation of citizens is more an ethical norm of human behaviour in society, its attitude to the environment. Therefore, their implementation should depend on each person, on his culture of behaviour in society.

The rights of citizens, from the point of view of the concept of sustainability, are defined in article 48, paragraph 1 and paragraph 2 of the Constitution of the Kyrgyz Republic:

- Everyone has the right to an environment favourable to life and health; and
- Everyone has the right to compensation for harm caused to health or property by actions in the field of environmental management.



Moreover, in accordance with Article 16, paragraph 1: “Human rights and freedoms relate to the highest values of the Kyrgyz Republic. They act directly, determine the meaning and content of the activities of all state bodies, local authorities and their officials. ”

Similarly, the obligations of the state are defined in article 16, paragraph 2, article 12, paragraph 5, article 9, paragraph 2, which are respectively described as follows:

- The Kyrgyz Republic respects and ensures to all persons within its territory and under its jurisdiction human rights and freedoms;
- land, its subsoil, airspace, waters, forests, flora and fauna, other natural resources are the exclusive property of the Kyrgyz Republic, are used to maintain a unified ecological system as the basis of life and activities of the people of Kyrgyzstan and are under special state protection;
- The Kyrgyz Republic provides support for socially unprotected categories of citizens, guaranteed minimum wages, labour and health protection; and
- The Kyrgyz Republic is developing a system of social services, medical services, establishing state pensions, benefits and other guarantees of social protection.

It can be seen from this list that such aspects of sustainability as environmental safety, social justice and economic efficiency are not only functional powers, but also the obligation of the state to the people.

### **III.3.3. SUSTAINABILITY IN ENVIRONMENT PROTECTION RELATED LAWS OF THE KYRGYZ REPUBLIC**

The concept of sustainability of development and the state environmental review procedures are defined in a number of environmental regulatory legal acts of the republic, such as:

- Law of the Kyrgyz Republic “On Environmental Protection” of June 16, 1999, No. 53;
- Law of the Kyrgyz Republic “On Environmental Expertise” dated June 16, 1999, No. 54;
- Law “On the Basics of Technical Regulation in the Kyrgyz Republic” dated May 22, 2004 No. 67;
- Law of the Kyrgyz Republic “General Technical Regulations for Ensuring Environmental Safety in the Kyrgyz Republic”, dated May 8, 2009 No. 151;
- Regulation “On the Procedure for Conducting an Environmental Impact Assessment in the Kyrgyz Republic” (EIA), approved by Resolution of the Government of the Kyrgyz Republic dated February 13, 2015, No. 60.

The purpose, principles, requirements and impact objects of these laws are briefly described in Annex 5. It should be noted that the principles, requirements, regulations, regulatory standards for environmental safety and environmental protection, environmental impact assessment and environmental impact assessment are clearly spelled out in domestic environmental legislation. The objects of strategic, regulatory and economic activity that are subject to mandatory audit for sustainability are specifically identified. In this case, in accordance with it, such an assessment and examination should be carried out both at the state level and with the involvement of the public.

However, almost all independent experts with whom the PDC employees conducted a diagnostic interview expressed the opinion that the state does not comply with domestic environmental legislation. Therefore, in the republic so far, in such industries as mining, fuel industry, transport, construction, agriculture, tourism and others, activities that do not meet legislative requirements are carried out. This is mainly because



business interests are put above environmental interests. As a result, in recent years, popular rallies in various regions of the country, as well as public outrage in social networks, have become more frequent in the republic.

**RECOMMENDATION III.** The state requires the implementation of environmental legislation to be the ethical norm and culture of any strategic, regulatory and economic activity. At the same time, it is necessary to involve the public in the process of environmental impact assessment and environmental impact assessment.

### III.3.4. SPECIAL LEGISLATION IN THE KYRGYZ REPUBLIC ON PUBLIC PROCUREMENT

Laws of the Kyrgyz Republic, Decisions of the Government of the Kyrgyz Republic, Orders of the Ministry of Finance of the Kyrgyz Republic, provisions approved by orders of the Ministry of Finance of the Kyrgyz Republic:

1. The Law on Public Procurement of April 3, 2015 No. 72 (in of the Laws of the Kyrgyz Republic dated November 18, 2016 No. 182, December 10, 2016 No. 195, February 14, 2017 No. 25, May 30, 2017 No. 93, March 29, 2018 No. 32 January 11, 2019 No. 4).
2. The Decree of the Government of the Kyrgyz Republic "On Approval of Threshold Amounts when Purchasing Goods, Works and Services" dated January 16, 2016 No. 10 (as amended by the Decree of the Government of the Kyrgyz Republic dated April 19, 2017 No. 225).
3. Decree of the Government of the Kyrgyz Republic "On approval of the Procedure for centralized procurement" dated August 12, 2015 No. 568.
4. The procedure for "Procurement of goods, works and services related to national defense, national security, protection of state secrets and the elimination of natural disasters" approved by the Government of the Kyrgyz Republic dated July 1, 1998 N 398 (as amended by the decrees of the Government of the Kyrgyz Republic of June 1 1999 No. 304, September 5, 2001 No. 529.16 January 2003 No. 16, September 5, 2007 No. 392, August 7, 2008 No. 432, September 13, 2011 No. 548).
5. Order of the Ministry of Finance of the Kyrgyz Republic "On launching the e-procurement portal in the Kyrgyz Republic" dated June 23, 2014 No. 113-P.
6. Order of the Ministry of Finance of the Kyrgyz Republic "On approval of regulatory legal acts in the field of public procurement" dated October 14, 2015 No. 175-p. The order approved the following documents:
  - Regulation on the rules of electronic public procurement;
  - Methodological instructions for applying benefits to domestic suppliers (contractors);
  - Guidelines for the evaluation of competitive applications;
  - Regulation on the application of the framework agreement;
  - Regulation on the work procedure of an independent interdepartmental commission to consider complaints about actions or omissions of procuring entities and inclusion of unreliable suppliers (contractors) in the database during public procurement;
  - Standard tender documentation for the purchase of goods in one-stage, two-stage, simplified methods and methods for lowering prices;
  - Standard tender documentation for the procurement of work in one-stage, two-stage, simplified methods; and



- Standard tender documentation for the purchase of services in one-stage, two-stage, simplified methods and methods for lowering the price.
7. Order of the Ministry of Finance of the Kyrgyz Republic “On approval of the procedure for holding a tender by the method of lowering prices” dated August 22, 2017 No. 112-P.

### **III.3.5. OTHER INSTRUCTIONS, MANUALS AND STANDARD FORMS**

Other instructions, manuals and standard forms not approved by orders of the Ministry of Finance of the Kyrgyz Republic:

1. Order of the Department of Public Procurement under the Ministry of Finance of the Kyrgyz Republic “On approval of the form of public procurement plans” dated January 21, 2015 No. 101-p;
2. Instructions for the formation of the procurement plan of the procuring entity (organizations and institutions that are on the state budget);
3. Instructions for registering the purchasing organization;
4. Instructions for the registration of the supplier (resident of the Kyrgyz Republic);
5. Instructions for managing user accounts;
6. Instructions for amending the tender documentation;
7. Instructions for clarifying the tender documentation;
8. Instructions for the evaluation of competitive bids (off-line);
9. Instructions on filing complaints;
10. The form of “Protocol of procurement of services”;
11. The form of the “Protocol of procurement of work”;
12. The form of “Protocol of procurement of goods”; and
13. The form of the “Report on public procurement”.



### **III.3.6. HARMONIZATION OF LEGISLATION WITH THE EAEU**

In connection with the entry of the Kyrgyz Republic into the Eurasian Economic Union (EAEU) in 2014, in recent years, the Law of the Kyrgyz Republic “On Public Procurement” has been harmonized in accordance with the requirements of the EAEU Treaty and all changes were adopted in January 2019. In particular:

1. The concept of “anti-dumping measures” was introduced.
2. The concept of “national treatment” has been introduced, which allows for the admission of goods, works, services of foreign suppliers, on equal terms with suppliers, if the requirement to provide such a regime is established by international treaties that have entered into force in the manner established by law, to which the Kyrgyz Republic is a party. In connection with the existing contradictions of the Law on public procurement with the Treaty on the EAEU, an amendment was made to paragraph 16 of part 2 of Article 10 “on the basis of a decision of the competitive commission makes a proposal for the award of a contract or framework agreement to the winner on behalf of the procuring entity”.
3. In accordance with Article 88 of the Treaty on the EAEU and Appendix No. 25 to the Agreement, Clause 1.2 of Part 4 of Article 21 of the Law has been finalized: the interest rate of the agreement has been reduced from 15% to 10%. Exceptions to the national regime are established in exceptional cases for a period not exceeding 2 (two) years by determining the specifics of procurement of certain types of goods, works and services in accordance with the decision of the Government of the Kyrgyz Republic.
4. The deadline for the publication of the procurement protocol has been revised to Article 30 – The procuring entity draws up the procurement procedure protocol and posts it on the public procurement web portal within one calendar day”.
5. Amendments to the consulting services have been made to Article 46 of Part 2 – The consultant who scored the highest score is invited to negotiate for the conclusion of a procurement agreement (contract).

### **III.3.7. REVIEW OF PUBLIC PROCUREMENT IN THE KYRGYZ REPUBLIC**

The Government of the Kyrgyz Republic initiated the reform of the public procurement system in 1994, and the first Law on Public Procurement was adopted in April 1997. Since then, the legislative framework for procurement has been constantly evolving. In April 2015, the Jogorku Kenesh (Supremem Council) approved the new Law “On Public Procurement”, which was supplemented and amended six times; the latest amendments were made on January 11, 2019.

Basic principles of the public procurement process: The SPP defines the structures to which it applies, determines the scope of authority of the authorized state body, and also describes the stages of the procurement procedures. The jurisdiction of the Public Procurement Law includes two main institutional categories:

- State-owned, using budgetary funds and state-owned enterprises; and
- Joint stock companies where more than 50% of the shares of owned by the state.

According to international experts, the Law of the Kyrgyz Republic “On Public Procurement” has the following strengths:



- A decentralized procurement system in which everyone that uses budgetary funds, central and local, must make purchases on their own. Adequate level of notification of suppliers and contractors about the possibilities of participation in tenders;
- Access for everyone to the Public Procurement Portal;
- The requirement that the state organization (training centre) should assist procuring entities in organizing procurement functions, including advice, training and coordination; and
- An appeal to an independent commission against the actions of procuring entities.

**Institutional support.** The authorized body for public procurement is the Ministry of Finance of the Kyrgyz Republic. In its structure, the Department of Public Procurement deals directly with these issues, which are endowed with the following functions:

- Development of draft normative legal acts for the functioning of the public procurement system, including the procurement procedure and procedures;
- Coordination and regulation of the activities of procuring organizations for the procurement of goods, works, services and advisory services;
- The application of penalties in case of violations by the authorized state body for public procurement, auditors and other bodies, as well as by the results of consideration of complaints by the interdepartmental commission;
- Formation and maintenance of unified republican registers of procuring organizations, public procurement contracts and a database of unreliable and unscrupulous suppliers (contractors);
- Assistance to procuring organizations in the procurement of goods, work, services and advisory services, training and advisory assistance;
- Ensuring openness and publicity of procurement procedures, including the publication of pending complaints on the government procurement web portal;
- Compilation of statistical and analytical information on public procurement; and
- Introducing best practices and innovative technologies into the public procurement system.

The department has the **right to:**

- Oblige the procuring entity to make a decision in accordance with this Law;
- Oblige the procuring entity to review its illegal decision or cancel the tender;
- Suspend the procurement process;
- Cancel the tender if the tender documents were not posted with the announcement; and
- Make a decision to terminate the procurement procedures.

In accordance with the requirement of Article 10 of the SPP, procuring entities are required to:

- Designate one of its units as the procurement manager, or create a procurement department, as well as create a separate tender commission for each tender, while both the procurement department and the tender commission must strictly comply with the requirements of the legislation on public



procurement; and

- Equip the procurement department and tender commissions with qualified and trained personnel.

The procurement department and the tender committee are responsible for:

- Efficient spending of public funds;
- Effective organization of the procurement activity itself;
- Fair and equal treatment of suppliers, observing the principles of impartiality;
- Open procurement process; and
- Compliance with relevant legal and regulatory requirements during procurement.

The Accounts Chamber is responsible for external control. The internal audit bodies in the organizations themselves are responsible for internal control, and it should be noted that not all organizations have such units. The Treasury of the Ministry of Finance deals with payments under contracts.

**The procedure of public procurement.** All purchases in the country are transferred to the electronic method, that is, through the Public Procurement Portal [www.zakupki.gov.kg](http://www.zakupki.gov.kg).

Carrying out public procurements in electronic format provides for the following procedures on the web portal:

- Registration of procuring organizations and suppliers (contractors);
- Formation and publication of the annual public procurement plan;
- Formation of tender documentation, as well as the formation and approval of the composition of the tender commission;
- Approval of tender documentation by the tender commission and publication of an announcement on electronic procurement;
- Formation of the tender application by suppliers (contractors);
- Submission of a tender by suppliers (contractors);
- Opening of competitive applications of participants and automatic publication of a protocol for opening competitive applications;
- Evaluation and comparison of competitive applications by the competitive commission and determination of the winner;
- Publication of the results of the competition on the web portal; and
- Conclusion of the contract and publication of information about the contract.

**Methods of public procurement.** Public procurement in electronic format is carried out by the following methods:

- One-stage;
- Two-stage;





- Simplified;
- To lower the price; and
- Direct conclusion of the contract.

**Deadlines for submission of bids.** The procuring entity sets a deadline for the submission of tenders, which must be at least three weeks after the announcement of the tender, if the tender is announced in one-stage and two-stage methods. When conducting the competition by a simplified method and a method of lowering the price, the deadline is at least one week. The web portal will not automatically accept tenders submitted after the deadline for submission of tenders.

**Submission of tender applications by suppliers and opening of applications.** Tender documentation is generated on the web portal. The application is submitted in electronic form with the attached scanned copy of the required documents and is a form of expression of consent of the supplier (the contractor in accordance with the requirements and conditions provided for in the tender documentation). Upon the expiration of the term, the web portal opens applications and forms a protocol for opening applications.

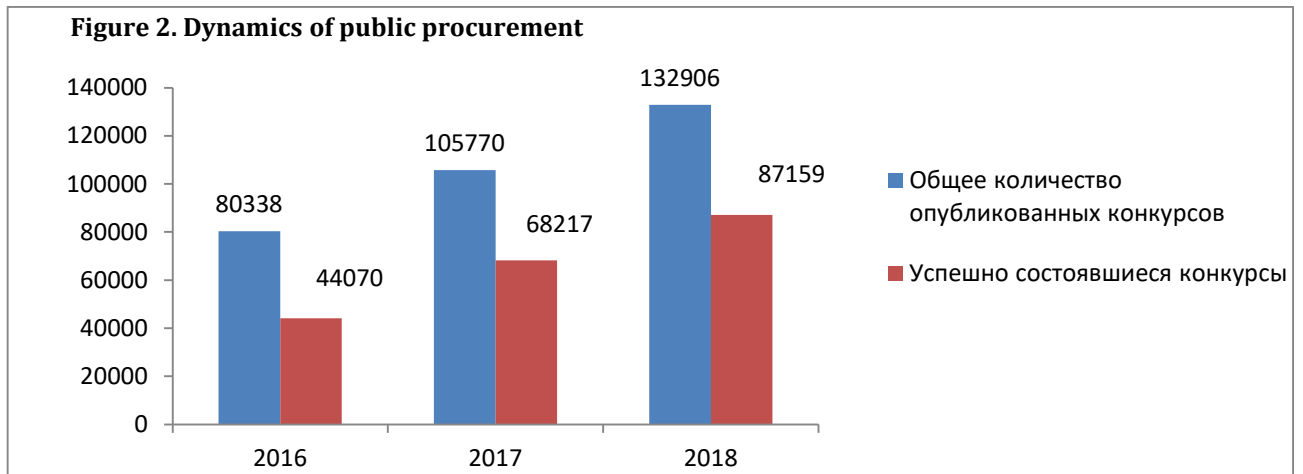
**Evaluation of tenders.** The tender committee evaluates applications according to two main criteria:

- With the lowest price (if the price is the only criterion); and
- With the lowest assessed value (price plus other criteria provided by the tender documentation).

