



Regional: Almaty-Bishkek Economic Corridor Support

Project Name	Almaty-Bishkek Economic Corridor Support	
Project Number	51254-001	
Country	RegionalKazakhstanKyrgyz Republic	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 9487-REG: Almaty-Bishkek Economic Corridor Support	
	Technical Assistance Special Fund	US\$ 1.00 million
	Regional Cooperation and Integration Fund	US\$ 750,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development - Agro-industry, marketing, and trade Education - Technical and vocational education and training Health - Health system development Industry and trade - Trade and services Information and communication technology - ICT industries and ICT-enabled services Public sector management - Economic affairs management Transport - Multimodal logistics Water and other urban infrastructure and services - Other urban services	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The proposed regional knowledge and support technical assistance (TA) will support the implementation of the pilot cross-border economic corridor around Almaty and Bishkek within the Central Asia Regional Economic Cooperation (CAREC) program. The Almaty Bishkek Economic Corridor (ABEC, the corridor) follows a multi-sector approach to create one economic space without barriers. ABEC will allow businesses to specialize more, operate at a larger scale and achieve greater diversification and competitiveness with the purpose of exporting goods and services outside the region.</p> <p>The implementation of the corridor enjoys strong political support. The two governments created the ABEC subcommittee under the Kazakhstan-Kyrgyz Republic Intergovernmental Council, which is headed by the two Prime Ministers. This TA builds on analytical and conceptual work completed under TA 8259-REG which facilitated analytical reports for ABEC covering agricultural value chains and branding, tourism, education, health, disaster-risk management, information and communications technology (ICT) applications, and connectivity. This work was carried out by a joint working group of the two governments with support from consultants and informed by study tours.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>ABEC is a pilot cross border economic corridor and a flagship of regional integration under the CAREC program. The governments of Kazakhstan and the Kyrgyz Republic, primarily represented by the respective Ministries of Economy and city administrations of Almaty and Bishkek, together with the Asian Development Bank (ADB) have developed the concept for creating an economic corridor through investment projects, regulatory reforms, and knowledge exchange. This work has drawn on international experience of the most successful economic corridors and has enjoyed the strong involvement of both governments.</p> <p>The two governments envision the Corridor as an integrated economic space between the cities of Almaty and Bishkek and their surroundings to integrate trade, further enhance free movement of labor and capital, and modernize infrastructure with the ultimate objective of exporting goods and services outside the region. The cross-border regional agglomeration will promote greater diversification and competitiveness, allowing businesses to specialize more, operate at a larger scale, and benefit from agglomeration benefits and other external economies. The two city regions can achieve far more together than what can be achieved by either alone.</p> <p>The investments related to the Corridor will be largely driven by the private sector, especially, in services and production sectors, attracted by transformative public investments and public-private partnerships, the integrated market, skilled human capital, and high quality infrastructure and services offered by the two cities. These investments require reforms to improve public policy and the regulatory environment, as well as project preparatory analytical work to showcase the augmented feasibility of the projects through agglomeration effects in the ABEC area. This TA will therefore support the close cooperation between the two governments in developing a common regulatory environment, agreeing on a set of investment projects to be implemented in the Corridor, and in establishing revenue generating corridor management institutions.</p>
Impact	Regional economic cooperation in the CAREC region strengthened
Project Outcome	
Description of Outcome	ABEC as a pilot economic corridor under CAREC successfully implemented
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	<p>Integration of ABEC economic space</p> <p>Implementation plan finalized</p> <p>ABEC institutionalized</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>An Inception Mission was fielded on 13 to 22 February 2018 in Bishkek and Karakol in the Kyrgyz Republic; and in Almaty and Astana in Kazakhstan. Several consultation missions have been fielded since then, including for the second ABEC subcommittee meeting on 11 June in Almaty. Good progress has been made in ABEC since the first joint ABEC subcommittee meeting in September 2017. In both countries, sector working groups in agriculture and tourism have been set up with private sector participation, and ABEC national consultants have been mobilized.</p> <p>In agriculture, ABEC is supporting the creation of regional horticulture value chains through modernizing agricultural wholesale markets, supported by a system of traceability and food safety certification. Both Ministries of Agriculture are committed to improve food safety, food security, and food exports through modernized wholesale markets with ADB support. While CWER, in cooperation with CWRC and PSOD, is preparing a project concept for ABEC wholesale markets in both countries, the ABEC KSTA has engaged a team of food systems and value chain experts who are assisting the governments in preparing national master plans for modern wholesale markets and collections centers, including policy, legal, and regulatory frameworks.</p> <p>In tourism, both countries prioritize attracting international leisure tourism as a key area of diversifying the economy and exporting services. Kazakhstan created a tourism public company and plans considerable investments to create tourist sites, such as a ski resorts, following a newly-adopted national tourism strategy. The Kyrgyz Republic also has a fast-growing tourism sector, but infrastructure and services are not yet sufficiently developed to expand the market and move into high quality tourism niches. With regional branding, coordination, skilling, and tourist products, international tourism could grow even faster, especially in adventure, culture, and health tourism. ABEC is supporting a spatial planning master plan concept for the central Tian Shan mountain range that both countries share. The master plan will guide the governments in how best to support regional branding, product development and attraction of private investments.</p> <p>On connectivity, border services agents of both countries increasingly cooperate. They revived the introduction of a tourist pass (simultaneous visa for both countries), and they are considering both the introduction of direct international bus services between the two countries and establishing modern border crossing points. The construction of a shorter alternative road between Almaty and Issyk-Kul has been agreed by the presidents of both countries. To help develop a business case for the road construction, ABEC is suggesting an economic impact assessment study to quantify the distribution of benefits and assess the resulting behavioral change and traffic generation from domestic and international tourists by the new road. In social sectors, a team of consultants has been assessing the skill gap in tourism for both countries and suggested several private and public initiatives to enhance skills in tourism. In cooperation with CWSS, the ABEC technical assistance is assessing the feasibility of providing regional medical laboratory services for Central Asia in ABEC.</p>
Geographical Location	Kazakhstan - Nation-wide, Almaty, Almaty; Kyrgyz Republic - Nation-wide, Bishkek

