



**Kazakistan Respublikası Öñirlik damıw ministerligi
Öñirlik sayasat departamenti**

**Ministry of Regional Development of the Republic of Kazakhstan
Regional Policy Department**

KAZAKHSTAN REGIONAL POLICY: ESTABLISHING ECONOMIC GROWTH CENTERS

Astana, 2014

COUNTRY'S STRATEGIC COURSE

- KAZAKHSTAN-2050 STRATEGY
(Presidential address to the nation of Kazakhstan dated 12.14.2012))
- The Concept of Kazakhstan's joining the top 30 developed countries in the world
(Presidential Decree dated 01.17.2014)
- Long-range pattern of spatial development of the country until 2020
(Presidential Decree dated 06.21.2011)

By 2050, Kazakhstan plans to:

- increase its per capita GDP from USD 12 thousand **to USD 60 thousand**
- increase the share of non-oil exports from 32% **to 70%**
- increase productivity (from USD 24.5 thousand to USD 126.5 thousand per worker) = **fivefold increase**
- increase the share of SMEs in the GDP structure from 20% **to 50%**

etc.

This is only possible in case of pursuing consistent policy of facilitating **spatial agglomeration** of people, knowledge and capital around **long-term growth pole**

By 2050, Kazakhstan plans to:

- increase the share of urban population from 55% **to 70%**
- ensure that more than 35% of the nation's population live in cities with a population exceeding 2 million.
 - Almaty – increase from 1.5 million **to 3.5 million people.**
 - Astana – increase from 0.8 million **to 2 million people.**
 - Shymkent – increase from 0.7 million **to 2 million people.**

REGULATED URBANIZATION

The world will change dramatically by 2050, and urbanization will have a key role in this:

- in the next decade, more than 70% of economic growth will be generated by cities (centers of social development and technological innovation)
- world-class cities will be a significant advantage in the international race for talent, capital and consumer demand
- **Kazakhstan will need to bring several cities up to the world level** in order to achieve its goal of joining the top 30 developed countries in the world

Urbanization level (%):

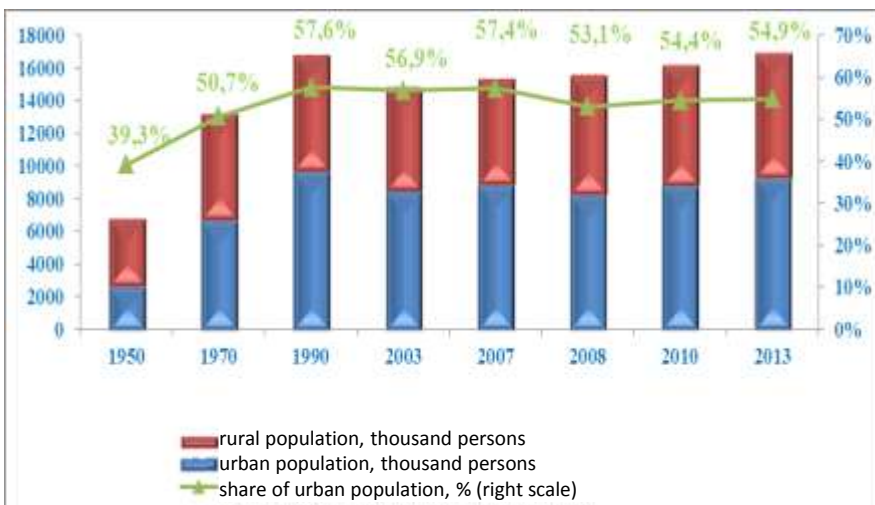
average for the top 30, based on HDI = 80%

OECD average = 77%

Kazakhstan = 55%

Urbanization creates new opportunities for Kazakhstan

Urbanized areas contribute to the growth of non-oil GDP



- The urbanization process in Kazakhstan over the next 15-20 years is of crucial importance for the country's development in the long-term
- The task of paramount importance is to ensure proper sequence of steps to **set initial conditions**, since those will either significantly promote, or deeply inhibit, urban economic growth