Conclusion of the contract in electronic format, the purchasing organization, within three working days, posts information on the selection made on the Government Procurement Web Portal with the name of the supplier (contractor) and the price of the application submitted by him who won the tender. From the day of publication of information on the public procurement web portal on the selection made, the purchasing organization signs a contract with the winning supplier (contractor).

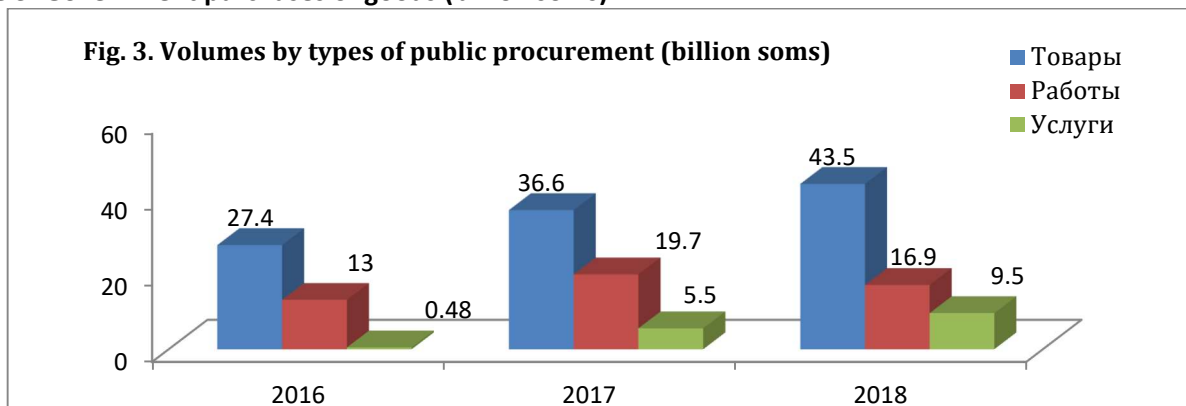
**Dynamics of public procurement for 2016-2018.** Figure 2 shows that for the period from 2016 to 2018, the total number of published competitions increases. At the same time, one should also note the increase in the share of successful competitions from the total number of popular competitions. So, if in 2016 this indicator was 54.9%, then in 2018 it was equal to 65.6%. The actual amount of procurement also increased from 43.5 billion soms in 2016 to 69.9 billion soms in 2018. This indicates an improvement in the quality of public procurement.

**Figure 2. Dynamics of public procurement for 2016-2018.**



At the same time, it can be seen from Figure 3 that over the period under review, government purchases of goods increased by 27.4 billion soms to 43.5 billion soms, as well as services from 0.48 billion soms to 9.5 billion soms.

**Figure 3. Government purchases of goods (billion soms).**



**Problems of the introduction of SPP.** The main problems of the introduction of SPP are the following:

- In the public sector there is a lack of awareness of the importance of protecting the environment, and there is no political support;
- Imperfection of the legal regulation of public procurement in the sections of the tender documentation, which is expressed in the absence of clear rules for the use of environmental criteria in the evaluation of applications;
- Unreasonable misconceptions about the higher cost of “green” goods;
- Lack of legal experience in applying environmental criteria. Government customers are not experienced in all the environmental and social consequences of acquiring certain goods or services. In



some cases, customers are still hesitant in determining what can be considered an “environmentally and / or socially preferable” product or service and how to incorporate relevant criteria into tenders;

- Lack of motivation for manufacturers in the production of environmentally friendly goods or services, lack of practical government tools and information for manufacturers;
- The need for systematic implementation and integration of management systems. Decentralized organizations require effective management systems to ensure consistent application of environmental and social initiatives;
- Lack of training. The personnel responsible for the competitions do not have the necessary skills. Education, as a rule, is necessary in the legal sphere and technical features, as well as taking into account the concept of the product life cycle;
- Restrictions on setting environmental criteria. For many groups of products, works and services, state authorities do not have clear and verifiable criteria that can be included in competitions; more attention should be paid to the development of new environmental trademarks; and
- Lack of cooperation between authorities. Most public authorities act alone. Informal and formal forms of cooperation should be developed to transfer experience in procurement.

**RECOMMENDATION IV.** Kyrgyzstan should join the WTO Public Procurement Agreement. This will harmonize the entire domestic legislative environment for public procurement under the modern principles of transition to sustainable development. In particular, this will help Kyrgyzstan introduce eco-labels according to international standards.

**RECOMMENDATION V.** To amend the regulatory acts in the field of public procurement. In the current Law of the Kyrgyz Republic “On Public Procurement”, clause 3, part 1 of Article 27 includes the following rule: when developing tender documents, provision should be made for implementation, operation, disposal requirements – the absence of unacceptable risk associated with harm to life, health of individuals, the environment , including the life and health of animals and plants.

Thus, the basic law regulating the procurement procedure has already established the basic requirements. However, to implement this requirement, it is necessary to make additions to the by-laws:

- In the Standard Tender Documents for the Procurement of Goods, Works and Services in the Technical Specifications section, establish exact environmental requirements, for example, “supply of recycled paper for writing, printing and copying, or” an agreement on the design and construction of an energy-efficient building ”;
- In the selection criteria, establish features for the method of their production and processing. For example, establish requirements:
  - paper should be produced without the use of chlorine;
  - electricity must be generated from renewable sources.
- Experience of the company of previously executed agreements with environmental experience;
- Applying incentives on goods not only produced in the Kyrgyz Republic, but also when using environmentally friendly production, can apply a large preference when participating in public procurement.

### III.3.8. MOST PURCHASED GOODS SERVICES IN PUBLIC PURCHASES



To identify the most popular goods and services in public procurement, a selective analysis of procurements conducted by procuring organizations in the country for 2017 and 2018 was carried out. All information was taken from the Public Procurement Portal. It was necessary to find out which of the most popular public procurement products could become potential candidates for sustainability.

The following groups of goods and services were considered:

- Fuel and lubricants;
- Coal;
- Electrical products, electrical equipment, including light bulbs;
- Auto parts, including tires;
- Soap-detergents (household chemicals);
- Cartridge services;
- Paper; and
- Food, agricultural products.

These products were analysed according to the general classifier of public procurement, which the procuring organization selects to form tender documentation when the announcement is published.

Table 3 shows that the majority of selected goods and services procured by the government over the past two years is growing. Moreover, the analysis showed that only one main criterion for their selection was established: minimum price. However, other criteria, for example, how the life cycle cost of a product or service is not taken into account.

**Table 3. Volumes of state purchases of selected goods and services (billion soms)**

No	Name	2017	2018
1.	Fuel and lubricants	2,54	2,56
2.	Coal	3,99	4,1
3.	Electrical products, electrical equipment, including light bulbs	0,36	0,78
4.	Auto parts, including tires	0,643	1,85
5.	Motor vehicles (special vehicles)	0,07	0,05
6.	Soap-detergents (household chemicals);	0,12	0,15
7.	Food, agricultural products	3,10	4,27
8.	Stationery, including paper	0,43	2,26
9.	Computer equipment and accessories	0,35	0,62
10.	Cartridge services	0,03	0,04

Below we present the results of the analysis of the selection criteria for some of the above products:

**Food.** The analysis of the purchases determined that the technical requirements used by the customer in food products establish requirements for compliance with GOSTs, which do not establish criteria for the absence of chemicals in the production or use of artificial additives. This also applies to the technical requirements for the disposal of the finished product and its packaging. Several competitions have identified cases where the customer used a criterion that is associated with the choice of a product with the lowest shelf life. In all competitions there are no established requirements for food packaging, namely: packaging



must be either from processed raw materials or easily processed. There may also be requirements to minimize the amount of portioned packaging.

However, there are positive aspects identified during the analysis of the purchase of drinking water: in the tender documents there are requirements for returnable containers.

**RECOMMENDATION VI.** *Customers need to use the requirement for food service providers as an environmental management system (ISO 14000 standard). This will allow the supplier to be the most knowledgeable and competent in environmental safety issues.*

**Gasoline and road transport.** The main suppliers of fuel to Kyrgyzstan are four Russian plants from the cities of Omsk, Ufa, Orsk and Salavat. According to the Association of Oil Traders of Kyrgyzstan, which includes 16 large companies, the share of deliveries from these enterprises accounts for over 90% of gasoline sold on the domestic market. The rest of the fuel is imported from Astrakhan and Samara. Gasoline brought from Russia is accompanied by certificates of origin (form ST-1) issued by the Russian Chamber of Commerce and Industry. In Kyrgyzstan, imported fuel is subjected to additional examination, after which a test report and certificates of compliance of the country are issued, which regulate the quality of the goods. However, there is no technical regulations on fuel requirements in Kyrgyzstan; it is likely that the fuel used is not of the best quality.

**RECOMMENDATION VII.** *It is necessary through public procurement to stimulate:*

- *Acquisition of ecological low-carbon fuel and electricity public transport with special facilities for people with disabilities in Bishkek and Osh (this requirement is noted in the Green Economy Development Programme till 2023); and*
- *Creation of electric charging infrastructure in the cities of Bishkek and Osh and along the roads of Bishkek-Osh, Bishkek-Karakol (this requirement is noted in the Green Economy Development Programme till 2023).*

**Coal.** According to the National Statistical Committee of the Kyrgyz Republic, emissions of harmful substances into the atmosphere from stationary sources amounted to 61 thousand tons, which caused respiratory diseases in 517,385 people. More than 50% of all emissions into the atmosphere of our country are in Bishkek, the number of diseases of citizens associated with the respiratory tract is increasing.

**RECOMMENDATION VIII.** *It is necessary through state purchases to stimulate the transition in cities and villages to renewable energy sources independent of the central heating system, such as solar panels and biogas plants, the production of which is beginning to develop in the country.*

**Light bulbs.** LED lamps are one of the most environmentally friendly light sources. The principle of LED illumination allows the use of safe components in the production and operation of the lamp itself. LED lamps do not use substances containing mercury, so they are not dangerous in case of failure or damage to the bulb.

**RECOMMENDATIONS IX.** *Through public procurement, LED lamps can be encouraged to reduce electricity consumption. Currently, in the domestic market, most of these lamps are imported from China. Although they*



*can be produced at the domestic Mailuu-Suuiskiy lamp plant, the largest enterprise in the Central Asian region producing more than 40 types of electric incandescent lamps, including energy-saving ones.*

**RECOMMENDATIONS X.** *It is necessary to prioritize goods and services under SPP to choose those that currently have a small share in the total volume of public procurements, but which in the future can become very popular.*

This, for example, these products and services could include:

- Seedlings of various types of trees for planting or landscaping streets;
- Environmentally friendly and energy-saving building materials of domestic production;
- Infrastructure for waste disposal or recycling;
- Processing worn-out textile products into secondary raw materials; and
- Infrastructure for cycling, etc.

### III.3.9. SURVEY (QUESTIONNAIRE) RESULTS

As part of this analysis, sociological surveys were conducted among participants in public procurement to identify their opinions on which:

- They establish requirements during procurement;
- Regulations that govern the requirements of sustainability criteria;
- Procurement products have the opportunity to introduce green technologies, and
- Measures should be laid in the action plan for the implementation of SPP.

The questionnaires were developed according to the UNEP method for procuring organizations from 25 questions and for suppliers (contractors) from 17 questions. At the same time, lists of suppliers and buyers interested in sustainable procurement were compiled and requests were sent to them. The list of procuring organizations included state and municipal institutions, as well as joint-stock companies, where the state share is more than 50%. Relevant answers were received from the Ministry of Economy of the Kyrgyz Republic, Ministry of Internal Affairs of the Kyrgyz Republic, Ministry of Health of the Kyrgyz Republic, Bishkek City Hall, OJSC Manas International Airport OJSC, Bishkekteploset OJSC, Electric Power Plants OJSC, and National Energy Holding Company OJSC. These legal entities are large procuring entities.

Based on the results of the responses provided, it was revealed that the recipients use both centralized and decentralized procurements, which corresponds to the Law of the Kyrgyz Republic “On Public Procurement”. All procuring organizations have specialized procurement departments that deal with public procurement procedures. Technical requirements for upcoming purchases are developed either by purchasing departments or by end users. Moreover, the vast majority of respondents use economic criteria related to the minimum bid price. Currently, the minimum price factor takes the leading place in the rating of requirements, while social and environmental factors are fading into the background.

Among the barriers in the promotion of SPP in the first place was the problem of lack of experience or knowledge to develop technical requirements. In this regard, many procuring organizations today are not able to include sustainability criteria in the procurement specifications. In second place, according to the



survey, the problem was the presence of political will on the part of the government in carrying out such reforms.

The third place was taken by the problem of the lack of clear sustainability criteria in regulatory legal acts and the lack of a sufficient number of reliable suppliers in the domestic market able to provide green goods and services.

With the elimination of the above problems, most organizations expressed their willingness to include sustainability procedures in procurement.

As a list of priority goods and services at SPP, purchasers proposed the following goods:

- Medicines;
- Rechargeable batteries;
- Drinking water; and
- Multifunction devices (duplicating equipment).

At the same time, they noted that the functionality of purchased goods will improve with the application of environmentally friendly requirements and this may lead to a change in the price offer.

According to the survey, the most popular products purchased by organizations were identified, namely:

- Medical devices;
- Spare parts for cars;
- Clothing and protective equipment and firefighting;
- Household goods;
- Stationery;
- Maintenance services;
- Repair work;
- Drinking water;
- Computer and office equipment;
- Furniture;
- Equipment requiring and not requiring installation;
- Inventory items;
- Construction materials;
- Legal and research services; and
- Repair and restoration work and construction services.

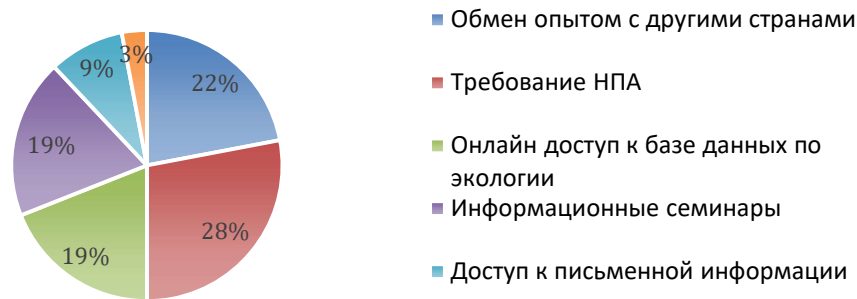
To accelerate the implementation of SPP, the respondents noted the need for factors (see. Fig. 4), which are listed below, according to their opinion, in order of importance:

- Requirements of the regulatory legal acts (28%);
- Exchange of experience with other countries (19%);
- Online access to environmental databases and information seminars (19%);
- Access to written information (9%); and
- Consultation (3%).





**Figure. 4. Factors contributing to the promotion of SPP**



All respondents indicated that to increase the demand for environmental goods and services, government regulation is needed through:

- Amending regulatory documents on public procurement;
- The provision of preferences; and
- Maintaining environmental labelling.

If we consider public procurement as one of the mechanisms of state stimulation of the production of environmentally friendly goods and services, as the questionnaire showed, the procuring organizations prefer the lowest price, not taking into account the potential losses that the state may suffer due to the negative environmental impact of the production of the purchased products. All respondents confirmed their readiness, in addition to the price, to introduce additional criteria for choosing a supplier, if the requirements are indicated in the regulatory documents in the field of public procurement, in which the minimum price is still the only criterion. Respondents confirmed that an environmentally friendly product may be more expensive, but such a price will be covered by the costs of use, maintenance and its subsequent disposal.

All respondents consider it appropriate to:

- Introduce mandatory normative regulation on environmental criteria, especially in by-laws in the field of public procurement; and
- Develop a training programme for procuring organizations and suppliers for seminars. This will increase the awareness of decision makers of the benefits associated with the opportunities for green products and services.

To determine the real picture of the country's business readiness for green production, questionnaires were sent to the main producers of the Kyrgyz Republic, who participate in government procurement engaged in the production of goods and services.

