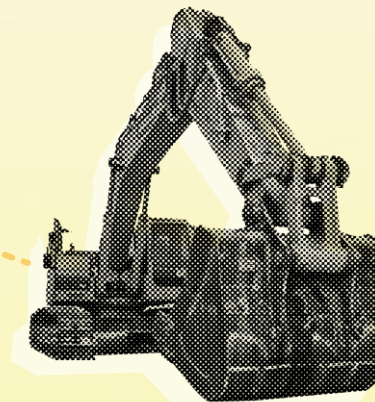




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# Sustainable Public Procurement

in Ukraine



Action implemented by:



# Why should SPP be implemented in Ukraine?

## 1. The power of the purse: public authorities wield great purchasing power in Ukraine

- Public procurement expenditure accounts for a large part of Ukraine's GDP: **15% in 2020 (World Bank)**.
- Approximately **\$20 billion** of goods and services are transacted each year through public tenders in Ukraine.

## 2. The multiplier effect: Sustainable public procurement (SPP) represents a great opportunity to drive markets towards innovation and sustainability and move towards a green economy

- SPP fosters job creation.
- SPP boosts the production and consumption of greener products.

# Why should SPP be implemented in Ukraine?

3. SPP is good public procurement: SPP has value as an instrument to further economic, social and environmental development by bringing benefits in all three areas.
- Purchasing organizations are uniquely positioned to **demand transparency** about the upstream and downstream impacts of goods and services.
  - SPP is about buying better products from better companies.

# Trajectory of SPP implementation in Ukraine

- **Since 2014** Ukraine has been implementing activities on **SPP and eco-labelling** with support from a number of projects and donors, such as UNEP (via the **EaP GREEN** and **EU4Environment** programmes), GIZ, SlovakAid and the World Bank.
- Since the signing of the **Association Agreement between Ukraine and the European Union**, Ukrainian legislation has been rapidly reformed and the system of state procurement has undergone significant changes.
- **The Law of Ukraine On Public Procurement**, updated in 2019, helps public authorities to purchase safer and more environmentally friendly goods, works and services.
- **The National Action Plan for Environmental Protection**, approved by the Government of Ukraine in May 2021, contains measures aimed at supporting the greening of various sectors of the economy and the sphere of public procurement through 2025.

# Example of SPP implementation in Ukraine

In Ukraine, the **Ministry of Environment** has set a positive example by applying environmental criteria in its procurement:

- To allow employees to work remotely from quarantine during the COVID-19 pandemic and to upgrade its equipment, the Ministry **purchased laptops**.
- The Ministry required tendered products to comply with type I environmental labeling (as in Ukrainian standard DSTU ISO 14024 for a domestic manufacturer or an equivalent standard for a manufacturer from another country).
- Thanks to this requirement, the Ministry purchased products that are **more energy-efficient, easier to repair, safer in terms of emissions of hazardous substances and user comfort**, and that promise an **extended period of use**.
- At the same time, the **purchase price did not exceed the market average**.

# Priority product groups for SPP implementation

- Supported by several international donors and organizations and following UNEP's approach to SPP, **Ukraine conducted an analysis to identify the products most purchased by state organizations. The study involved:**

1. Reviewing the availability of green products and services on the market.
2. Reviewing the readiness of the market (including small and medium-sized businesses) to produce and offer environmentally friendly and resource-efficient products.
3. Prioritizing those product groups where greener alternatives are already available for SPP pilot tenders.
4. Analyzing the environmental risks of these products and services.

- **Ukraine identified the following priority product groups for SPP pilot tenders:**

Road repair, repair and construction works ,thermal insulation materials, paints, household cleaning products, building materials, lighting/electronics, paper, textiles, cleaning services, computer equipment and office equipment, catering services, furniture (school, office), linen (bedding, underwear), cable products, office paper and paper products, timber.