URBAN AGGLOMERATIONS

From the perspective of regulatory mechanisms, **agglomeration is a strategic tool for the integrated development of territories:**

- the core city wins (*solution to urban problems: partial relocation of process units out of the city; transport and utility infrastructure development; building recreational capacities, etc.*)
- the suburban environment wins, as well (*higher level of the engineering, social and cultural services*)

POSITIVE AGGLOMERATION EFFECTS

Given the country's vast territory and huge distances, **agglomerations are in particular demand in specific conditions of Kazakhstan:**

- **metropolitan agglomerations occupying vast territories are capable of arranging economy and social life on large areas around them**
- improve investment opportunities of the areas (centers of gravity for production and groundbreaking technology)
- **increase capacity of regional markets**
- are basic elements of the country's spatial development
- **may be a mechanism for equalizing the levels of territorial development**

EFFECTS AT THE MICRO-, MESO- AND MACRO-LEVEL

MICROLEVEL

- ✓ Use of highly urbanized environment for a rapid buildup of the economic capacity
- ✓ Regulation of a large city development
- ✓ Harnessing the capacity of agglomeration areas

Large city growth regulation

MESOLEVEL

- ✓ Development of counterbalancing agglomerations
- ✓ Role of agglomerations in district development
- ✓ Building centers of science and culture
- ✓ Invigorating cities and towns

Invigorating towns and mid-sized cities, development of infrastructure systems

MACROLEVEL

- ✓ Development of agglomerations as inter-regional centers
- ✓ Role of agglomerations as pillars of developing resource areas
- ✓ Promoting development of the nation-wide infrastructure
- ✓ Development of agglomerations as nodes of external relations

"Hub" of interregional cooperation and external relations with the global economy

AGGLOMERATION DEVELOPMENT FACTORS

First: In most countries, agglomerating effect is most notably seen in cities with a population of over 1 million.

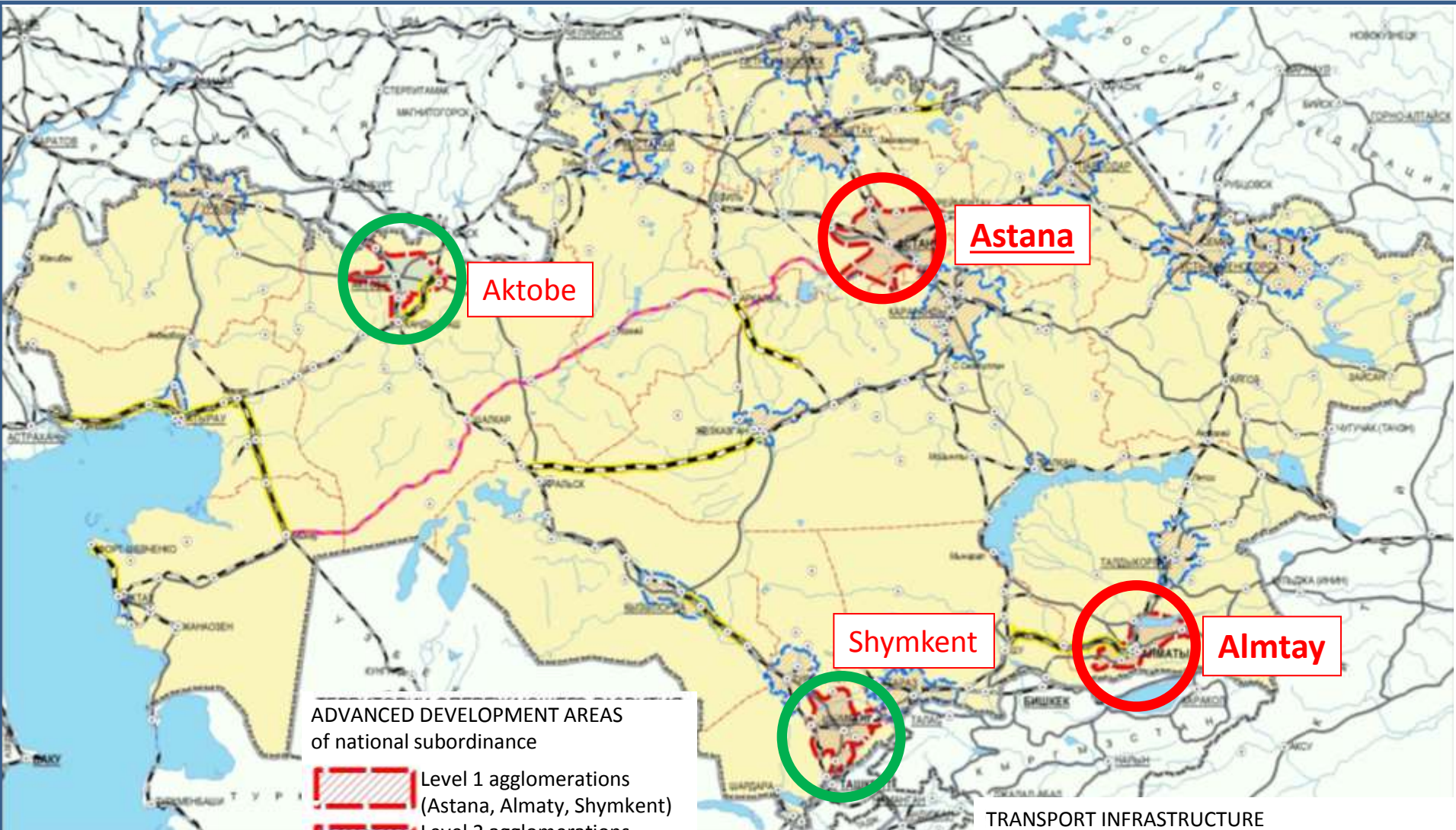
Given low population density in Kazakhstan, only cities with a population of more than 0.5 million (or a group of related neighboring towns) may produce agglomerating effect