The questionnaires were sent to 14 suppliers, among which were manufacturers of health products, lighting products, soap and detergents, as well as contractors involved in construction. Of these, only six suppliers sent a response: Lima-Farm, Mailuu-Suu Lamp Plant, Bi Group LTD, Ramzan Company, Construction and Transport Enterprise Azat, and Ak Tulpar.

All respondents with procurement experience from one to four years answered that the country has created conditions for participation in public procurement. However, not all of the respondents are familiar with the



concept of green procurement. As a result of the survey, only 20% admitted that its production is harmful to the environment.

According to the suppliers surveyed, the transition to SPP is hindered by:

- Instability of the economy, which impedes the implementation of long-term projects, which include the majority of environmental projects, as well as the lack of politics in general (50%);
- Lack of an environmentally balanced long-term economic strategy, as well as underestimation of the possibility of sustainable development (33%); and
- Policies leading to the ruthless use of natural resources.

In addition, 67% of the suppliers (contractors) surveyed are ready to reduce the consumption of energy, water, raw materials and materials and refuse to use non-environmental materials, as well as reduce the amount of production waste by low-waste technologies in the production of goods or in the provision of services; 80% of respondents said that the transition to environmental production can affect the increase in the price of goods or services. It was also noted that for the implementation of SPP, we need:

- Tax preferences;
- Competitive advantages for manufacturers whose products are eco-labelled; and
- Support for manufacturers that take into account the requirements of the green economy.

In general, the results of sociological revealed the presence of the following problems in SPP:

- In the public sector, there is a lack of awareness of the importance of environmental protection, and there is no political support.
- The imperfection of the legal regulation of public procurement in the sections of the tender documentation, which is expressed in the absence of clear rules for the use of environmental criteria in the evaluation of applications.
- Unreasonable misconception about the higher cost of “green” goods;
- Lack of legal experience in applying environmental criteria. Government customers do not have knowledge of the environmental and social consequences of acquiring certain goods or services. In some cases, customers are still hesitant in determining what can be considered an “environmentally and/or socially preferable” product or service and how to incorporate relevant criteria into tenders.
- Lack of motivation for manufacturers in the production of environmentally friendly goods or services, lack of practical state tools and information for manufacturers.
- Ineffective management systems to ensure consistent application of environmental and social initiatives.
- The personnel responsible for the competitions do not have the necessary skills. Training is generally required in the legal and technical fields.
- For many groups of products, works, and services, state authorities do not have clear and verifiable criteria that can be included in competitions for SPP.
- Lack of cooperation between authorities. Most public authorities act alone. Informal and formal forms of cooperation should be developed to transfer experience in procurement.

All the problems identified as a result of a sociological survey once again confirmed the need for the introduction of SPP in accordance with modern world tendencies in order to ensure a reliable start on the path to sustainable development of the country.



#### IV. CONCLUSION

This review provides an analysis of global trends and barriers, as well as the best practices of individual countries in the successful promotion of SPP. In particular, common political priorities, criteria for selecting the sustainability of purchased products, indicators for a monitoring and evaluation system, etc., were identified. The key aspects of some countries were also identified that allowed them to move from pilot projects to the systematic implementation of SPP, gradually turning legislative obligations into a culture and ethical standards of public procurement.

Based on its results, political, legal, regulatory and institutional gaps in the current state of the Kyrgyz Republic were identified for introducing sustainability principles into the public procurement process. This was achieved by the analysis:

- Strategic documents of the country affecting the sustainability of public procurement;
- The regulatory legal environment, in terms of constitutional obligations of the state, making the necessary changes to the legislative environment of public procurement, as well as increasing responsibility for the implementation of environmental laws adopted by the state;
- A range of possible principles, priority areas and products for the implementation of SPP, as well as selection criteria; and
- The results of a sociological survey of domestic purchasers and suppliers with respect to their implementation of SPP.

As a result, recommendations were developed on the implementation of SPP in Kyrgyzstan, which will become the analytical basis for choosing priority alternative products as candidates for sustainability in public procurement. It will also allow a focused assessment of the market readiness to produce such products on a competitive basis. In addition, the results of this review will create the foundation for a future action plan for the implementation of SPP in Kyrgyzstan.

This review is the first document to assess the willingness of Kyrgyzstan to turn public procurement into an investment resource to improve environmental safety, social justice and economic development of the country.



## V. ANNEXES

### ANNEX 1. WORLD TRENDS AND BARRIERS OF SPP

In 2017, UNEP published the Global Review of Sustainable Public Procurement 2017, which collects data on the implementation of SPP in different countries of the world. This study was attended by more than 200 respondents from 186 state and private organizations and authorities of 62 countries. The report covers all countries in which SPP is formally adopted or systematically applied at the state or individual municipality level.

In general, the 2017 Global Survey showed that SPP is implemented in countries not from case to case, but more and more systematically. The number of countries where SPP is implemented both at the national and local levels is increasing. National governments set specific goals in the field of SPP, and also monitor the implementation of goals. This is a key factor in managing the internal efficiency of SPP and the transition from a single inclusion of environmental and social characteristics in the procurement process to a procurement culture in which sustainable procurement is the norm and sustainability is considered as a strategic task when purchasing goods, works and services. Nevertheless, SPP is far from always being implemented on a large scale: of the 62 countries analysed, only 41 have systematic work on SPP (with varying degrees of systemicity); in other countries, SPP is often the initiative of individuals or units of government. Talking about the full integration of SPP into all procurement processes is also not yet necessary. However, the tendency is clear that the practice of sustainable procurement is becoming more common. For example, active work is being carried out in the EU countries, where the first results, for example, a reduction in carbon monoxide emissions by an average of 25%, are already noticeable, as well as in the US, Canada, Australia and Japan.

#### 1.1. Difference of policies for the implementation of SPP in different countries

The majority of respondents (93%) replied that the provisions on SPP are integrated into legal acts in special areas: environmental protection policy, socio-economic policy, sustainable development strategy, sustainable production and consumption strategy, etc. In 78% of cases, SPP provisions are included in public procurement law. In many countries (66%) there is a separately adopted SPP policy.

The general trend is that sustainable procurement is becoming more strategic and embedded in common national strategies and programmes. The greatest activity in adopting SPP policy and integrating it into national strategies was observed from 2001 to 2009. In 2012, many European countries revised and updated their national green public procurement plans.

Regarding the scope of the SPP policy, countries also act in different ways, from regulating a single aspect, for example, purchasing products with a mandatory content of processed raw materials, to a full-scale SPP plan covering a wide range of sustainability elements. The adoption of SPP policies and plans has begun relatively recently:

- In 1981, Korea established mandatory preferences for purchases from army veterans;
- In 1993, the United States included an environmental factor requirement in its procurement law; and
- In 1996, Canada included an environmental procurement policy in its overall public procurement strategy.



Most often, the leading role in the implementation of SPP in countries is played by ministries or departments for environmental protection (42%), public procurement agencies (22%) and ministries of economy and finance (22%). Also, in some countries, ministries responsible for social issues, the prime minister, and the presidential administration are involved in the SPP process. In European countries there is a greater number of different ministries involved in the creation of SPP policy.

In different countries, the use of SPP is either mandatory (30%), or voluntary (20%, mainly in Latin America, as well as in Croatia, Spain and Switzerland), or mixed (50%). With a mixed type of mandatory application, there are different options, for example:

- Mandatory application of SPP is at the national level and voluntary at the local level; and
- Mandatory application of SPP is for the priority product group and voluntary in all other cases.

### **1.2. Extension of the coverage of several goals**

The vast majority of countries (74%) include both environmental and social issues in SPP. A number of countries (26%), mainly Asian, solve only environmental problems with the help of SPP. Since 2012, the share of countries that have integrated not only environmental, but also social as well as ethical issues in public procurement has increased.

As in 2013, on a global scale, the problem of rational use of energy remains one of the priorities along with the problems of efficient use of resources and mitigation of the effects of climate change. Compared to 2013, among the main socio-economic problems, the problems of equality and the preservation of diversity came to the fore. This indicates a shift in focus from social issues that are closely related to indicators of economic efficiency, such as unemployment and business development, to problems related to welfare and social justice.

### **1.3. Incorporation of the SPP in management processes and tools**

National governments conduct a wide range of different types of activities to implement SPP. The most common measures include providing information to procurement specialists, developing guidelines and typical environmental criteria and product specifications, and conducting trainings. In the coming years, an increase in the use of guidelines and standards can be expected, especially in connection with the forthcoming publication of sustainable procurement standards ISO 20400.

An increasingly important role is played by professional communities of organizations and countries, within which knowledge and experience are exchanged, and common strategies are developed. Examples of such communities are Partnership on Sustainable Public Procurement in Denmark, Green Deal on Sustainable Public Procurement in the Netherlands, National Program for Supplier Development in Norway. Some countries consider SPP as a reputational and economic incentive, and include the performance of SPP in the performance indicators of government bodies and institutions.

Another measure undertaken by most of the national governments participating in the study includes the integration of SPP into existing procurement practices, procedures, tools and management-related activities. There are many possibilities for incorporating SPP principles in the procurement process. However, the SPP strategy in most cases is implemented through the development of requirements and technical specifications for purchased goods and services, which include relevant sustainability criteria. However, SPP activities are



also carried out at other stages of the procurement cycle, including at the stage of needs assessment, as well as at the stage of selection and involvement of suppliers.

The implementation of SPP usually begins by identifying priority product groups. Most often, office equipment, office paper and stationery, transport, detergents and cleaning services, furniture, and construction are selected as priority products. When determining the country's priority products, criteria are used for the cost of these products in the total volume of purchases, the degree of environmental impact, government priorities, the degree of market readiness to supply products with sustainability characteristics. Criteria such as the availability of eco-labels and standards, the presence of previous work experience in SPP are also applied. For each type of priority product, the state creates standard requirements and sustainability criteria that customers apply when purchasing these types of products.

#### **1.4. Monitoring and evaluation of SPP**

Most often, the objectives of SPP were formulated in the form of quantitative or measurable SPP indicators, for example:

- The amount of expenses or the number of contracts implemented under the SPP rules (for example, 50% of contracts under the SPP rules by 2020);
- The percentage of purchases of products of a certain group in accordance with the criteria of SPP;
- Decrease in energy, water consumption, waste volumes (Finland, USA);
- Professionalization of public procurement (Netherlands); and
- Introduction of SPP into the environmental management system (Japan, Sweden).

National governments continue to face difficulties in monitoring the implementation of SPP, and even more so in assessing the results achieved through the use of SPP. Nevertheless, many countries have achieved some success in this area and use specific mechanisms for conducting SPP assessments. The countries of Europe and North America have a relatively more advanced SPP monitoring system, since the development of SPP practice in these countries took place a little earlier than in most Asian and Latin American countries. Nevertheless, some Asian countries, in particular those that were the first to adopt the SPP strategy, have made significant progress in terms of monitoring and adopted indicators.

Countries whose governments have formulated a formal SPP strategy are also more likely to have a monitoring and evaluation system. Most national governments that monitor and evaluate the process of implementing SPP and its results have set quantitative targets in accordance with ISO 20400.

A much smaller proportion of the governments participating in the study control the results of SPP in terms of tangible benefits to the environment, the economy and society. Of course, quantitative indicators are easier to measure, but more attention needs to be paid to ensure that the procurement leads to the desired environmental, economic and social results, such as:

- Energy efficiency;
- Reduction of emissions;
- Prevention of waste generation;
- Regional economic development; and
- Reduction of poverty, etc.





Assessing these benefits is a big challenge, but countries in Asia and Europe are already providing promising examples of new and constructive approaches to measuring such performance.

### **1.5. Difficulties on the way to broader implementation of SPP**

The most commonly cited barrier is the perception of sustainable goods and/or services as more expensive. Despite the fact that some sustainable products and services are actually more expensive than traditional options (for example, LED lighting compared to incandescent lamps), cost estimates often change if you take into account the entire product life cycle. The wider application of life cycle costing methodologies will have an important role in overcoming the problematic perception of costs. Another important barrier is the lack of expertise in sustainable procurement in many organizations.

The countries of North America call a strong barrier “competition of SPP priorities with other priorities” and European countries note such a barrier as a lack of monitoring. Respondents from Asian and South American countries more often call the main obstacle the lack of products with sustainable characteristics (environmentally friendly, purchased under the rules of fair trade, etc.).

### **1.6. Eco-labelling and “up-down” guidelines**

Eco-labels were created to help customers identify products and services that exhibit certain characteristics in terms of their environmental and social impact. Compared to 2013, when the first Global Sustainable Public Procurement Survey 2013 was created, most countries now list eco-labels as a mandatory requirement for a product or service.

According to a sociological survey of stakeholders, SPP is largely determined by top-down strategy and leadership. The existence of national SPP legislation in the presence of strong political and organizational leadership and political commitments made is one of the two main factors for SPP implementation.

The presence within the organization of legal, environmental and economic expertise in the field of SPP has also been identified as a key factor. In particular, the availability of a sufficient number of well-trained specialists is crucial.

### **1.7. Support of international initiatives**

Another important element in promoting SPP is the support of international initiatives. Stakeholders are cautious of various national and international initiatives, such as the UN Decade Framework for SPP, the ICLEI Procura + Network Professional Community, or the Sustainable Procurement Governing Council to provide guidance and expertise based on lessons learned. Survey participants recommended that international organizations focus on:

- Measuring the benefits of SPP and disseminating information about them; and
- Creating a business model for SPP, which is key to overcoming the perception of sustainable goods and services as more expensive.

Collaboration both regionally and internationally is key to the widespread implementation of SPP, whether it is collaboration of specialists in sustainable development and procurement taking into account best practices and market signals, or public sector involvement of private sector suppliers to integrate sustainability principles into the management process quality indicators of the supplier’s products.





## ANNEX 2. EXPERIENCE OF SELECTED COUNTRIES IN IMPLEMENTATION OF SPP

In this section, a comparative analysis of the experience of implementing SPP is carried out using the example of the European Union, United Kingdom, Australia, Finland, Germany, Switzerland and Ukraine.

### 2.1 EUROPEAN UNION (EU)

**Regulatory legal environment.** EU law is one of the most comprehensive in terms of regulating green procurement. The environmental aspect in the EU is dominant in terms of sustainable procurement, unlike in countries in Africa, where sustainable procurement more includes social aspects aimed at supporting socially vulnerable groups. The concept of “sustainable development” was enshrined in the Amsterdam Agreement in 1997. The Strategy for Sustainable Development in Europe was adopted at a meeting of the European Council in Gettenburg in 2001, which made it necessary to integrate environmental goals into the economic policies of European countries. The 2001 Environmental Action Program (COM, 2001) identified a number of areas where primary intervention was required to address issues such as:

- Climate change;
- Environmental protection;
- Improving health and quality of life;
- Rational use of natural resources; and
- Waste disposal.

Later, a decision was made on the rationality of applying the life cycle cost approach to avoid negative environmental impacts when moving from one stage of the cycle to another. In 2008, the European Commission adopted a document (COM, 2008- Communication Public Procurement for a Better Environment), the purpose of which was to develop guidelines on how to reduce the environmental impact of consumption in the public sector and how to use green procurement to stimulate innovation in the field of environmental protection in the production of goods, works and services. At the European level, the Commission has set a goal that by 2010, 50% of all public procurement in Europe should be subject to environmental principles (being “green”) (COM, 2008).

In development of these political documents, criteria were also developed to assess the effectiveness of the application of the principles of sustainability (environmental friendliness, social responsibility) in the activities of state purchasers. The legal basis of SPP in the European Union is Directive 2014/25/EU on the procurement of utilities, energy, transport and postal services and Directive 2014/24/EU, which regulates the rules for public procurement of goods, works and services. These directives, as well as the 2004 Directives, provide specific guidance on the possibility of incorporating environmental requirements and criteria into the procurement process. Directive 2014/24/EC states that public procurement is one of the market-based instruments for achieving reasonable, sustainable development, ensuring the most efficient use of public funds. The directives provide for the inclusion of environmental, social and labour protection requirements in procurement procedures. These requirements can also be used as criteria in determining the winning bid. The Directive expressly states that procurement rules should not impede the introduction and application of measures necessary to protect life, public ethics, public safety, human and animal health, plant conservation and other environmental measures for sustainable development.



