



# Kazakhstan: Pre-feasibility Study on Turgen Mountain Resort Development

Project Name	Pre-feasibility Study on Turgen Mountain Resort Development	
Project Number	54091-001	
Country	Kazakhstan	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 6729-KAZ: Pre-feasibility study on Turgen Mountain Resort Development	
	Technical Assistance Special Fund	US\$ 225,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Knowledge solutions Private sector development	
Sector / Subsector	Industry and trade - Small and medium enterprise development - Trade and services	
Gender Equity and Mainstreaming	Some gender elements	
Description	Turgen mountain resort project as part of one possible development in support of the implementation of the Almaty mountain cluster. The SSTA will compare the pros and cons of the project with those of alternative mountain resorts under the Almaty mountain cluster, suggest a draft landscaping concept, and prepare a broad assessment of the project's economic and environmental impact.	

Project Rationale and Linkage to Country/Regional Strategy

Strategic context. The COVID-19 pandemic outbreak, combined with the plummeting of oil prices, is causing tremendous distress for Kazakhstan's economy and society. The crisis takes its toll on business activities, especially on small and medium-sized enterprises (SMEs) involved in the services sector, including tourism. Various reports suggest that tourism is among Kazakhstan's strongest hit industries by the lockdown measures. Tourism is experiencing a sharp drop in demand and a surge in job losses at global level, putting many associated SMEs at risk, also due to the potential long-term changes in individuals' behavior, resulting in a reluctance to travel (especially overseas) in the future.

Kazakhstan, with its location, natural resources, and presence of world cultural and historical places has a large potential to develop its tourism industry which is still at its infancy. The country possesses all the basic prerequisites to become a major player in the regional tourism map, with tourism generating a major positive impact on all major socio-economic indicators.

In 1988, French experts examined mountains of the Zaili Alatau for construction of a ski resort and recommended a plateau between Turgen and Kairak rivers. Design work was not completed due to the collapse of the Union of Soviet Socialist Republics (USSR) and its consequences, which forced Government to stop further development of the project. In addition, tourism was previously not prioritized by the Government while the country was recovering from the economic and social shocks. The situation has now changed as the Government recognizes tourism as an important part of Kazakhstan's agenda for promoting economic diversification and private sector development.

In May 2019, the Government of the Republic of Kazakhstan approved the 2019-2025 State Tourism Development Program (the program) with the Ministry of Culture and Sports (MCS) in charge. The program's goal is to expand the broad share of tourism in the total gross domestic product (GDP) of Kazakhstan to 8% by 2025 and to increase the country's tourism industry competitiveness, as measured by the World Economic Forum. The program aims to improve the availability and quality of tourism services and products in the country. It targets expanding tourist destinations and encouraging activity in the tourism industry, envisaging an increase in the number of international and domestic tourists to 9 million people per year and in the number of jobs involved with tourism to 650,000 people, and a 2.5 rise in the volume of services rendered to tourists.

The program identifies 10 priority tourist destinations for Kazakhstan, which are expected to become major centers of tourism. The Almaty mountain cluster is one of these 10 priority destinations and the territory around Turgen, located approximately 90 kms to the East of Almaty city, has been identified as one of the key areas possessing the largest potential for development up to 2,500,000 tourists per year, from the current number of 500,000 tourists. Recently, during the Almaty campaign for the Winter Olympics 2022, international experts confirmed that this place has all the necessary conditions for the construction of an international ski complex.

The TA fits within the overall Almaty-Bishkek Economic Corridor (ABEC) cluster approach on creating an internationally competitive tourism region within ABEC. The integrated concept of tourism development clusters forms the northern route, which connects of eastern Kazakhstan, Turgen, Almaty, Bishkek, and Taraz. This route continues west toward Shymkent, Tashkent, Bukhara, Samarkand, and further to Istanbul. The project will be implemented as policy-contingent project due to longer-term impacts and benefits in and generate the most tourist arrivals in the ABEC region. The TA is also aligned with the Central Asia Regional Economic Cooperation (CAREC) tourism strategy 2030 currently under formulation. In particular, it can support the development of the Almaty-Issyk Kul regional tourism cluster.