Second: Urban growth is faster with a higher population density and relatively well-developed transport infrastructure, which is only typical for the south of Kazakhstan at this stage



Third: Service industries are most important for the agglomeration. In case of prevalence of industrial specialization, the process of servitization of a city's economy is slower, especially in company towns with one or a few large companies.

In Kazakhstan, **Almaty, Astana, Shymkent** and (in the future) **Aktobe** have the greatest prerequisites for development of agglomeration processes in the medium term


AGGLOMERATIONS IN KAZAKHSTAN RESETTLEMENT SYSTEM









ADVANCED DEVELOPMENT AREAS
of national subordination

-  Level 1 agglomerations
(Astana, Almaty, Shymkent)
-  Level 2 agglomerations
(Aktobe)

of interregional subordination

-  local resettlement systems

TRANSPORT INFRASTRUCTURE

- | | | |
|--|--|----------|
|  Existing |  Proposed | Railways |
|  |  | Roads |
|  |  | Roads |

WHAT IS BEING DONE FOR THE DEVELOPMENT OF AGGLOMERATIONS?

- ✓ Long-range pattern of the country's spatial development until 2020
- ✓ Regional Development Program (*2/3 of which is focused on agglomerations*)
- ✓ - inter-regional development plans until 2020 are approved for each agglomeration
- ✓ - memorandums between a city and a region for development of agglomeration are signed
- ✓ - guidelines for determining agglomeration boundaries are formulated
- ✓ Special section on reduction of economic distances between agglomerations has been included into the State Program for Development of Transport and Communication Infrastructure until 2030
- ✓ **Astana and Almaty agglomeration development plans until 2030** (*being drafted*)
- ✓ **Interregional territorial development plans for Astana and Almaty agglomerations** (*being drafted*)
- ✓ A bill amending agglomeration development regulations of the Republic of Kazakhstan (*being drafted*)

The Ministry of Regional Development has drafted an **integrated Regional Development Program for the period through 2020** that incorporates all the tools and resources of the existing sector programs (Regional Development Program, Company Town Development Program, Ak-Bulak, upgrade of housing services and utilities, Affordable Housing Program), which will be allocated on a priority basis for development of agglomerations. **This project was approved at a meeting of the Government of the Republic of Kazakhstan on June 10, 2014.**