The directives also provide for the possibility of creating an innovative partnership between the state customer and the supplier for the development and production of innovative products. EU procurement rules provide for the support of small and medium-sized businesses, the use of eco-labels, and the use of product life cycle costs. Thus, the directives not only propose, but oblige the contracting authorities to apply the requirements and conditions of sustainable procurement. The provisions of the directives in European countries take into account in their national acts on public procurement. It should be noted that in addition to these directives, there are a number of other procurement regulations in the EU that also affect how SPP should be applied.

A number of EU11 treaties enshrined both the basic principles of the free movement of goods, services, capital, people, the prohibition of discrimination on the basis of nationality, and the specific principles applied in public procurement. These are the principles of transparency, equality, proportionality and mutual recognition. They have wider application than the directives, since they apply to purchases of any amount, while the rules of the directives apply to purchases above threshold amounts and government purchasers are required to apply these principles in all areas of procurement. In addition, the EU has developed various kinds of methodological materials that are designed to help customers to apply SPP. One such convenient tools is a developed list of environmental criteria that are recommended for use in public procurement. These are both product requirements and the actual award criteria for the contract. They are formulated for 21 product groups. The European Secretariat has also developed a guide: The Procura + Manual - a Guide to Cost Effective Sustainable Public Procurement: [www.procuraplus.org](http://www.procuraplus.org)

## 2.2 UNITED KINGDOM

In 2005, the UK government developed:

- The definition of “sustainable procurement” as adopted by the UN, the Government of Australia and New Zealand, Canada; and
- BS 8903: 2010, Principles and framework for procuring sustainably.

**Strategy.** In the same year, the UK government announced its ambitious goal in its Sustainable Development Strategy: to become the leader in sustainable procurement in 2009. Understanding that this goal cannot be achieved alone, the Department of Environment, Food and Agriculture, together with the Ministry of Finance, created the Sustainable Procurement Task Force (SPTF), which has become a leader in sustainable procurement and a supporter of private sectors in terms of sustainable development. As a result, by 2006 the National Action Plan for Sustainable Procurement Development in the UK “Buying the Future” was developed (Procuring the Future, 2006). This plan reflects the principles embodied in the Sustainable Development Strategy and in existing European national legal acts regulating public procurement. This action plan defines how to take into account the principles and mechanisms of sustainable development in public procurement and in investment agreements in all UK authorities. These rules are aimed at achieving the following objectives:

1. Minimize adverse environmental effects during the construction and maintenance of government and public buildings;
2. Promote a more efficient use of public resources;
3. Stimulate the market for the development of innovations and production of products with a more efficient consideration of cost and sustainability principles for all customers; and



4. Set an example for business and the public and show that government and the public sector contribute significantly to sustainable development.

However, the Action Plan states the need to:

- Collaborate with key organizations that are already active in sustainable procurement;
- Liaise with the Secretariat of the European Commission and the OECD in their work on the development of national sustainable green procurement plans; and
- Engage with major public sector players, suppliers and businesses in the UK to provide broad support for the proposed action.

**Priorities.** In the Action Plan, 10 priority areas were identified from 174 existing areas of UK procurement by the government, the purchase of which requires the application of sustainability principles. Thus, in the UK, as well as in other European countries, the principles and rules of SPP are defined in various kinds of political acts and integrated into national legal acts on public procurement

### 2.3. AUSTRALIA

**Strategy.** Australia has policies that promote the principles of sustainable procurement, which have the most positive impact on the environment, social and economic life throughout the life cycle of goods and services.

Examples of environmental, social and economic impacts:

- Volumes of natural resources, primary materials, energy and water in the production, use, reuse and disposal of goods;
- Carbon pollution and emissions from the production, use and disposal of goods;
- Operating and maintenance costs over the life of the product;
- Working conditions in the manufacture, use and disposal of goods or the provision of services; and
- Loss of flora and fauna as a result of the removal or modification of natural resources.

The goal of sustainable public procurement is to reduce the negative impact of products and services purchased by the state throughout their application. At the same time, as a major buyer, the Australian government uses its purchasing power to achieve environmental, social and economic benefits, while avoiding losses and cutting costs.

Australia has also established a national waste policy since 2018, which sets out a collective action plan for businesses, governments, communities and individuals to improve waste management in Australia ([www.environment.gov.au/protection/waste-resource-recovery/publications/national-waste-policy-2018](http://www.environment.gov.au/protection/waste-resource-recovery/publications/national-waste-policy-2018) ). Policies include increased use of recycled materials and the creation of demand and markets for recycled products. It also emphasizes that sustainable procurement by governments, enterprises and individuals is geared towards better waste management in Australia.

**Indicators.** This impact is measured through indicators such as:

- Degree of waste disposal;
- The degree of processing of waste into secondary raw materials;
- The cost of operations and maintenance over the life of the goods and services;



- The effectiveness, efficiency and ethics of spending public funds;
- The proportion of the number of contracts for goods and services under SPP out of the total; and
- The proportion of the volume of SPP from the total volume of public procurement.

In addition, sustainable procurement supports Australia's contribution to the achievement of the UN Sustainable Development Goals, in particular with the goal: Responsible Consumption and Production.

For more information on integrating sustainability considerations into procurement processes, see ISO 20400, Sustainable Procurement - A Guide ([www.iso.org/standard/63026.html](http://www.iso.org/standard/63026.html)). A complete list of international standards that make the most significant contribution to achieving the Sustainable Consumption and Production Goal is available at [www.iso.org/sdg12.html](http://www.iso.org/sdg12.html)

**Regulatory legal environment.** The cornerstone of Australia's financial regulatory environment is the 2013 Governance, Efficiency and Accountability Act (PGPA). Section 15 of the PGPA Law requires the entity's accountable authority to govern the entity in a manner that promotes the efficient, effective, economical, and ethical use of public resources to achieve the entity's goals.

The Procurement Contract Rules (CPR) are issued by the Minister of Finance in accordance with section 105B (1) of the PGPA Law. They regulate all procurement in the country and determine how organizations carry out their own procurement processes. Achieving value for money is the basic rule of CPR. In order to justify an assessment of the value of money, an assessment of tenders is required based on the relevant financial and non-financial costs and benefits, which include, among other things, the environmental sustainability of the goods and services offered. In this context, environmental sustainability includes various considerations, such as energy efficiency and the environmental impact and use of processed products.

Australian government suppliers are also required to comply with applicable regulations and any regulatory framework. Officials must reasonably find out that procurement is subject to relevant regulations and/or regulatory frameworks regarding environmental impact. Australian government suppliers are also required to comply with relevant standards and comply with tendering requirements. This reduces the risk of environmental violations.

Normative legal acts also determine the principles of sustainable procurement, including:

- Avoid unnecessary consumption and manage demand (this includes energy and water consumption);
- Purchase of goods and infrastructure that can be reused, repaired and recycled;
- Minimize the environmental impact over the life of the goods and services by selecting products or services that have less adverse impact associated with any stage of their production, use or disposal;
- Promote innovation in sustainable products and services through the design and implementation of procurement; and
- Ensure fair and ethical methods for attracting suppliers and suppliers to comply with socially responsible practices, including legislative obligations to employees.

**Selection criteria for priority products.** A number of criteria help integrate sustainability into procurement decisions.



**Value for money.** Achieving value for money is a fundamental principle underlying Australia's public procurement. It should be noted that the price of a product or service is not the only determining factor in assessing the price-quality ratio. This means that all relevant financial and non-financial costs and benefits must be accounted for throughout the procurement term. Relevant costs and benefits include environmental sustainability. More detailed information on the price-quality ratio is available in the Procurement Rules, paragraphs 4.1–4.5 ([www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules](http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules)).

**Sustainable development.** It is usually defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

**Sustainability.** It depends on maintaining or improving the well-being of society over time and, therefore, requires that the general economic, social and natural capital be maintained or improved for future generations.

**Environmental management.** It relates to strategic measures to reduce the environmental impact of an organization. One example of this is an environmental management system that integrates all environmental elements of an organization into a common management strategy through planning, implementation and analysis of efforts to reduce environmental impact.

Another aspect of environmental management is environmental reporting, which measures whether environmental activities have effectively managed impacts. For example, the 1999 Law on Environmental Protection and Biodiversity Conservation requires organizations to report in their annual reports on measures they have taken to manage and mitigate environmental impacts.

**Circular purchases.** Circular procurement supports a circular economy. At the broadest level, the circular economy policy is aimed at changing patterns of natural resources use in the economy (production, use, utilization) in order to achieve sustainable growth by slowing down, narrowing and closing material cycles (maintaining the value of resources at all times, as long as possible).

**Green wash.** It is the practice of creating false, misleading and allegations about the company's environmental practices or the environmental attributes or benefits of its products or services. It is unintentional and may include information that is vague, irrelevant or inaccurate, since it describes only part of the story about the environmental impact of the product.

**Eco-labelling.** They provide information on environmental and health standards for certain product categories. Unlike other green symbols developed by manufacturers and service providers, eco-labels are usually: awarded by an impartial third party for specific products that have been independently identified as meeting transparent criteria based on life cycle considerations. More information on eco-labelling can be found in the Ecolabel Index online catalogue: [www.ecolabelindex.com](http://www.ecolabelindex.com).

**Supply chain assessment.** Some products or services may have long supply chains. For example, parts of the IT equipment manufacturing process can be performed in developing countries. There may be risks that environmental protection or labour rights will not be respected during manufacturing or subcontracting. An



assessment of the supplier's environmental and social credentials can extend to ensuring that the supply chain also meets environmental and social requirements.

**Cost over a lifetime.** This refers to the process of assessing the value “from the cradle to the grave” for the purchase of goods or services. Accounting for the value of a product or service throughout its life cycle helps purchasers to evaluate all the advantages and disadvantages of purchasing decisions. Lifetime value (also known as life cycle cost or total cost of ownership) is the organization's cost of acquiring the product. Costs for a lifetime include:

- the initial purchase price of goods and services;
- operating and maintenance costs;
- transition costs;
- licensing costs (where applicable);
- the cost of additional features purchased after the initial purchase;
- consumables; and
- disposal costs.

For some product types, the least cost option may not be the cheapest over the life of the asset. This usually applies to products that use electricity, water, fuel or other consumables or have difficulties associated with disposal (for example, products containing hazardous materials).

**Life-cycle analysis.** Life cycle analysis is a method of measuring the environmental impact of a product over its life (“from cradle to grave”). It is governed by a set of standards ISO 14040 (Environmental Management - Principles and Framework for Life Cycle Assessment) and covers:

- Extraction of raw materials or primary materials;
- Production of products;
- Packaging and distribution; and
- Use/consumption of the product.

**Disposal at the end of service life.** Life cycle analysis does not take into account social and economic considerations associated with a particular activity or product. In the context of procurement, life-cycle analysis has a rather limited use, although the term is often used interchangeably with total cost of ownership and total cost of living.

**Social benefits.** Sustainability also takes into account the social factors of a product or service. Suppliers can be socially responsible by adopting ethical standards and complying with legislative obligations and other actions that benefit society, including inclusiveness, equality, diversity, revitalization and integration.

Social impacts that can be taken into account when making sustainable procurement include:

- Support for government suppliers who are socially responsible and ethical;
- Consideration of the effects on human health;
- Supporting the use of local and new small enterprises;
- Supporting socially inclusive practices, such as employment and training, targeting vulnerable groups;
- Assessment of the impact of occupational health and safety problems (both here and abroad); and
- Ensuring compliance with relevant regulatory requirements.





**Some quick wins.** In Australia, the following products were successful at SPP:

- Purchasing paper with 100% recycled content;
- Acquisition of consumables, furniture, and accessories that include recycled contents and which can be recycled at the end of their life;
- Avoiding the purchase of goods from disposable plastics;
- The belief that treatment agreements are consistent with waste reduction goals;
- Conducting low-waste or non-waste production;
- Reuse of plastic containers; and
- Organization of food collection services (for example, Ozharvest) for excess nutrition.

#### 2.4. FINLAND

**Strategy.** Finland has become the only EU country that continues to invest heavily in the green economy and environmental issues. This country took an active part in the international conference on sustainable development of RIO+20. In Finland, for more than 20 years, there has been a government commission on sustainable development, so they understand well where to go and how to develop within the framework of obligations at the national level.

**Jobs in the green economy.** Finland remains a stable country; external factors do not affect its internal goals of sustainable development. It is believed that Finland's green economy has enormous potential, thanks to which it is possible to create new jobs and that clean technology solutions can create approximately 50 thousand jobs (5 million - the population of Finland) and 9 thousand jobs - in the field of bioenergy (mainly in rural areas). According to experts from the Sitra fund, which is controlled by the Finnish parliament, more jobs are created in the production of energy from renewable sources than, for example, in nuclear energy.

**Renewable energy sources.** Issues related to green technologies are a priority for the Finnish government. So, until 2020, Finland aims to reduce the consumption of thermal energy by 8% of all the thermal energy consumed today in the country.

Finland complies with EU directives, which stipulate that by 2020 we must increase the use of renewable energy sources to 38% (now this share is approximately 22% in Finland). There are great opportunities associated with the development of wind energy and the development of bioenergy for energy supply of housing stock in cities. Projects related to the introduction of renewable energy sources are financed from the state budget. In addition, financial subsidies are provided to companies and enterprises that introduce renewable energy technologies in production and increase the share of renewable energy in the country as a whole.

**Bioenergy.** Recently, Finland has been using more and more renewable energy locally. For example, bird droppings are widely used for energy. Finland has central heating, and companies that produce energy in the traditional way also exist. However, in private housing construction, which is very developed in Finland and prevails over communal, central heating is no longer used, therefore renewable energy and heat sources (for example, geothermal, solar) are very in demand. While the price of a kilowatt, generated, for example, from waste, is more expensive than energy generated in the traditional way, and the state subsidizes the





production of bioenergy. This, in particular, allowed the creation of municipal heating plants that use peat and wooden biomass.

**Solar energy.** Each square meter of the surface onto which the sun's rays receive, at the latitude of Finland, receives about 1,000 kilowatt-hours of energy per year, almost the same as in Central Europe. The solar battery, or in another way the panel, turns the energy of the sun into electric current.

Modern panels also generate electricity on a cloudy day. Even in rainy weather, it is light enough during the day for the batteries to produce current. From March to October, a house in Finland can be lit with electricity from solar panels. This energy is enough for heating and for heating water.

**Demand for renewable energy.** In Finland, a consumer can choose an electricity supplier. While some make choices based on price, for many the most important criterion is renewable energy. The share of renewable energy in Finland exceeds 30%, and only Norway, Iceland and Sweden are ahead of Finland in the production of green energy. More and more Finnish people are choosing energy that does not pollute nature through selecting an energy supplier for their home. Now in the country there are three different online calculators available for choosing energy packages from different companies, and only one third of the final price can be controlled, the rest is the delivery price and electricity tax. But, if your own house, and even with electric heating, the difference can be noticeable - up to several hundred euros per year.

**Energy efficiency of construction.** High energy prices dictate the need to act in the construction sector, because the housing stock is one of the main consumers of energy. The government submitted a draft law to Parliament, which will spell out requirements for improving energy efficiency by 2020 in new construction and reconstruction of the old housing stock by 50%, compared to 2009. In society, these requirements find great support, since energy efficiency is directly related to the reduction of utility bills.

**Clean technology export.** Finnish industry is well known worldwide for its energy-efficient solutions. Finland has long been selling its clean technology to China and India.

**Afforestation.** Currently, there is a large increase in forests in Finland, which was the result of working forest legislation. In addition, 70% of Finland's forests are owned by private owners and only 30% by the state. Of course, private owners do not own those plots that can satisfy the forest industry. Therefore, the owners prefer not to sell the forest, but leave it to grow and take care of it themselves. This attitude towards the forest did not appear immediately, but only recently.

Thanks to today's increase in forest growth, Finland can increase its bioenergy output by 4-5 million cubic meters a year, allowing itself managed cuttings in the north of the country, since the main state forest resources are concentrated there. Part of the state forest land is located in the south of the country near the borders.