Developing Almaty mountain cluster can spur connected winter sport investments such as ski resorts in Kazakhstan and the Kyrgyz Republic. Linking winter sport facilities with summer tourism opportunities around Turgen can reduce seasonality and investment risks by establishing attractive conditions for year-round tourism flows. It can promote trips for residents and visiting tourists, with several year-round activities for individuals, groups, and families, ranging from skiing, hiking, biking, horseback riding, trekking, and rural, cultural, gastronomic, and nature-related experiences. It can also be attractive for tourists who value nature and relaxing environments throughout the year, either as a second home location or simply as a destination for occasional visits.

The Government is planning to develop Turgen as an international year-round tourist destination, affordable for local and regional customers at different income level. The plan is to provide a broad scale of facilities and services to serve potential customers with accessible accommodations, recreational facilities, cultural events, and protected natural areas, generating a significant impact on small and medium-sized enterprises (SME) through increased tourist flow. The Government has shown strong commitment to the project, as the road connecting Turgen area with Turgen-Issyk road was already constructed. For regional facilitation Akimats of Almaty city and Almaty Oblast have established a Joint Project Office for the Development of Almaty Mountain Cluster.

Despite the abovementioned progress, the Government is still facing lack of knowledge about Turgen area and expertise in developing high-scale ski resort projects in line with best international practices. In May 2019, during the visit of ADB's Vice-President Mr. Shixin Chen, the Prime Minister of Kazakhstan, Mr. Askar Mamin, requested ADB to actively support the development of the tourism industry. Subsequently, ADB's contribution to the tourism industry was discussed during a brainstorming session organized at the time of the visit of ADB's President Mr. Takehiko Nakao, in mid-November, with Kazakhstan's Government, led by the Prime Minister. During that meeting, President Nakao confirmed ADB's readiness to support the implementation of the 2019-2025 Tourism Development Program, mentioning the need to create favorable conditions for developing the tourism potential in the country and to introduce capacity building programs to counter the shortage of skills and expertise.

Discussions focused on the need to assess the potential for tourism development in the Turgen area. Previous meetings and operations planning activities with the MCS and the national company Kazakh Tourism revealed the intention of public authorities to consider financing a sustainable tourism development project in Turgen through a combination of: (i) sovereign loans (for basic infrastructure); (ii) public-private partnership (PPP) projects for developing the mountain (ski and beyond) infrastructure; and (iii) private sector lending for the resorts and other services. The MCS requested ADB to conduct a pre-feasibility study to assess the broad concept of the Turgen project, its appropriateness for priority identification over other areas included in the Almaty mountain cluster and the indicative financing modalities of its main components.

As the COVID-19 pandemic outbreak hit the economy of Kazakhstan, and in particular the tourism industry so deeply, the MCS Vice Minister and the Kazakh Tourism Chairman approached ADB's Kazakhstan Resident mission with a renewed request for supporting the Turgen project development's pre-feasibility study to be implemented under this SSTA. The project was also requested directly by the Prime Minister, Mr. Askar Mamin, during a conference call with KARM's Country Director. Given the need to revitalize the tourism industry in Kazakhstan, the Turgen project is regarded with high priority to help stimulate economic activity in the country.

The TA will conduct development strategy for Turgen mountain resort, including basic and mountain infrastructure, resort facilities. Optimal financial modalities will be identified and calculated. TA will deliver series of workshops and trainings to improve Governments capacity to develop mountain resort projects.

Impact Increased contribution of the broad tourism industry to the gross regional product (GRP) of the Almaty region, and achieving economic growth of Kazakhstan's GDP at average of 8% by 2025.

Project Outcome

Description of Outcome Investment decision on developing the Turgen resort

Progress Toward Outcome

Implementation Progress

Description of Project Outputs Development strategy for Turgen's mountain resort prepared  
Optimal solutions for the project's financial modality identified  
Government's capacity to develop mountain resort improved

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Nation-wide, Kazakhstan

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Arystan Galiyev
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Kazakhstan Resident Mission
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines NC Kazakh Tourism JSC Nur-Sultan City, Turan avenue, 1

Timetable	
Concept Clearance	-
Fact Finding	11 Feb 2020 to 11 Feb 2020
MRM	-
Approval	26 Apr 2021
Last Review Mission	-
Last PDS Update	27 Apr 2021

## TA 6729-KAZ

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	-	0.00

Project Page	<a href="https://www.adb.org/projects/54091-001/main">https://www.adb.org/projects/54091-001/main</a>
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