With regard to agglomerations, the integrated regional development program envisages achievement of specific performance indicators by 2020 in terms of increased **population in agglomerations**, new **housing** construction and modernization of **infrastructure networks** (heat, gas, electricity, water supply and sanitation)

INTEGRATED REGIONAL DEVELOPMENT PROGRAMME

THE GOAL IS TO BUILD CENTERS OF ECONOMIC GROWTH IN THE REGIONS

- ❖ **First level cities**
(urban agglomerations with centers in the cities of Astana, Almaty, Shymkent and Aktobe)
- ❖ **Second level cities**
(Regional centers + Semey and Turkestan)
- ❖ **Third level towns**
(small and company towns)
- ❖ **Pivot villages**
- ❖ **Border areas**

KZT billion

	2014	2015
TOTAL, of which:	384,0	399,4
First level city development (in the cities of Astana, Almaty, Shymkent and Aktobe)	127,3	143,9
Second level city development (regional centers + Semey and Turkestan)	95,5	108,5
Third level city development (small and company towns)	61,2	54,6
Development of pivot villages and border areas	68,3	65,6
<i>Other activities</i>	31,7	26,8

PIVOT RURAL COMMUNITIES

Pivot villages must:

- ❑ have mostly central location within a system of communities with an optimum radius of coverage of the group
- ❑ have mostly one backbone enterprise (large-scale agricultural production, etc.);
- ❑ be located mostly in border areas
- ❑ have promising social and engineering infrastructure consistent with economic security standards, favorable environmental conditions
- ❑ areas for development and construction (availability of unoccupied land, absence of constraints)
- ❑ transport access to sales markets

Functions of pivot villages:

- Social and cultural for services residents of a group of communities located within the area of economic influence of the pivot rural community (accessibility of education, health care, cultural, recreational and sports facilities)
- Maintenance services for agricultural producers (procurement shops, warehouses for agricultural products, processing shops, slaughterhouses, etc.)
- Administrative public services (obtaining certificates from branches of community service centers (CSC), property registration, vital records services, notary services, etc.)
- Trade, consumer and maintenance services (trade outlets, catering outlets, personal services, repair of household appliances, gas stations, hotels, tailor shops, maintenance stations, etc.)
- Financial services (bank branches, microcredit organizations, rural credit unions, branches of insurance companies, etc.)
- Transport services (extensive logistics system, bus stations, etc.)