**Recycling.** Finland has a waste law that sets strict requirements for the disposal of packaging. Nowadays, bio-waste cannot be brought to the landfill at all; the packaging return system is almost fully operational: up to 90% of the consumed glass and plastic bottles are returned to the process by the consumers themselves. A good example is the city of Lahti in the south of the country, where 120,000 inhabitants live. The district heating plant runs on fuel derived from waste purchased in the market of its own and even the capital



region. Metso, the company working on this project, has big plans, since there is a huge amount of waste in the world.

In 2017, the optimization of waste recycling in Finland reached a record high: 99% of all municipal waste in Finland was recycled. Of this record amount, 41% of the waste was recycled and the remaining 58% was incinerated and thus became a source of renewable energy and heat. As waste management has increased, the number of landfills in Finland has decreased significantly. In recent years, more than 2,000 landfills generally ceased to exist, and today there are less than 350 of them in the country.

**Recycling of waste.** Finland has worked tirelessly to further increase the level of waste management in terms of its recycling. The burning of garbage for energy has its shadow side: as a result of burning, not only energy is obtained, but also ash and slag waste, which usually is no longer used for recycling. These combustion by-products are subject to storage or burial at special landfills; afterburning is also used to neutralize slag, which entails additional energy consumption.

Almost all materials can be recycled for recycling. In Helsinki, in all buildings with 20 apartments or more, in addition to the standard collection of unsorted waste, an additional option is provided for the separate collection of organic waste, paper, cardboard, glass, small metal objects. Today, many Finnish utilities provide the opportunity for separate collection of plastic and plastic waste. Recycling bins are located in the immediate vicinity of the garbage bins in each yard.

Waste paper collection in Finland began in the first decade of the 20th century. Household batteries from appliances and light bulbs can be returned to any store that has them on sale. Other household waste, such as furniture, electrical appliances, construction waste, is disposed of at specialized waste collection centres. Today, a textile waste collection system is also being actively developed. Every year designer clothes from old sails, dishwashing brushes from plastic bags, agricultural fertilizers from batteries and chimneys from slag waste, etc., are becoming more and more popular.

**Deposit system.** In Finland, a deposit system has been created and is working well for drinks and payable containers: we collect almost 100% of all bottles and cans for drinks. Plastic bottles and aluminum cans are used to produce new cans and bottles. Glass bottles are also used to make new glass bottles, jam jars and fiberglass. Glass is also used in civil engineering projects.

Most of Finland's used paper and paperboard is recycled. The collected paper is used in the production of newsprint and paper towels, and the cardboard as a result of processing turns into inserts for rolls of paper towels or fabric.

**New business models in a circular economy.** The whole chain of collecting waste, sorting it by type, further processing into secondary raw materials opens up new horizons for the innovative activity of companies: they seek and find new solutions for the use of collected materials. In Finland, tractors that are out of order and can no longer be repaired are disassembled for spare parts, the old roofing material is turned into raw material for asphalt, coffee grounds are used as a lining base for growing mushrooms.

Some Finnish restaurants prepare dishes from the liquidation remnants of the food industry provided to them free of charge. Finnish restaurants and chain stores today use special applications for selling discounted



food products that are nearing the end of their consumption, as well as for selling surplus food products at reduced prices in the afternoon or before the store closes.

There are social movements that organize free distribution of store and restaurant surpluses, as well as prepare food from liquidation residues and deliver it to those in need for free or at a nominal price. In Helsinki, experiments are also being conducted with the placement of so-called public refrigerators in the city, in which anyone can leave extra food or take them.

The Finnish company Globe Hope produces designer clothes and accessories from liquid materials in the textile industry.

Well-worn, but in good condition, clothes were usually not thrown away, but they were given or sold to charity stores or at flea markets. There were even second-hand clothing stores online, thanks to which its sale and purchase was simplified as much as possible.

However, Finnish companies have also found application for unsuitable textiles. For example, Remake Ecodesign processes second-hand clothes for serial production of new clothing collections, while another Globe Hope company produces designer clothes and accessories from liquid textiles, such as, for example, used army uniforms, old sails and advertising materials from textiles. Pure Waste turns textile waste into raw materials for the production of new clothes.

Pilot projects have also been launched in Finland, within the framework of which new fibre and threads are extracted from worn clothes and other textile wastes, and then new fabrics are produced. Finland aims to recycle 50% of all municipal waste in 2020, and 55% by 2025.

**Indicators.** Thus, indicators of sustainable development in Finland are:

- Degree of reduction in heat energy consumption;
- Increase in the use of renewable energy sources;
- Energy prices;
- Energy efficiency in new construction and reconstruction of the old fund;
- Export of clean technologies;
- Increase in forest area;
- Share of forests owned by the private sector;
- Share of state-owned forests
- Increase in bioenergy production;
- Share of disposed waste;
- Share of recycled waste for secondary raw materials;
- Increase in energy production from waste; and
- Job growth due to green technologies.

## 2.5. GERMANY

**Strategy.** Over the past 20 years, the Federal Republic of Germany has developed a national development planning system covering the federal, regional and municipal levels of government. Germany follows the



National Strategy for Sustainable Development (Perspectives for Germany. Our Strategy for Sustainable Development), prepared by the federal government in 2002. So far, a total of three detailed reports on the implementation of this Strategy have been compiled. The strategy is constantly updated, but retains its structure and main priorities, despite the fact that the composition of the government has repeatedly changed during this time. The most recent amendments were made to the Strategy in February 2012.

To coordinate the development of the Strategy, a State Committee for Sustainable Development was created in Germany. A strategy called “Perspectives for Germany. Our Sustainable Development Strategy” was approved in 2002.

The committee consists of nine government ministers from the following departments: international relations, finance, social and health policies, education and research, consumer protection and agriculture, the environment, transport, economic cooperation and economic cooperation and development.

The strategy contains seven blocks of planned justifications and designs:

1. From idea to strategy;
2. Sustainability model;
3. Strategy as a social process;
5. Indicators and goals;
6. Key objectives of the sustainable development strategy;
7. Global responsibility; and
8. Measurement results, monitoring and strategy development

**From idea to strategy.** The main idea: sustainable development is a form of development that meets the needs of today's generation and does not jeopardize the ability of future generations to meet their own needs (World Commission on Environment and Development (Brundtland Commission), 1987).

At the same time, the Government of Germany considers sustainable development as an intersectoral task and considers it a fundamental principle of its policy. This block emphasizes the connection of the Strategy with the motto of the UN Agenda for the 21st century: “Think global, act on the spot”. The importance of the studies carried out by the Bundestag Commission and presented in the report “Schutz des Menschen und der Umwelt” (Human rights and the environment, 1998) is emphasized and the task is to reflect the important trends in trade, industry and society in the Strategy and on this basis to clarify the place Germany in the development processes, develop a model for sustainable development and fix its goals.

**Sustainable development model.** The model consists of four aspects. They are:

- Intergenerational justice;
- Quality of life;
- Social cohesion; and
- International responsibility.

**Goals and indicators.** The Strategy substantiates approaches to building a system of indicators of sustainable development and draws attention to their conformity with goals that bear the risks of inconsistency (for example, industrial growth and environmental pollution). Attention is drawn to the need for choice: more



indicators and a more detailed description of the process or fewer indicators, obtaining operational estimates for timely decision-making.

Indicators and goals are grouped in the four areas of sustainable development indicated above: intergenerational justice; quality of life, social cohesion; international responsibility. In the section “Intergenerational justice”, indicators are set to reduce the resource consumption of public production, protect the environment, scale of use of renewable resources, increase the efficiency of land use, conservation of biological diversity, the size of national debt, the ratio of investment to GDP, public and private sector spending on innovation, development educational systems.

In the “quality of life” subsection, indicators are set to increase GDP per capita produced on environmentally and socially acceptable conditions, to develop environmentally friendly forms of mobility, to produce environmentally friendly agricultural products, according to air pollution parameters, and reduce mortality rates under the age of 65 and increase the level of satisfaction of the population with the state of their health, to increase the level of personal security.

In the “social cohesion” subsection, the Strategy is limited to the provisions on maintaining effective insurance schemes, the pension system, the health care system, and the fight against unemployment - the areas in which the greatest risks of social cohesion may arise. In addition, the Strategy aims to eliminate the division of society into “successful” and “losers” by combining the efforts of all interested parties and adapting the population to rapid technological and structural economic changes. Indicators are set on the level of employment, the development of a network of childcare facilities, the provision of equal opportunities for different gender groups of the population, and the adaptation of immigrants. In the “international responsibility” subsection, the parameters for Germany’s participation in programmes to promote international development, an open economy and expanding participation in world markets are set.

The main components of the national sustainable development strategy are transparent, a system of their regular monitoring and evaluation is provided. To this end, the Strategy contains 21 key comprehensive indicators that are used as a measure of the achieved level of sustainability, identifying gaps and obstacles in achieving goals and implementing measures.

**Priority tasks.** This block considers seven priority tasks for the implementation of the Strategy:

- The creation of a sustainable energy supply system;
- Solving the problem of mobility through the development of environmentally friendly transport systems;
- Reorientation in the fields of agriculture and consumer protection for healthy and safe food;
- Management of demographic development;
- Education reform;
- Innovative development; and
- Improving the efficiency of land use.

For each of these seven tasks, the Strategy provides an analysis of the current situation in the relevant areas of economic activity, defines action areas (Action Areas), planned measures and tools for their



implementation. At the same time, the latter are addressed to two groups of performers: “state, lands, municipalities” and “other participants, primarily the private sector”.

**Social partnership.** Sustainable development cannot be ensured as a result of the efforts of the state alone. This is the result of public dialogue, federal and regional authorities and municipalities, citizens, business and society, when each such participant is responsible for their actions.

In Germany, the budget process is decentralized, and macroeconomic forecasting of the government is carried out with the involvement of third-party expert organizations. In addition, by virtue of agreements with the EU -- the Maastricht Treaty and the related Stability and Development Pact- - upper limits have been set for an annual deficit of 3% of GDP and total debt of up to 60% of GDP. In accordance with the Pact, the state should strive for a balanced budget and develop annual stability and growth programmes that reflect the achievement of these targets.

National strategic development expertise assumes the presence of an intersectoral nature and special significance. Employees of all ministries participate in the development and implementation of the strategy. The Bundestag of the Federal Republic of Germany, the organizers of regular discussions with the participation of the governments of the Federal Republic of Germany, the working groups of the parliamentary party and the Council for Sustainable Development, play an active role in the process of developing strategic decisions.

The Sustainable Development Council advises the Federal Government on all sustainable development issues. 15 members of the Council are appointed by the Federal Chancellor for a term of three years. The Council is independent in its assessments and proposals for the further development of the Strategy, is an active participant in public dialogue.

As part of continuous monitoring, progress reports are regularly submitted. Every two years, the Federal Statistical Office publishes a report on the status of sustainable development indicators. Analyses are carried out by the department independently and under its own professional responsibility.

Every four years a progress report on the implementation of the Strategy is presented, containing also proposals for its updating. At the same time, broad public participation is ensured at an early stage.

**Global responsibility.** The main points that open this block of questions: “sustainable development is not limited to national borders”; “production and lifestyle in prosperous countries must be changed so that natural resources are used more efficiently and living conditions are improved worldwide.” It is emphasized that the fight against poverty and environmental protection can be successful only in peaceful conditions.

**Expected results.** Germany under the Kyoto Protocol has committed itself to reduce greenhouse gas emissions in 2008-2012. by 21% compared to 1990 levels. As a result, already in 2010, German emissions fell by almost 25%. At international climate negotiations, the Federal Government, together with the European Union, advocates the signing of an ambitious, comprehensive and legally binding climate protection agreement that covers all countries of the world and should enter into force no later than 2020. For example, it supports and promotes the concept of corporate social responsibility (CSR). CSR combines independent





entrepreneurial activity with voluntary, which goes beyond the bounds of binding legislative norms of social responsibility.

Germany's commitment under the EU 20-20-20 initiative (2008) to reduce greenhouse gas emissions by 20-30% by 2020, increase the share of renewable energy in total energy consumption and increase energy efficiency by 20% with the adoption of the German Energy Concept implemented at an accelerated pace. In 2011, the Federal Government, the German Bundestag and the Bundesrat approved a corresponding set of measures.

Making decisions on accelerated implementation of the Energy Concept, the Federal Government committed itself to reduce greenhouse gas emissions in Germany by 40% by 2020, by 55% by 2030, by 70% by 2040, and by 80–95% by 2050, respectively, compared with the 1990 level.

The necessary conditions are created for this (for example, the “green” tariff introduced by the Law on Renewable Energy Sources, which stimulated investment and allowed to set the goal of increasing the share of renewable energy sources in gross final energy consumption from about 10% in 2010 to 60% in 2050; increase the share of renewable energy in electricity supply to at least 80% no later than 2050. Similar tasks were set to reduce energy consumption: by 2050, reduce primary energy consumption by 50% and electricity consumption by 25% (compared with 2008); to increase by two times the share of buildings that have undergone modernization from the current 1% to 2% per year of the total fund of buildings, energy consumption in transport should be reduced by about 40% by 2050 (compared with 2005).

**The key role is played by network infrastructure.** Today in Germany, electricity is generated in relative proximity to consumption centres. In the future, the generation of electricity at sea and in coastal regions will increase significantly. In addition, it is planned to supply electricity to the network from a number of decentralized generating units using such types of energy as the sun and biomass. Therefore, the decisive condition for creating a power supply system with a growing share of energy from renewable sources will be a modern high-capacity electric grid. This goal has been updated by the Law on Renewable Energy 2012.

The federal government sets the goal, while maintaining competitive tariffs for energy, energy security and a high level of well-being, to make Germany one of the leading countries in the world with the most energy-efficient economy. For security reasons, the Federal Government decided to gradually phase out the use of nuclear energy by 2022. The restructuring of the energy supply system in Germany is formulated as the task of the coming decades.

Another area of the economic development promotion that is given priority is sustainable water policy: water resources management, water supply and sanitation.

**Development management.** Thanks to the national strategy, sustainable development has been declared the guiding principle of German Federal Government policy for more than a decade. “Made in Germany” has become an identification mark of German politics, becoming its guiding principle in all spheres of life. Therefore, the federal government at all levels advocates for the strengthening of the idea of the sustainable development, both nationwide and internationally.





Within the framework of the indicator monitoring system, the degree of implementation of the Strategy is evaluated, and on this basis indicators and goals are adjusted in accordance with changing priorities. This concept of sustainability management comes down to practical politics, and does not remain an abstract model of sustainable development.

## 2.6. SWITZERLAND

**Current regulatory environment.** Owing to the federal structure of Switzerland, public procurement legislation is very fragmented and can be found both at the federal and cantonal levels, and to a certain extent at the municipal level. Switzerland's international obligations are included in the World Trade Organization's Public Procurement Agreement (GPA), a bilateral agreement between Switzerland and the European Union (EU), and an agreement on the European Free Trade Association.

The relevant federal laws governing federal procurement projects are the Federal Law on Public Procurement of December 16, 1994 (SR 172.056.1) (FAPP) and the corresponding Decree on Public Procurement (SR 172.056.11) (OPP).

Within the scope of sovereignty, the cantons have adopted public procurement legislation governing the procurement of the canton administration. In order to harmonize between the cantons, all cantons have concluded the Inter-canton Public Procurement Agreement (IAPP).

The federal administrative court enforces federal public procurement law, and the cantonal administrative courts enforce public procurement law. Appeals from the cantonal administrative court and the Federal Administrative Court to the Federal Supreme Court are possible, provided that the procurement project exceeds the relevant thresholds established in the FAPP and the bilateral public procurement agreement between Switzerland and the EU and raises a fundamental question of law.

Both the Cartel Act and the Domestic Markets Act supplement the legislative framework for public procurement. The competent executive authority is the Swiss Competition Commission: its decisions can be appealed to the Federal Administrative Court. The Cartel Act and the Domestic Markets Act apply in conjunction with procurement laws. Whereas the FAPP, OPP, and IAPP (and cantonal procurement laws) govern the procurement process as such, the Competition Commission may intervene to check whether the procurement process violates the Cartel Law (for example, possible abuse of dominance by the procuring authority or illegal agreements) or violations of the Law on Internal Markets (for example, discrimination or inability to organize a public tender).