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design ABEC enjoys strong political support from the governments of Kazakhstan and the Kyrgyz Republic. In 2017, the two governments created the ABEC subcommittee, chaired by the vice-ministers of economy, under the Kazakhstan Kyrgyz Republic Intergovernmental Council, which is headed by both countries' prime ministers.

During Project Implementation ABEC enjoys strong political support from the governments of Kazakhstan and the Kyrgyz Republic. In 2017, the two governments created the ABEC subcommittee, chaired by the vice-ministers of economy, under the Kazakhstan Kyrgyz Republic Intergovernmental Council, which is headed by both countries' prime ministers. In 2018, both the Intergovernmental Council and the ABEC Subcommittee have met and reaffirmed their support to ABEC and its project initiatives.

Business Opportunities

Consulting Services Package title: Pool of Sector Experts, Formulation of Implementation Plan, Coordination and Administration
Selection method: QCBS. All consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time)
Engaged by: ADB

Procurement Package title: Workshops, Conferences, and preparation of outreach media (video)
Selection method: Procurement will be in accordance with ADB's Procurement Guidelines (2015, as amended from time to time)
Engaged by: ADB

Responsible ADB Officer Rosbach, Kristian

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Regional Cooperation and Operations Coordination Div, CWRD

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Timetable

Concept Clearance	08 Sep 2017
Fact Finding	25 Sep 2017 to 26 Sep 2017
MRM	-
Approval	15 Dec 2017
Last Review Mission	-
Last PDS Update	25 Sep 2018

TA 9487-REG

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Dec 2017	-	15 Dec 2017	30 Apr 2020	-	-

Financing Plan/TA Utilization

Cumulative Disbursements

ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,750,000.00	0.00	0.00	0.00	0.00	0.00	1,750,000.00	15 Dec 2017	402,631.31

Project Page	https://www.adb.org/projects/51254-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51254-001
Date Generated	09 November 2018

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