# Priority product group: road construction and repair

The **government is usually a dominant player in the civil engineering sector**, having great purchasing power when it comes to contracting companies to build and repair roads, and thus **great potential to influence the market**.

In Ukraine, **road construction and repair** is a prioritized product group for SPP implementation.

Many parts of Ukraine have suffered significant loss and damage to civilian infrastructure in the war, including from targeted Russian military strikes

Considering that **transport is one of the sectors that has been most damaged by the war**, road construction and repair is of **great relevance for post-war reconstruction**:

- **Post-war reconstruction costs** in Ukraine have been estimated at US\$349 billion (more than 1.6 times the GDP of Ukraine in 2021)
- **Infrastructure** is, after military facilities, the second most affected target by the Russian Federation aggressions
- **Transport** is one of the sectors most heavily affected by the war.

# Relevance of road construction and repair for post-war reconstruction

According to the Ministry of Infrastructure of Ukraine, as of August 2022, **25,700 km of road infrastructure were damaged** in total, including:

- Public roads – 16,300 km
- Municipal streets and roads – 9,400 km

According to the World Bank study, **transport infrastructure** is one of the sectors with the most urgent reconstruction needs at an estimated cost of **US\$73.8 billion**.

Since the Russian invasion, Ukraine has paid for the rebuilding, repair and cleaning of roads and bridges from the state budget.



# Key environmental impacts: road construction and repair

Impacts arise across the entire life cycle of roads (design, construction and maintenance, use).

## 1. Construction phase:

- *Emissions from extraction and transporting of materials*
- *Waste generated during product manufacturing, construction and maintenance*
- *Emissions from earthworks and groundworks (soil stabilization)*

## 2. Road use phase:

- *Daily traffic emissions due to fuel consumption (influenced also by rolling resistance according to pavement texture)*
- *Congestion due to road closures for road construction/maintenance increases vehicle fuel consumption*

## 3. Maintenance and repair phase:

- *Impacts related to material production and transportation (as in the construction phase) as well as congestion due to road closure for maintenance works.*

## 4. Other:

- *Noise emissions*
- *Storm-water drainage and transfer of pollutants from roads to watercourses*

# The benefits of sustainable procurement: roads construction and repair

1. **Long-term financial benefits:** resource efficiency and durability in the design phase can deliver reduced maintenance costs, life cycle costs and energy use while extending the lifespan of roads.
2. **Improved quality and safety of roads:** including environmental and social criteria when designing roads can prevent accidents and reduce risks from flooding and the transfer of pollutants.
3. **Improved environmental and social performance** by ensuring fair working conditions and helping Ukraine transition to a **green economy** in line with its strategic development priorities.

# The benefits of sustainable procurement: roads construction and repair

4. **Reduced greenhouse gas emissions and landfill waste** from road use, construction and maintenance.
4. **Driving markets towards innovation and sustainability** by creating demand for more sustainable and resilient infrastructure.
5. **Preservation of natural resources** by reducing soil degradation, and air and water pollution.

# SPP is not a stand-alone practice

SPP is much more effective if a **favorable procurement framework** is in place. This entails several elements, including:

- A transparent public procurement system
- Skilled and trained personnel
- Strategic evaluation of procurement bids (i.e. not only by lowest price)
- A legal framework with direct reference to SPP
- Clear communication of environmental, social and economic criteria for bidders
- Shared values and environmental consciousness among personnel

# For more information

- “Second Edition of UNEP’s Sustainable Public Procurement Guidelines”. UNEP, 2021. <https://www.unep.org/resources/publication/second-edition-uneps-sustainable-public-procurement-guidelines> [16.11.2022].
- “Government e-procuring system”. ProZorro, n.d. <https://prozorro.gov.ua/en> [16.11.2022].
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- “Ukraine Rapid Damage and Needs Assessment”. GFDRR World Bank, August 2022. <https://www.gfdr.org/en/publication/ukraine-rapid-damage-and-needs-assessment-english> [16.11.2022].
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