**Transformation of the regulatory environment.** Government purchases in Switzerland cover over 40 billion Swiss francs per year. Federal, cantonal and municipal agencies, as well as all state corporations, in accordance with the legislation on public procurement, act as role models when it comes to general procurement.

In Switzerland, the FAPP, as well as the cantonal law, consider various types of criteria for suppliers and their proposals in the public procurement process:

- Compliance criteria;
- Technical specification; and



- Acceptance criteria.

To make public procurement more sustainable, the new legislation proposes to develop and approve a set of indicators and criteria. Such an approach to introduce sustainability in public procurement is a legal requirement covering economic, environmental, social and managerial aspects. In practice, SPP will work if the approved indicators and criteria are able to lead to tangible sustainable development of public procurement tenders in Switzerland.

Therefore, changes in this direction go through the following five stages:

1. Data analysis. The status quo of sustainability criteria is determined in current public procurement tenders in Switzerland. For this, data from 48,800 procurement tenders, which are available on the website [www.beschaffungsstatistik.ch](http://www.beschaffungsstatistik.ch), are used for quantitative analysis.
2. Existing indicators. National and transnational sets of existing sustainability indicators are analysed and their potential for use is identified. It also takes into account legal feasibility in accordance with Swiss law and international agreements.
3. Compilation of criteria. The criteria and indicators based on steps 1 and 2 are selected in order to make sustainability criteria for public procurement acceptable. Also included are issues of weighting and prioritization.
4. Validation (comprehensive verification). Socio-psychological studies are underway to empirically test the acceptability of recently obtained SPP indicators among relevant stakeholder groups. First, a survey is done to assess acceptability, and then a joint analysis is made to determine the importance of each indicator.
5. Improvement: the eligibility of the measurement of approved indicators is analysed. And if the answer is “yes”, then it is decided how to expand the application of FAPP in order to make a deeper contribution to sustainable development.

**Spread.** The final set of indicators after stage 5 is published in the form of a brochure, and an information dissemination seminar is organized for interested parties to explain the results to policy makers, government agencies and companies participating in SPP. Scientific contributions are presented at international conferences and published in international peer-reviewed journals.

**Expected result.** With a set of sustainability-oriented indicators, 40 billion Swiss francs per year will be spent in a more sustainable way, contributing to sustainable development and turning Switzerland into a pioneer that can inspire other national legislatures to adopt similar sustainability indicators.

## 2.7. UKRAINE

**Strategy.** National policy and action plan for the implementation of sustainable public procurement in Ukraine for 2015–2020 prepared on the basis of the UNEP methodological approach, taking into account international practice and the results of a number of studies conducted in Ukraine as part of the implementation of component 1.6 of the regional programme “Greening the Economics of the Eastern Partnership of the European Union” (“EaP GREEN”) – “Promoting changes in public consumption through sustainable public procurement practices (SPP).” In particular, the results of such studies were used:



“Assessment of the current state” conducted to assess the current state of public procurement and identify steps to improve them. The assessment was carried out by questioning representatives of budgetary organizations and institutions. The questionnaires used were questionnaires (primary and secondary) for assessing the current state, developed by UNEP.

On May 18, 2011, by Decree of the Cabinet of Ministers of Ukraine No. 529, the Technical Regulation on Environmental Labelling was approved, which was developed taking into account the Regulation of the European Parliament and the Council of the EU 66/2010 / EU of November 25, 2009 on the European Union environmental label. This technical regulation establishes requirements regarding the assignment and application of additional (voluntary) environmental labelling in Ukraine, regulates the procedure for the development and revision of environmental criteria. According to the technical regulations, environmental criteria are developed by developing:

- Preliminary technical report;
- Draft environmental criteria and its annex (technical report);
- Guides for potential users of environmental labelling and environmental labelling bodies; and
- Guidelines for public procurement.

In 2013, a draft Concept for the introduction of cleaner production in Ukraine was developed. But the draft Concept has not yet been approved. The main purpose of the adoption of the Concept is the introduction of the conceptual framework necessary for the reconstruction of the industrial environment, the technical re-equipment of the production complex based on the introduction of the latest scientific achievements, energy and resource-saving technologies, environmentally friendly technological processes, the use of renewable energy sources, solving the problems of neutralization and use of all types waste.

**Regulatory legal environment.** In the field of public procurement in Ukraine, there have been two major shifts: the country's accession to the World Trade Organization (WTO) Public Procurement Agreement (GPA) and the introduction of an electronic procurement system for government agencies to procure goods, work and services. These shifts, supported by the EBRD, are aimed at fundamentally transforming the public procurement system in Ukraine and ushered in a new era of transparency after decades of deep-rooted corruption in government contracts. It is expected that these shifts will have a huge effect on the state treasury savings, improve the quality of services provided by the state, and contribute to the country's economic growth.

Thanks to the introduction of the new electronic procurement system ProZorro (ProZorro) in the country, many Ukrainian suppliers are learning to trust the public procurement market for the first time and bid on them, which means intensifying competition in this area, and for Ukrainian taxpayers, improving price/price ratios quality. The ProZorro system is also an example of the implementation of reform projects under the auspices of civil society organizations.

The accession of the country to the WTO GPA provides an opportunity for business entities from other countries that have acceded to this agreement to take part in tenders for awarding state contracts in Ukraine, which is another incentive to intensify competition, and also opens up access to the best Ukrainian authorities from worldwide suppliers of products and services. At the same time, the country's accession to the WTO GPA participants greatly expands the scope of the procurement market for Ukrainian business



entities, opening up new ambitious opportunities for them to grow. In particular, participation in the WTO GPA opens up equal access for Ukrainian companies to procurement markets operating in the EU, and these companies do not need to wait for the completion of Ukraine's accession to the EU.

**New GPA standards.** In September and December 2015, amendments were made to the law on public procurements in order to bring it into line with the mandatory standards of public procurement. In November 2015, Ukraine completed the negotiation process on the country's accession to the WTO GPA, ratified the accession documents in April 2016 and officially entered into the parties to this agreement in May of that year.

The country's accession to the WTO GPA opens the door to Ukrainian companies that are planning to become participants in larger procurement markets and, in particular, puts them on an equal footing (with other companies) in the implementation of large-scale procurement projects in the European Union.

In addition, this provides an opportunity for foreign companies to gain access to the Ukrainian public procurement market, providing the Ukrainian government with access to the highest quality goods and services, and the best price/quality ratio for Ukrainian taxpayers. This is especially important when conducting tenders for the most advanced technologies required by the country.

After the country's accession to the GPA, the EBRD continues to work closely with the Ukrainian government on the implementation of the reforms provided for by this agreement. In addition, the EBRD is currently working with Ukrainian companies to encourage them to join the ranks of government bidders held in countries that have joined the GPA. In particular, through the EBRD's Foreign Trade Facilitation Program, Ukrainian companies receive advice and financial support on seizing opportunities for public procurement that have now opened up in Europe and other countries of the world.

**Transparent electronic public procurement.** The second of the major changes in the field of public procurement of goods, works and services in Ukraine was the introduction of an electronic procurement system. Electronic exchange of tender information and documentation increases the speed and efficiency of procurement processes. In addition, tendering in electronic form eliminates most of the opportunities for committing unlawful acts, such as extorting bribes to obtain privileged conditions, which may be the case with paper-based procurement systems. In the absence of electronic technologies for procurement, even the best of the legislation in the field of public procurement may become the subject of abuse by illegible officials in the process of its application.

**Complete rebuild of the system.** Overhaul of the entire sphere of public procurement was carried out in Ukraine, and this happened on the initiative and with the participation of representatives of civil society, it was marked by the seal of their determination to change the nature of relations in Ukraine between the public and private sectors.

During the process of the country's accession to the WTO GPA, providing a global political context, the implemented ProZorro automated system has won the trust of local entrepreneurs thanks to its innovative concept, established procedures for conducting full-fledged inspections and restoration measures.



Now that the Ukrainian government is introducing a standard of open access to state information in its new programme documents, this represents a welcome change that allows civil society organizations to play their role in improving transparency and accountability in relation to decisions of state bodies. The combination of reliable standards at the level of state policy and a determined attitude to put them into practice has already begun to bear fruit in Ukraine.



### ANNEX 3. STRATEGIC DOCUMENTS INFLUENCING SPP

This appendix provides a brief description of strategic documents that can influence the selection of priority areas in SPP.

#### 3.1. NATIONAL STRATEGY FOR THE DEVELOPMENT OF THE KYRGYZ REPUBLIC FOR 2018-2040

The document NDS-2040, approved at the level of the President of the Kyrgyz Republic, defines the country's development vision until 2040:

Kyrgyzstan is a country with a favourable environment for human life, developing in harmony with nature, preserving unique natural ecosystems and wisely using natural resources for climate-friendly development. Ensuring environmental sustainability with the country's economic growth was achieved by minimizing negative environmental consequences, increasing the efficiency of requirements and incentives for environmental protection, using reliable data to make environmentally significant decisions. In Kyrgyzstan, natural resources should cease to be the expenditure side of the budget and move to the revenue side.

The following priorities identified to move the Kyrgyz Republic in the right direction are:

1. Stimulation of technological modernization. An innovative economy is the only possible development path. Kyrgyzstan needs a new type of industry this is high-tech, compact and environmentally friendly. The time of the giant plants has passed, now smart and mobile enterprises focused on technological solutions are winning. As part of practical priority decisions, there will be a technological update of all municipal enterprises responsible for maintaining basic infrastructures – lighting, garbage, water supply, sewage in key cities.
2. Modernization and implementation of energy-efficient technologies. Large-scale implementation of energy efficiency and energy saving programmes. Assistance to recognized companies and financial institutions for the speedy transfer of the economy to highly efficient energy technologies. As a first step, drastic measures will be taken to technologically upgrade all municipal enterprises responsible for maintaining basic infrastructures – lighting, garbage, water supply and sewage. These reforms will begin in two cities:- Bishkek and Osh.
3. Increased participation of renewable energy. Local energy supply systems and the use of energy from the sun, wind and water will contribute to greater energy independence. Implementation of the planned projects will increase the capacity of the Kyrgyz energy system by at least 10% over the past 5 years or by 385 MW. To this end, the state will create a regime of maximum favour for the import of technological equipment, guarantees for the sale of electricity, both in terms of volumes and prices.
4. The expansion of the area of the green spaces. It seems expedient to take measures and achieve the formation of the image of Kyrgyzstan as a country with a "negative CO<sub>2</sub> emission" and the most "green" country in the region. To this end, two main activities will be implemented. The first is associated with a direct reduction in CO<sub>2</sub> emissions by all economic entities and citizens of the country. The second is a programme to restore and expand mountain forests, whose share will increase by 2023 from 5.6% to 6% of the entire country.
5. Conservation of tailings and safety. Land reclamation will be carried out (33 tailing dumps and 25 dumps, primarily the Min-Kush and Kaji-Say tailing dumps) affected by the production and processing of natural uranium. A national radiation safety system will be created.

6. Sound water management. Integrated water resources management will be introduced at all levels, if necessary based on cross-border cooperation and development of the basin water management system in the country. Technologies will be introduced for the efficient use of water resources, which significantly increase the coefficient of water use, including the active use of the capabilities of reservoirs, daily and ten-day regulation basins. The implementation of the programme to save the glaciers and mountain lakes of Kyrgyzstan is an investment for future generations.
7. Development of infrastructure for the disposal and recycling. The largest cities in the country will use the best practices in waste disposal and recycling. Particular emphasis will be placed on the creation of landfills using technologies that provide minimal risk to the environment and humans.

**Box 6. About the monitoring and evaluation system of the NDS-2040**

Currently, under the auspices of the Presidential Administration of the Kyrgyz Republic, a system for monitoring and evaluating its implementation is being developed for this national level strategy. It will make all strategic goals measurable by defining and approving quantitative and qualitative indicators. Based on them, regular reporting on the implementation of the NDS-2040 will be carried out. Experts from the Center for Promotion and Development are involved in this work.

**1.1. CONCEPT ON GREEN ECONOMY OF THE KYRGYZ REPUBLIC**

Another Concept of Green Economy strategic document, approved at the level of the Jogorku Kenesh (Parliament) of the Kyrgyz Republic, used indicators and their actual data for recent years to describe the environmental situation in Kyrgyzstan (Table 6.). The dynamics of these indicators really reflects the general picture of the deterioration of the environmental situation in the country.

**Table 6. Indicators of the Concept on GE**

	Name of Indicator	Fact	Period
<b>POPULATION OF THE COUNTRY</b>			
1.	Population of the country	6.26 million people	Beginning of 2018
2.	The proportion of the population living in cities	60%	Last years
<b>MELTING GLACIERS</b>			
3.	The share of glaciers from the entire country	4%	Last 2 decades
4.	The degree of reduction of glaciers in the republic	30%	Last 2 decades
<b>EMISSIONS OF HARMFUL SUBSTANCES</b>			
5.	The volume of emissions of harmful substances from stationary sources	42,500 tons	2011
		61,000 tons	2015
6.	The growth of emissions of harmful substances from stationary sources	50%	2011-2015
7.	The share of pollutants entering the atmosphere from the use of low-quality petroleum products: heavy metal particles, carbon and nitrogen oxides, hydrocarbons, which are the products of gasoline	Over 80%	2011-2014



	and diesel fuel combustion.		
8.	The share of the obsolete car fleet in the republic (10-15 years)	High	No data
9.	Air emissions from mobile sources	1,000 tons	
10.	The volume of emissions into the air from carbon monoxide and nitrogen, as well as hydrocarbons from the consumption of gasoline by road	250,200 tons	2011
		400,300 tons	2014
11.	The increase in atmospheric emissions from carbon monoxide and nitrogen, as well as hydrocarbons from gasoline consumption by motor vehicles	in 1.6 times	2011-2014
12.	Volume of gasoline use in the republic	494,400 tons	2011
		729,200 tons	2014
13.	Growth in gas use in the republic	in 1.5 times	2011-2014
14.	The share of gasoline consumption in Bishkek	94%	2011-2014
15.	The share of diesel consumption in Bishkek	89%	2011-2014
16.	Air pollution level by mobile sources and thermal stations in Bishkek	Largest	No data
17.	Air pollution levels from mobile sources and thermal stations in Osh	Largest	No data
<b>GROWTH OF USE OF PESTICIDES IN AGRICULTURE</b>			
18.	Increase in the use of herbicides in agriculture	85%	2011-2015
19.	Growth in the use of fungicides in agriculture	13%	2011-2015
20.	The increase in the use of insecticides in agriculture	63%	2011-2015
<b>PASTURE DEGRADATION</b>			
21.	The level of pasture degradation due to excessive load on them due to an increase in livestock (according to Kyrgyzgiprozem).	25%	Over the past 50 years
22.	The degree of reduction in summer and winter pasture yields	Three times	Over the past 50 years
23.	Reduced pasture productivity in natural feed production	over 11 million tons of natural feed	Annually (expert opinion)
<b>FOREST REDUCTION</b>			
24.	The total area of the state forest fund	3,279,300 hectares	2003
		2,619,700 hectares	2016
25.	The degree of reduction in the total area of the state forest fund	20%	2003-2016
<b>USE OF WATER FOR IRRIGATION</b>			
26.	Agriculture surface water use productivity	0.15 US\$ for 1m <sup>3</sup>	2016
27.	Total water consumption in agriculture	4.4 million square metres	2016
28.	The proportion of water used for agricultural irrigation of the total volume of water consumed	98%	2016
29.	The proportion of water lost for irrigation during its transportation	25%	2016

	from sources of intake		
<b>WEAK ACCESS TO FRESH DRINKING WATER</b>			
30.	Inaccessibility to clean drinking water	1 million people	Currently
31.	The number of villages that do not have access to the central water supply system	1,125 people	Currently
<b>RENEWABLE ENERGY SOURCES</b>			
32.	The share of electricity generated by renewable hydro resources by large hydropower plants	90%	Currently
33.	The share of the generated electric energy of renewable hydro resources of Mirko and small hydroelectric power stations	No data	
<b>NON-DISPOSED AND NON-RECYCLED WASTE</b>			
34.	The increase in the volume of toxic waste from industrial production and the consumption of the mining sector	21 %	2012-2016
35.	The number of natural dumps and landfills for household and industrial waste	No data	
<b>REDUCING THE NUMBER OF NATURAL ECOSYSTEMS</b>			
36.	The number of natural ecosystems	120	25 years
<b>POPULATION HEALTH DETERIORATION</b>			
37.	The increase in the total number of registered patients with cancer	23%	2010-2015
38.	The increase in the number of newly registered patients with cancer	31%	2010-2015
39.	The proportion of mortality of Kyrgyz people from malignant neoplasms in the total number of all causes of death in the republic	12%	2015
40.	The proportion of the country's population susceptible to respiratory diseases due to the deterioration of the air and the environment	Every 10th citizen of the republic	2015
41.	The increase in the number of congenital malformations in newborns	64%	2010-2015
42.	Increase in infant mortality from congenital malformations	20%	2010-2015
43.	The increase in the registration of new sick children under 14 years with malignant neoplasms	In 2 times	2010-2015
44.	The increase in the number of children with cancer	20%	2010-2015
45.	The increase in the number of cases of infertility in women	14%	2010-2015
46.	The increase in the number of reported cases of malignant neoplasms in women	18%	2010-2015

To fundamentally correct this situation, the Concept proposes to switch to a green economy through the development of the following priorities:

1. Green transport in a green city;
2. Green energy and energy conservation;
3. Green agriculture;
4. Green industry;
5. Green recycling;
6. Public policy, green public procurement and payments for ecosystem services;



7. Protection of biological diversity;
8. Green thinking, green parenting, green education;
9. Green investments and sustainable financing to promote a green economy; and
10. Indicators for a green economy.

