

**ALMATY–BISHKEK CORRIDOR INITIATIVE
JOINT WORKING GROUP MEETING
22–23 December 2014, Bangkok, Thailand**

SUMMARY OF DISCUSSIONS

I. Introduction

1. The Central Asia Regional Economic Cooperation (CAREC) has proposed development of economic corridors as a priority area for CAREC. A study on economic corridor development (ECD) was undertaken by the Asian Development Bank (ADB) during 2014. The study—“Operationalizing Economic Corridor Development in Central Asia”—was endorsed by the CAREC Senior Officials Meeting in Issyk Kul, Kyrgyz Republic, in September 2014, and its findings were adopted in the 13th CAREC Ministerial Conference held in Bishkek in November 2014. The study proposed a framework for corridor development in CAREC and recommended piloting ECD through the Almaty-Bishkek Corridor Initiative (ABCI).

2. During the Ministerial Conference, a Memorandum of Understanding (MOU) was signed between the cities of Almaty and Bishkek to jointly work on development of the ABCI. Subsequently, the governments of Kazakhstan and the Kyrgyz Republic established a Joint Working Group (JWG) to guide, monitor and facilitate implementation of the MOU in the first phase of knowledge and analytical work on ABCI. The analysis aims to identify opportunities for development of the economic corridor between Almaty and Bishkek. Its output will include identification of infrastructure, policy and institutional requirements for successful development of the Almaty–Bishkek corridor.

3. The first JWG meeting (JWG1) was held in Bangkok, Thailand on 22–23 December 2014. The list of participants is in **Appendix 1**. Mr. Dauren Zhambaibek, Deputy Director, Regional Policy and Local Self-Government Development Department, Ministry of National Economy led the delegation from Kazakhstan and Mr. Nurmambet Toktomatov, Head, Investment and PPP Department, Ministry of Economy led the delegation from the Kyrgyz Republic. The CAREC Secretariat, led by Ms. Vicky Tan, Director, Central and West Asia Department (CWRD), provided secretariat services for the JWG1.

4. The objectives of JWG1 were to provide directions to the following issues:(i) Identifying and agreeing on the major areas or sectors of priority to be analyzed for development of the ABCI; (ii) Developing outline terms of reference for studies and analysis linked to the identified priorities, including long-term city planning and specific sectors; (iii) Possible approaches to capacity building, wider consultation and dissemination activities linked to the analytical work for ABCI; (iv) Consideration of the role of private sector in ABCI, or how and when the private sector may be brought into ABCI development and for what purposes; and (v) Working guidelines and work plan for 2015. Outputs from JWG1 will be key inputs into identifying the scope and design of the technical assistance ADB will provide to support the analytical work for ABCI. The meeting agenda is provided in **Appendix 2**.

II. Meeting Highlights

5. The meeting started with a short presentation by ADB, noting the concept of economic corridor went beyond a transport corridor and involved a wide range of complex issues linked to economic geography and agglomeration, urbanization and urban development, and services.

The JWG would need to prioritize analytical requirements. JWG members welcomed the opportunity provided by the ABCI to revive and further enhance bilateral cooperation. Kazakhstan shared that agglomeration was a government priority as an instrument to achieve economic diversification into non-oil sectors. At present, the oil sector continues to dominate the economy, crowding out the other sectors. The Kyrgyz Republic noted the Kyrgyz accession to the Eurasian Economic Union on 23 December 2014. With this accession, there will be more areas for cooperation with Kazakhstan through greater mobility of goods, capital and people. Members also recognized opportunities for trade arising from differences between Almaty and Bishkek in per capita incomes, level of development and natural endowments.

6. The session on Agglomeration and Urban Planning in Almaty and Bishkek included a presentation by Kazakhstan on agglomeration plans of the country. For the agglomeration in Almaty, the development plan is still under preparation which includes establishment of industrial zones and/or economic zone to increase growth. Kazakhstan proposed it would be useful to (i) harmonize industrial and agricultural policies and approaches between Almaty and Bishkek; and (ii) look at issues in environment/ecology. Kyrgyz Republic supported the desirability of harmonizing policies on trade and logistics hubs and agricultural products. Bishkek has a 2025 master plan (adopted in 2007) with expansions envisaged along an east-west axis, but it needs to be updated due to deviations already evident.

7. For city planning coordination, members agreed there is a need to stock take endowments available, identified socio-economic targets and existing strategies to achieve those objectives. They agreed to exchange such information and facilitate analysis to identify opportunities for utilizing potential complementarities.

8. At sector level, the JWG discussed several sector strategies, cooperation areas and analytical requirements. The meeting agreed to the following:-

- a. Agriculture. Analytical work will prioritize food security and agricultural trade by: (i) assessing strengths and vulnerability of food security strategies and building on opportunities for cooperation in mutual strengthening of food security; (ii) assessing links between Almaty, Bishkek, and their respective hinterlands in the agriculture sector; and (iii) considering key problems for agricultural producers and processors, such as access to markets.
- b. Tourism. It was proposed to include tourism as an area for analytical study. Both sides will provide the Secretariat information on existing tourism analyses and strategies. Analytical work would review (i) existing strategies for development and marketing of tourism; (ii) policies to increase private-sector investments in the sector; (iii) opportunities for combining tourism assets in attracting tourists from within and outside the region.
- c. Finance. In view of the number and diversity of possible areas within this sector, the JWG agreed to initiate analytical work in this area at a later stage subject to availability of resources. Integration of equity markets may be one area of focus.
- d. Education. The education sector can be an important area for ABCI. Analysis will consider: (i) stock take of tertiary and TVET (technical and vocational education and training) in each country; (ii) identifying areas of comparative advantage for each country (including human resource planning); (iii) analyzing relevant policies relating to mutual direct investment in the sector and widening access to

students from both countries; and (iv) formulating strategies to enhance private sector investments as appropriate.

- e. Health. The JWG agreed on the benefits of analyzing the healthcare services provided in the two cities, to identify how both could benefit from cooperation. As in education, the analysis would: (i) undertake a sector assessment in each country and identify areas of comparative advantage; (ii) review policies to increase mobility of capital and people between the 2 cities; (iii) review private sector initiatives currently linking health services in the 2 cities and how these could be refined and further developed; and (iv) develop strategic approaches to strengthen links between the two cities to make them more attractive across the region and beyond.
 - f. Infrastructure, Logistics and Trade: Development of economic corridor between Almaty and Bishkek will affect the infrastructure requirements over the medium term. The JWG agreed to a phased approach towards infrastructure sector, with preliminary analysis to include (i) stocktaking of the existing plans and studies for both Almaty and Bishkek, (ii) detailed consultation with relevant ministries, agencies, and private sector and (iii) initial assessment of potential gaps relating to Almaty-Bishkek connectivity. The preliminary analysis will be used in combination with detailed sector analyses under ABCI to further refine and project infrastructure requirements for development of the economic corridor.
9. The JWG's working guidelines and work plan for 2015 as attached (Appendix 3) have been discussed and endorsed.
10. The JWG expressed appreciation of the meeting preparations and fruitful discussions. The JWG meeting ended with enthusiasm in carrying forward the objectives of the ABCI.