In the 10th priority of this concept, it is noted that appropriate indicators should be developed to assess progress and monitor the transition to a green economy. UNEP, OECD and other international organizations have already proposed indicators and indicators. Indicators and criteria are needed not only to assess progress, but also to formulate national policy priorities, mobilize efforts and other tasks, including the selection of green technologies.

So, for example, UNEP has identified three main areas of work on green economy indicators:

- Indicators of economic transformation (for example, changes in investments: investments in renewable energy, public transport, etc.);
- Efficiency indicators of the use of resources (materials, energy, water, land per unit of output, total or per capita GDP); and
- Indicators of progress and well-being (education, health, social protection systems, etc.).

The OECD has developed a system of indicators of green growth, including an assessment of socio-economic parameters, productivity of the use of natural resources, environmental activities and others. They also need to be analysed and adapted to the conditions of Kyrgyzstan.

## 1.2. GREEN ECONOMY DEVELOPMENT PROGRAMME IN THE KYRGYZ REPUBLIC FOR 2019-2023

The following indicators (Table 7) were used in this strategic document, which is currently being negotiated by the Government of the Kyrgyz Republic when describing the current situation.

**Table 7. Indicators of the Green Economy Development Programme**

No	Name of indicator	Data	Period
1.	Growth in the area of agricultural land recognized as degraded or subject to destruction processes	No data	
2.	The level of water consumption for irrigation and agricultural water supply of the total volume of water used	95%	No data
3.	The level of water loss during transportation of the total water intake	25%	No data
4.	The ratio of electricity consumption to its production	4	No data
5.	Increased CO <sub>2</sub> emissions from fuel combustion (International Energy Agency data)	10%	1995-2015
6.	CO <sub>2</sub> emissions from fuel combustion	9.9 million tons of CO <sub>2</sub>	2015
7.	The share of pollutants entering the atmosphere from vehicles (expert estimates)	87%	No data
8.	Total volumes of consumption waste at the landfill of the Kyrgyz Republic)	16 million tons	No data

9.	Volumes of consumption waste at landfills of the Kyrgyz Republic	520,000 tons	Annually
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The purpose of this programme is stated as follows: Creating the foundations for the implementation of green economy approaches in the development of priority sectors of the country.

### PRIORITIES

Each priority has its own goals, objectives and expected results:

**1. Stable natural ecosystems.** The purpose of this priority is preservation and restoration of natural ecosystems and biological diversity sufficient to maintain the ability of natural systems to self-regulate and compensate for the effects of anthropogenic activities.

To achieve it, the following tasks are defined:

- 1.1. Regulation of the load on natural ecosystems;
- 1.2. Conservation and restoration of the natural environment;
- 1.3. Sustainable use of ecosystem services;
- 1.4. Integrating ecosystem values into development planning; and
- 1.5. Improving the environmental culture of the population.

**2. Green energy.** To goal is to achieve green energy by 2023

To achieve it, the energy sector needs to:

- 2.1. Improve the system for assessing and monitoring the state of energy sectors;
- 2.2. Improve energy policy;
- 2.3. Increase transparency of the energy sector and ensuring break-even energy companies;
- 2.4. Improve energy efficiency;
- 2.5. Improve the energy efficiency of buildings;
- 2.6. Increase in the share of renewable energy in the total final energy consumption; and
- 2.7. Raise public awareness of energy conservation and renewable energy.

**3. Green agriculture.** The purpose of this priority is to increase the availability of environmentally friendly food through sustainable resource management and the development of resource-saving, organic and climate-resistant agriculture.

To achieve it, the following tasks are proposed:

- 3.1. Achieving sustainable land and water management in the agricultural sector through proper planning;
- 3.2. Development and implementation of modern technologies to increase productivity and efficient use of all production factors;
- 3.3. Improving the regulatory framework governing the development of green agricultural production;
- 3.4. Green agriculture financing;
- 3.5. Capacity building through informing and training rural producers on green agriculture practices; and
- 3.6. Adaptation to climate change and mitigation of their negative effects.



**4. Green industry.** Priority objective is the promotion of resource efficiency and cleaner production processes in the industrial production of the Kyrgyz Republic.

To achieve it, the following tasks will be solved:

- 4.1. Identification of potential for the implementation of measures for the efficient use of resources in the energy and water-intensive sectors of industry;
- 4.2. Improving industrial management in the field of environmental protection and strengthening industrial symbiosis in free economic zones;
- 4.3. Implementation of measures on resource efficiency and cleaner production through the National Center for Cleaner Production; and
- 4.4. Improving environmental regulation for industry; revision of investment agreements/investment legislation of the Kyrgyz Republic regarding green and environmental criteria.

**5. Low-carbon and environmentally friendly transport.** Priority goal is to reduce CO<sub>2</sub> emissions and the concentration of pollutants in the atmospheric air of the cities of Bishkek and Osh due to the transition of the transport sector to low-carbon (bio) fuel and electricity.

To achieve it, the following tasks will be solved:

- 5.1. Increase the share of public transport on low-carbon fuel and electricity with special devices for people with disabilities in Bishkek and Osh by 403 units;
- 5.2. Improve the public transport management system in the cities of Bishkek and Osh;
- 5.3. Create an electric charging infrastructure in the cities of Bishkek and Osh and along the roads of Bishkek-Osh, Bishkek-Karakol; and
- 5.4. Develop and implement a combination of administrative and economic tools to create the basic conditions for stimulating demand for electric cars in the cities of Bishkek and Osh.

**6. Sustainable tourism.** Priority goal is to create basic tools to stimulate the transition to sustainable tourism to improve the living standards of the local population, preserve ecological systems and natural capital for future generations.

To achieve it, the following tasks will be solved:

- 6.1. Ensure the development of the legal and institutional environment for the transition to sustainable tourism;
- 6.2. Develop and implement tools, mechanisms to stimulate and support the transition to sustainable tourism; and
- 6.3. Stimulate the development of sustainable tourism in the regions through zoning, branding of regions, increasing capacity and developing small infrastructure.

**7. Municipal waste management.** The purpose of the priority is the creation of organizational and legal mechanisms to minimize the volume of municipal waste by involving secondary material resources in the production and creating an official sector for the processing, utilization and disposal of waste.

To achieve it, the following tasks will be solved:

- 7.1. Ensure at the level of legislation the use of separate collection of municipal waste, which contributes to the involvement of secondary material resources in economic turnover;



- 7.2. Introduce modern economic waste management mechanisms into the regulatory framework;
- 7.3. Ensure proper state control and supervision at all stages of waste management; and
- 7.4. Raise awareness, environmental education and public interest in separate collection and minimization of waste generation

**8. Green cities.** Priority goal is to create the basis for sustainable development of “green” cities in urban planning of the Kyrgyz Republic.

To achieve it, the following tasks will be solved:

- 8.1. Create regulatory and institutional frameworks for the development of green cities;
- 8.2. Create a city management system taking into account the principles of green cities;
- 8.3. Develop the engineering, technical and communication infrastructure of cities, ensuring safety, environmental sustainability and socially inclusive environment; and
- 8.4. Improve information and training

## FINANCIAL SUPPORT TOOLS

**1. Sustainable financing.** Purpose is to introduce sustainable financing of green economy activities in the banking and microfinance sectors, by bringing the financial system to the standard of compliance with the requirements of international climate funds for the subsequent use of domestic and international financial potential.

To achieve it, the following tasks will be solved:

- 1.1. Identify the potential demand and needs of the banking sector for the implementation of the principles of Green Financing;
- 1.2. Prepare the banking and microfinance sectors for the Standards of Preparedness (PS Standards IFC);
- 1.3. Implement a system for assessing, monitoring, monitoring and supporting activities in the green economy;
- 1.4. Train personnel, customers of the banking system and microfinance organizations;
- 1.5. Implement sustainable financing in the banking and microfinance sectors; and
- 1.6. Exploring potential green financing mechanisms

**2. Fiscal stimulation.** Goal is to introducing green incentives through fiscal instruments

To achieve it, the following tasks will be solved:

- 2.1. Introduce green taxes;
- 2.2. Increase the efficiency of environmental payments;
- 2.3. Reform environmentally harmful subsidies; and
- 3.4. Introduce green government subsidies;

**3. Sustainable public/green procurement.** Purpose is to increase the share of sustainable public procurement to 30% by 2023, and 50% by 2040.

To achieve it, the following tasks will be solved:



- 3.1. Improve legislation in the field of public procurement Improvement of legislation in the field of public procurement, including the provisions on technical specifications and related certificates for delivered goods, work performed and services provided, confirming environmental criteria, safety and quality of products, including social requirements aspects. The activities of the government will be aimed at promoting the implementation of sustainable procurement and trade policies in the framework of multilateral and regional cooperation with the EAEU and the WTO. Provisions and guidelines on evaluation criteria will be developed for procuring entities to identify sustainable/green goods and services.
- 3.2. Promote the development of environmental certification. The development of environmental certification will be implemented through the implementation of international standards for sustainable procurement. Assistance will be provided to organizations in the development and implementation of successful practices and policies for sustainable purchases. It is also planned to introduce criteria that will allow the assessment of goods and services produced according to established international labour standards (ILO, Fair Trade, etc.). Mechanisms will be developed to stimulate sustainable public procurement for suppliers, including with access to preferential sources of financing.
- 3.3. Increase the capacity of suppliers and procuring entities to move towards sustainable public procurement. Increasing the potential of procuring state organizations and suppliers will be carried out through the development and implementation of training programmes for both universities and training centres. On an ongoing basis, specialized courses for university teachers on sustainable/green public procurement will be held.

#### **CAPACITY BUILDING AND AWARENESS**

**Purpose:** By 2023, to increase the level of knowledge and potential of public servants to implement the principles of SE and sustainable development in development programmes with high awareness of the population and the business community.

To achieve it, the following tasks will be solved:

- Enhancing the capacity of civil servants;
- Educational organizations (universities and schools); and
- Population and business community.

An analysis of these documents in the focus of sustainable development shows that they are not harmonized by:

- Priorities;
- Strategic goals and objectives; and
- Indicators.

In addition, it should be borne in mind that the National Statistical Committee of the Kyrgyz Republic has published the Compilation “Environment in the Kyrgyz Republic” since 2007. It contains information on land, water resources and their use, species diversity of flora and fauna registered in the territory of the republic, air condition, production and consumption waste, measures for their utilization, environmental protection costs, as well as individual socio-economic indicators republics. The compilation was prepared by the National Statistical Committee of the Kyrgyz Republic on the basis of statistical data received by state





statistics bodies from ministries and administrative departments, as well as enterprises and organizations whose activities are related to water and land resources management, environmental management, environmental control and environmental protection. A separate (10) section presents national indicators of "green growth", consisting of 65 indicators, the development and dissemination of a significant part of which is entrusted to the National Statistical Committee of the Kyrgyz Republic. An example of some financial indicators measured by the National Statistical Committee for green development is shown in Table 8.

**Table 8. The expenditures of the state budget for environmental protection (million soms)**

Name	2013	2014	2015	2016	2017
<b>Total</b>	<b>561.9</b>	<b>665.9</b>	<b>810.1</b>	<b>934.5</b>	<b>921.5</b>
Pollution control	22.4	56.2	71.5	60.4	52.7
Natural parks and reserves	80.9	93.3	114.1	145.8	131.7
Animal welfare	6.5	8.4	9.4	10.4	9.8
Plant protection	1.2	1.6	1.5	1.5	—
Antiepidemic measures	63.2	61.2	46.6	109.3	105.6
Veterinary diagnostics	90.9	109.3	107.2	150.8	134.6
Chemicalization, protection and quarantine of plants	43.9	42.5	60.1	88.8	85.9
Other biodiversity and landscape protection services	235.6	277.1	392.6	358.6	231.4
Other biodiversity and landscape protection services	235.6	277.1	392.6	358.6	231.4
Research and experimental development related to environmental protection	6.2	6.7	7.1	6.3	6.3
Environmental issues not elsewhere classified	11.2	9.6	—	—	163.5
Other environmental services	—	—	—	2.6	—

**ANNEX 4. STANDARD LEGISLATIVE DOCUMENTS**

**Table 9. Normative legal acts of the Kyrgyz Republic in the area of public procurement**

No	Name
<b>Laws of the Kyrgyz Republic on public procurement</b>	
1.	Law of the Kyrgyz Republic "On Public Procurement" dated 04.03.2015 No. 72
2.	Code of the Kyrgyz Republic "On Administrative Responsibility" dated 04.08.1998, No. 114
3.	Law of the Kyrgyz Republic "On State Procurement of Goods of Disabled Persons of the Kyrgyz Republic" dated 05.16.2009 No. 156
<b>Resolutions and orders of the Government of the Kyrgyz Republic</b>	
1.	KR President Resolution "On the Department of Public Procurement under the Ministry of Finance of the Kyrgyz Republic" dated 03.02.2014 No. 68
2.	KR President Resolution "On Approving the Procedure for Conducting Centralized Purchases" dated August 12, 2015 No. 568
3.	KR President Resolution "On the approval of threshold amounts for the procurement of goods, works and services" dated January 16, 2016 No. 10
4.	KR President R Resolution "On the Implementation of the Law of the Kyrgyz Republic" On State Procurement of Goods of Disabled Societies of the Kyrgyz Republic "dated March 25, 2016 No. 150
5.	KR President P Order "On the procedure for accumulating saved budget funds" dated March 22, 2017 No. 79-R
6.	KR President Resolution "On approval of the procurement of goods, works and services related to national defense, national security, protection of state secrets" of July 1, 1998, No. 398
<b>Orders of the Ministry of Finance of the Kyrgyz Republic</b>	
1.	Order of the Ministry of Finance of the Kyrgyz Republic "On approval of the regulatory legal acts in the field of public procurement" dated October 14, 2015 No. 175P
2.	Regulation "On the rules for electronic public procurement" dated October 14, 2015 No. 175P
3.	Methodical instruction "On the application of benefits to domestic suppliers (contractors)" dated October 14, 2015 No. 175P
4.	Methodical instruction "On the evaluation of competitive applications" dated October 14, 2015 No. 175P
5.	Regulation "On the application of the framework agreement" dated October 14, 2015 No. 175P
6.	Standard tender documentation "On the purchase of goods in one-stage, two-stage, simplified methods and the method of lowering prices" dated October 14, 2015 No. 175P
7.	Order of the Ministry of Finance of the Kyrgyz Republic "On launching the e-procurement portal in the Kyrgyz Republic" dated June 23, 2014 No. 113-P
8.	Order of the Ministry of Finance of the Kyrgyz Republic "On the creation of an independent interdepartmental commission for the consideration of complaints and protests, as well as in the database of unreliable suppliers" dated March 15, 2016 No. 1-DP

9.	Order of the Ministry of Finance of the Kyrgyz Republic “On the creation of an interdepartmental working group on the development of draft Instructions and Regulations in the public procurement system” dated 08.02.2017 No. 25-P
10.	Order of the Ministry of Finance of the Kyrgyz Republic “On approval of the procedure for holding a competition by the method of lowering prices” dated August 22, 2017 No. 112-P
11.	Order “On Amendments to the Order of the Ministry of Finance of the Kyrgyz Republic dated June 23, 2014 No. 113-P”
12.	Order of the Ministry of Finance of the Kyrgyz Republic “On launching the Electronic Procurement Portal in the Kyrgyz Republic” dated July 03, 2017 No. 98-P
13.	Detailed procurement plan. Appendix 313 dated July 3, 2017 No. 98-P
14.	Instruction "On the formation of tender documentation, publication of an announcement and the placement of the results of the competition" dated July 03, 2017 No. 98-P
15.	Report form on public procurement at the expense of the republican budget. Appendix No. 12 dated 07/03/2017 No. 98-P
16.	Order of the Ministry of Finance of the Kyrgyz Republic “On the accumulation of funds of budgetary institutions saved as a result of public procurement” dated 04/26/2017 No. 69-P
<b>Orders of the Department of Public Procurement under the Ministry of Finance of the Kyrgyz Republic</b>	
1.	Order of DGZ "On approval of the list of Instructions and Technical regulations in the public procurement system" dated January 23, 2017 No. 7-P
2.	Order of the State Employment Protection Agency “On approval of the guidelines for the assessment and monitoring of public procurement” dated June 30, 2017 No. 47-P
3.	Order of the State Employment Protection Law “On approval of the Regulation on the procedure for the identification and consideration of administrative offenses” dated November 9, 2017 No. 12-P
4.	Order of the State Employment Protection Agency “On approval of the plan for the development of draft Instructions and Regulations” dated 02.09.2017 No. 12-P
5.	Order of the Ministry of Finance of the Kyrgyz Republic “On approval of the form of public procurement plans” dated 01.01.2015 No. 10 / P
6.	Instruction “On the form of procurement planning” dated January 21, 2015 No. 10 / P
7.	Excel - a planning form for AO, GP (MP) at the expense of own funds from January 21, 2015 No. 10-P

**Table 10. International agreements signed by the Kyrgyz Republic that may affect sustainable public procurement.**

No	Name
1.	AGREEMENT of November 2, 2018 “On cooperation on the prevention and elimination of foci of diseases and forest pests in the border areas of the CIS member states”
2.	AGREEMENT of June 1, 2018 “On cooperation of the CIS member states in the field of waste management of electronic and electrical equipment”
3.	AGREEMENT of February 2, 2018 “On the labelling of goods by means of identification in the Eurasian Economic Union”

4.	AGREEMENT of November 7, 2017 "On the circulation of seeds of agricultural plants within the framework of the Eurasian Economic Union"
5.	CIS AGREEMENT of November 3, 2017 "On the exchange of information necessary for the determination and control of the customs value of goods in the member states of the Commonwealth of Independent States"
6.	AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN AND THE GOVERNMENT OF THE KYRGYZ REPUBLIC dated October 5, 2017 "On long-term cooperation in the supply of mineral fertilizers"
7.	AGREEMENT of May 26, 2017 "On cooperation in the field of combating the production and distribution of counterfeit products"
8.	AGREEMENT BETWEEN THE GOVERNMENT OF THE KYRGYZ REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN of December 26, 2016 "On the development of economic cooperation in the context of Eurasian economic integration"
9.	AGREEMENT BETWEEN THE KYRGYZ REPUBLIC AND THE REPUBLIC OF KAZAKHSTAN of December 26, 2016 "On the application of the procedure for regulating access to railway services, including the basis of the tariff policy"
10.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES dated October 28, 2016 "On the cooperation of the CIS member states in the automotive industry"
11.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES dated October 28, 2016 "On cooperation in the field of plant quarantine"
12.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES dated June 7, 2016 "On the Information Interaction of the Member States of the Commonwealth of Independent States on the Movement of Radioactive Sources"
13.	AGREEMENT BETWEEN THE GOVERNMENT OF THE KYRGYZ REPUBLIC AND THE GOVERNMENT OF THE RUSSIAN FEDERATION of June 6, 2016 "On cooperation in the supply of oil and oil products"
14.	AGREEMENT of September 8, 2015 "On the implementation in 2015 - 2016 of a pilot project for the introduction of marking of goods with control (identification) marks for the heading" Garments, clothing accessories and other products, of natural fur "
15.	AGREEMENT of December 23, 2014 "On Unified Principles and Rules for the Circulation of Medical Devices (Medical Devices and Medical Equipment) within the framework of the Eurasian Economic Union"
16.	AGREEMENT of December 23, 2014 "On Uniform Principles and Rules for the Circulation of Medicines in the Framework of the Eurasian Economic Union"
17.	AGREEMENT BETWEEN THE GOVERNMENT OF THE KYRGYZ REPUBLIC AND THE GOVERNMENT OF THE RUSSIAN FEDERATION of May 29, 2014 "On the development of economic cooperation in the context of Eurasian economic integration"
18.	AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE KYRGYZ REPUBLIC of July 26, 2013 "On cooperation in the field of transportation, distribution and sale of natural gas in the territory of the Kyrgyz Republic"
19.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES dated May 31, 2013 "On the coordination of interstate relations of the CIS member states in the field of the peaceful uses of atomic energy"
20.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES of May 31, 2013 "On Cooperation in the Field of Environmental Protection of the Member States of the Commonwealth of Independent States"

21.	AGREEMENT OF STATES - MEMBERS OF THE CUSTOMS UNION dated December 17, 2012 "On the elimination of technical barriers in mutual trade with member states of the Commonwealth of Independent States that are not member states of the Customs Union"
22.	AGREEMENT OF THE COMMONWEALTH OF INDEPENDENT STATES OF December 5, 2012 "On cooperation in organizing the integrated currency market of the member states of the Commonwealth of Independent States"
23.	AGREEMENT of May 30, 2012 "On cooperation in the field of industry and the creation of the Council for Industrial Policy of the CIS Member States"
24.	AGREEMENT of June 18, 2010 "On the issues of free (special, special) economic zones in the customs territory of the Customs Union and the customs procedure of the free customs zone"
25.	AGREEMENT of November 20, 2009 "On the Rules for Determining the Country of Origin of Goods in the Commonwealth of Independent States"
26.	Agreement "On Cooperation of the Member States of the Commonwealth of Independent States in the Operation of Interstate Power Transmission Lines of National Electric Power Systems" November 20, 2009
27.	The agreement between the Government of the Republic of Kazakhstan and the Government of the Kyrgyz Republic "On the procedure for individual entrepreneurship by citizens of the Republic of Kazakhstan in the territory of the Kyrgyz Republic and citizens of the Kyrgyz Republic in the territory of the Republic of Kazakhstan" dated June 16, 2009
28.	The agreement "On cooperation in the fight against the circulation of counterfeit medicines" of November 14, 2008
29.	The agreement between the Government of the Russian Federation and the Government of the Kyrgyz Republic "On the development of cooperation in the field of electric power" of October 9, 2008
30.	The agreement between the Ministry of Emergency Situations of the Kyrgyz Republic and the Ministry for Emergency Situations of the Republic of Kazakhstan "On Cooperation in the Field of Industrial Safety at Hazardous Production Facilities" dated November 12, 2007
31.	The agreement between the governments of the member states of the Shanghai Cooperation Organization "On Cooperation and Mutual Assistance in Customs Affairs" of November 2, 2007



## ANNEX 5. ENVIRONMENTAL LEGISLATION

This appendix describes the main environmental laws that contribute to the implementation of SPP.

**The Law of the Kyrgyz Republic “On Environmental Protection”** states that nature and its components are a national treasure of the Kyrgyz Republic, one of the main factors of its sustainable socio-economic development.

This law defines the policy and regulates legal relations in the field of nature management and environmental protection in the Kyrgyz Republic. It, in section IV, reveals the purpose of environmental expertise, and also describes the environmental requirements:

- Placement of design, construction, reconstruction, commissioning of enterprises, structures and other facilities
- In carrying out business or other activities;
- When planning and building settlements;
- When handling radioactive materials and chemicals.
- The law also outlines prohibitions for environmental protection from:
  - Uncontrolled and harmful biological effects;
  - From the influence of harmful physical influences; and
  - Industrial, household and other waste.

In addition, it determines that the objects of environmental standardization and certification include products (processes, services) produced in the Kyrgyz Republic or imported into its territory, which may entail a threat to environmental safety, life and health of the population, reproduction and rational use of natural resources. It is alleged that the list of environmental standardization and certification objects is approved by the Government of the Kyrgyz Republic.

This law also obliges to conduct an environmental audit during the privatization and other transfer of property rights in enterprises in order to assess the ecological state and the environmental damage caused by them.

Section V of the law describes control procedures in the field of environmental protection. In particular, it is said that to ensure observations, accounting, assessment, forecasting, control and management of the state and change of the environment and its resources on the territory of the Kyrgyz Republic, a system of state environmental monitoring is being created. The structure, content and procedure for conducting state environmental monitoring are established by the Government of the Kyrgyz Republic. It was noted that the environmental control system includes state, departmental and public control.

**The Law of the Kyrgyz Republic “On Environmental Expertise”** regulates legal relations in the field of environmental impact assessment, aimed at realizing the constitutional right of citizens to a favourable environment by preventing negative environmental consequences arising from the implementation of economic and other activities.

The objectives of the environmental impact assessment are defined as:



- Prevention of the impact of possible negative consequences of the implementation of the planned management, economic and other activities on public health and the environment;
- assessment of the compliance of the planned management, economic, investment and other activities at the stages preceding the decision on their implementation, as well as in the process of their construction and implementation to the requirements of environmental legislation.

Article 3 of the law indicates the objects of environmental impact assessment, namely:

- Draft normative legal acts, regulatory technical, instructive and other documents regulating economic and other activities;
- Materials preceding the development of projects for the development and deployment of productive forces on the territory of the Kyrgyz Republic, including:
- Projects of investment, integrated and targeted socio-economic, scientific-technical and other state programmes related to nature management;
- Draft master plans for the development of territories, including free economic zones and territories with a special nature management regime;
- Draft schemes for the development of industries;
- Projects of state integrated schemes for the protection of nature and the use of water, forest, land and other natural resources, including projects for environmental rehabilitation of territories and land restoration;
- Feasibility studies and projects for the construction, reconstruction, expansion, technical re-equipment, conservation and liquidation of facilities, other projects, regardless of their estimated cost, departmental affiliation and forms of ownership, the implementation of which may have an impact on the environment;
- Feasibility studies and business projects of neighbouring states, for the implementation of which it is necessary to use natural objects (resources) common with neighbouring states;
- Draft international treaties, contracts and agreements related to environmental management;
- Technical documentation for new equipment, technology, materials, substances, certified goods and services, including those purchased abroad;
- Materials of a comprehensive environmental survey of areas that substantiate the granting to these territories the legal status of specially protected natural areas, ecological disaster zones or zones of environmental emergency situations, as well as rehabilitation programmes for these territories;
- Materials justifying the issuance of licenses, permits and certificates for activities that could have an impact on the environment, including the import, export of products and natural resources;
- Materials characterizing the ecological state of individual regions, places and objects;
- Agreements, contracts, agreements relating to changes in ownership of enterprises that have a negative impact on the environment; and
- Other types of documentation substantiating business and other activities.

Article 4 defines the principles of environmental impact assessment, which are based on:

- Mandatory state environmental impact assessment prior to making decisions on the implementation of the facility;
- Presumptions of potential environmental hazard of any intended economic and other activities;
- A comprehensive assessment of the impact and consequences of the expert activity on the environment and consideration of environmental safety requirements;





- The reliability of the information submitted to the state environmental review;
- Independence of expert bodies and experts in the exercise of their authority in the field of environmental impact assessment;
- Publicity;
- Taking into account public opinion; and
- Stakeholder responsibility for the organization, conduct, quality of environmental impact assessment, implementation of its decisions.

Also, in article 5 of the law, two types of environmental impact assessment are approved:

- State environmental review; and
- Public environmental review.

**The Law of the Kyrgyz Republic “General Technical Regulation on Ensuring Ecological Safety”** is applied for environmental protection, defines the main provisions of technical regulation in the field of environmental safety and establishes general requirements for ensuring environmental safety in the design and implementation of activities at economic and other activities for processes of production, storage, transportation and disposal of products. The requirements of these technical regulations apply in the territory of the Kyrgyz Republic in relation to the processes of production, storage, transportation and disposal of products and are mandatory for all legal entities and individuals carrying out the processes of production, storage, transportation and disposal of products.

Article 6 of the law formulates the principles of technical regulation in the field of environmental safety:

- Mandatory state environmental impact assessment and environmental impact assessment before deciding on the implementation of economic and other activities;
- The admissibility of the established level of impact of economic and other activities on the environment, based on environmental safety requirements established by this and other technical regulations;
- Ensuring the reduction of the negative impact of the processes of production of economic and other activities on the environment by using the best available technologies, taking into account economic and social factors, rational use of natural resources;
- Prohibition of the functioning of the processes of production of economic and other activities, the consequences of which are unpredictable for the environment, as well as the implementation of projects that may lead to negative environmental impacts;
- Priority conservation of natural ecological systems; and
- The principle of openness: transparency in the planning, launching of production processes of economic and other activities that have environmental consequences, close ties with public organizations and the public, encouraging and stimulating measures aimed at protecting and rational use of natural resources.

Also, in the law, in chapter 3, environmental safety requirements are defined:

- For ongoing and planned economic and other activities carried out in various sectors of the economy;
- On protection of atmospheric air, water bodies, fauna and flora, as well as soils and natural landscapes;
- In the field of waste management of production and consumption;



- When using natural resources; and
- To economic and other activities carried out on the territory of settlements.

**The Law “On the Basics of Technical Regulation in the Kyrgyz Republic”** establishes the legal framework in the field of:

- Development, adoption, application and fulfillment of mandatory requirements for products, including buildings and structures (hereinafter referred to as products), and / or processes related to product requirements for design (including surveys), production, construction, installation, commissioning, storage, transportation, sale, operation and disposal;
- Development, adoption, application and fulfillment on a voluntary basis of requirements for products or design processes (including surveys), production, construction, installation, commissioning, storage, transportation, sale, operation, disposal, performance of work, rendering of services;
- Conformity assessment; and
- Liability of participants in relations regulated by this law.

**The Regulation on the procedure for assessing the environmental impact in the Kyrgyz Republic** establishes the procedure for assessing the impact of the proposed activity on the environment (EIA).

The purpose of the EIA is to prevent and/or mitigate the impact of the proposed activity on the environment and related social, economic and other consequences.

The main principles of the EIA are:

- The presumption of the potential environmental hazard of the impact of any proposed activity on the environment;
- Mandatory consideration of environmental safety requirements when conducting an EIA;
- Preventive action;
- Objectivity;
- Alternative (including the option of abandoning the intended activity);
- Comprehensiveness (consideration and accounting of impact assessment in natural, social and technogenic environments);
- Publicity;
- Taking into account public opinion;
- Scientific validity; and
- Reliability and completeness of information.

The regulation approved the list of types of economic activities subject to environmental impact assessment, namely:

- energy facilities;
- reservoirs;
- enterprises for the extraction and processing of oil, petroleum products, gas;
- production of building materials (cement, asphalt, slate, asbestos-cement pipes and others);
- agriculture;
- mining industry;



- metal industry;
- glass production;
- production of pharmaceutical, biological, protein preparations;
- chemical production;
- food industry;
- textile, leather, paper industry;
- warehouses of toxic, dangerous, radioactive substances;
- sewage treatment plants, flue gases;
- groundwater intakes;
- water supply systems of populated areas, irrigation and drainage systems;
- construction of roads and railways;
- airports, airfields, test sites, ports of inland navigation, racetracks;
- construction of recreational and tourist facilities;
- organization of industrial units;
- sewer networks;
- mountain lifts and cable cars;
- utilization, processing and disposal of production and consumption waste;
- gas stations; and
- service stations and pre-sale preparation of vehicles.