EXAMPLES: LAYOUT OF PIVOT RURAL COMMUNITIES

KOBDINSKY (KOBDA) DISTRICT, AKTYUBINSKY REGION

Russian Federation

Zhirnkopa village

55 km

Akrab village

80 km

Bestau village

25 km

Aliya village

Kobda village

55 km

Biltanova village

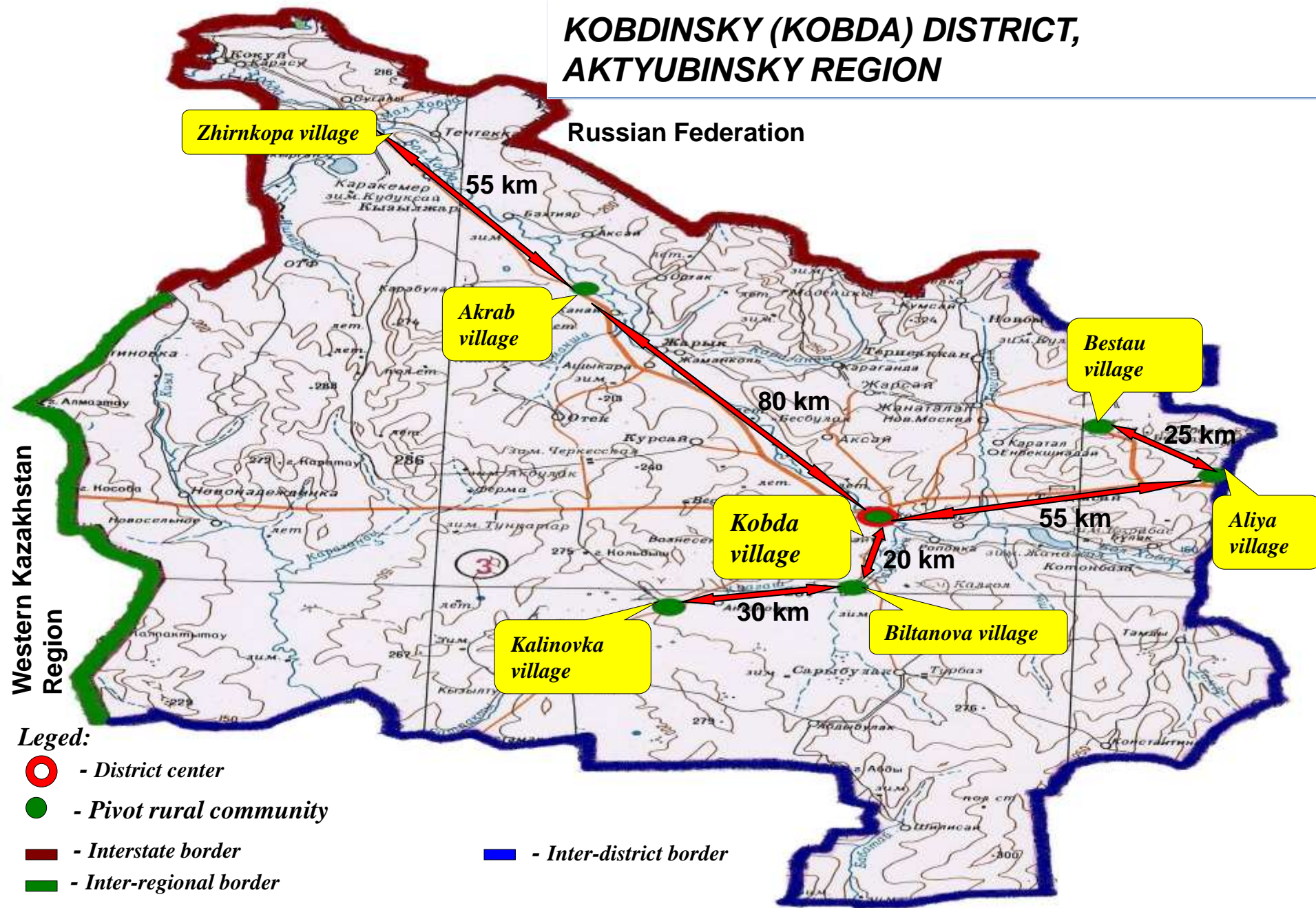
20 km

Kalinovka village

30 km

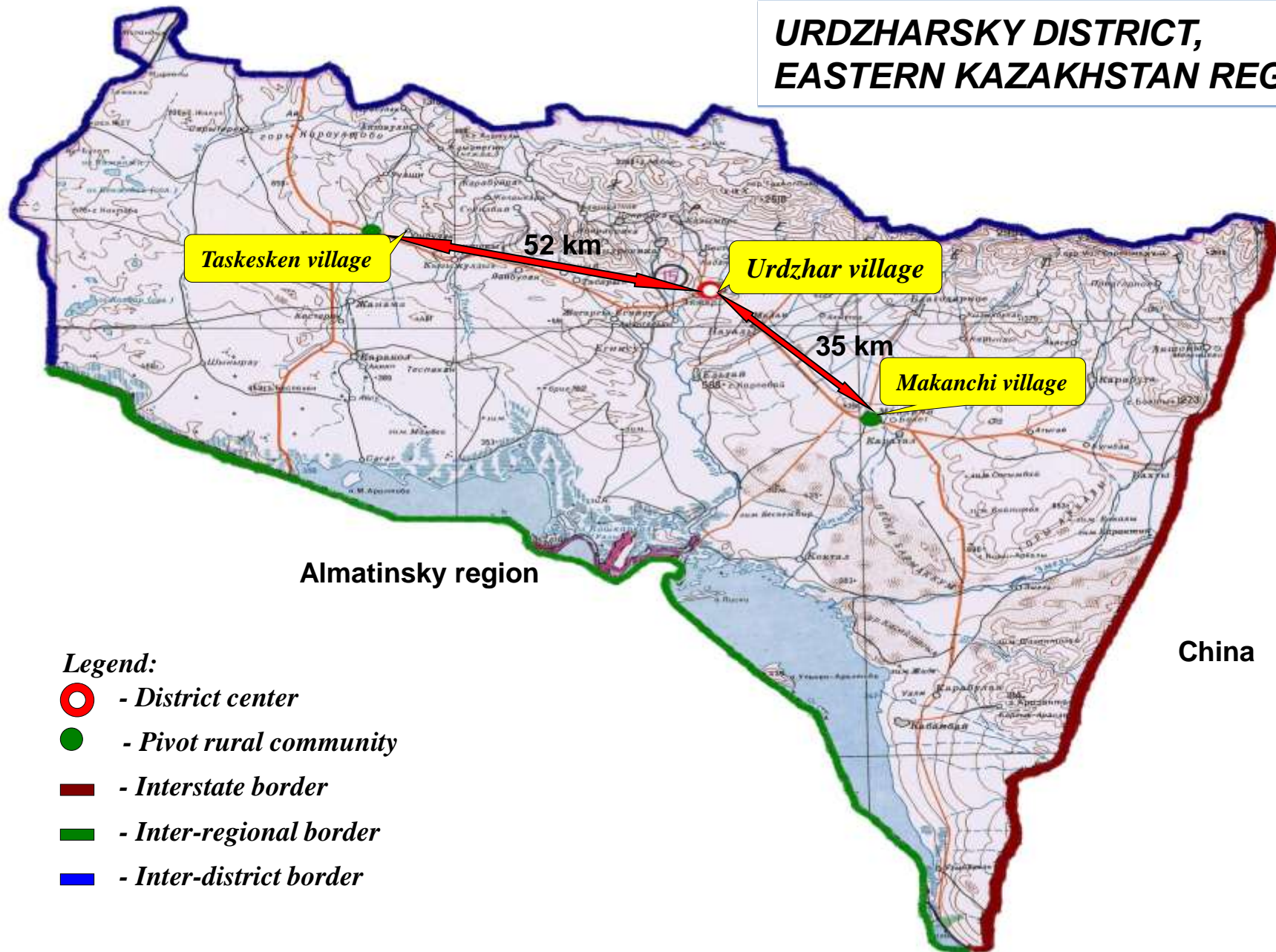
Western Kazakhstan
Region

- Legend:**
- - District center
 - - Pivot rural community
 - - Interstate border
 - - Inter-district border
 - - Inter-regional border



EXAMPLES: LAYOUT OF PIVOT RURAL COMMUNITIES

**URDZHARSKY DISTRICT,
EASTERN KAZAKHSTAN REGION**



Taskesken village

52 km

Urdzhar village

35 km

Makanchi village

Almatinsky region

China

Legend:

-  - District center
-  - Pivot rural community
-  - Interstate border
-  - Inter-regional border
-  - Inter-district border

EXAMPLES: LAYOUT OF PIVOT RURAL COMMUNITIES

G. Musrepov district, Northern Kazakhstan Region

Legend:

○ - District center

● - Pivot rural community

— - Inter-regional border

— - Inter-district border

Kostanaisky region

Novoishimskoye village

Andrehevka village

Ruzahevka village

60 km

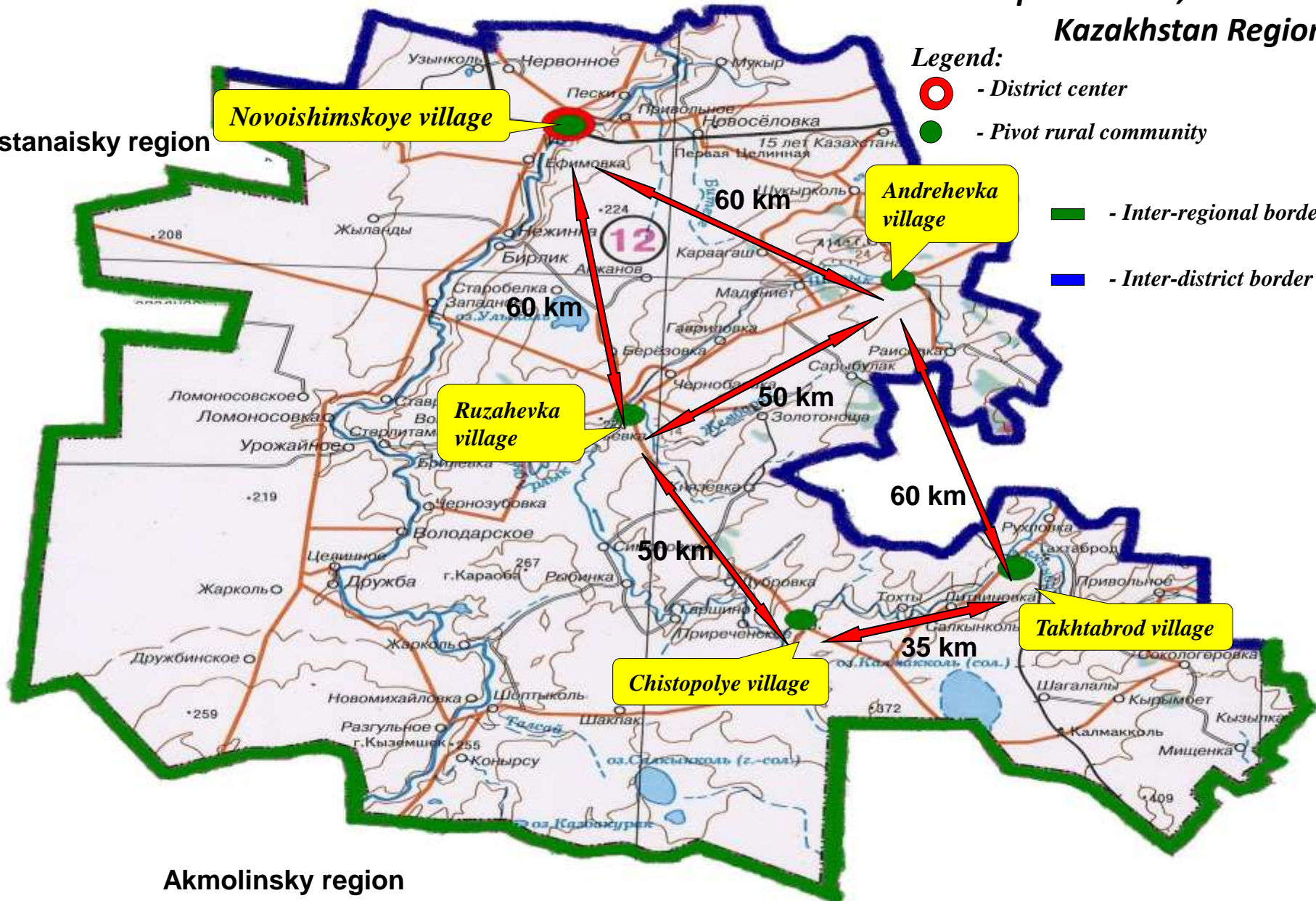
50 km

Chistopolye village

Takhtabrod village

35 km

Akmolinsky region



REGIONAL POLICY

In 2014, a clause was introduced to the Budget Code of the Republic of Kazakhstan saying that **the Ministry of Regional Development** (working body of the Interdepartmental Commission for Regional Policy of the Government of the Republic of Kazakhstan) **is involved into the budget planning process** and coordinates local budget-financed investments proposed by other government bodies **based on the established regional priorities.**

To implement this provision, the Ministry of Regional Development has:

1. identified **regional priorities** (criteria)
2. formulated the **procedure for consideration and coordination of local budget investments financed by the national budget to ensure these meet regional priorities** (*approved by the Interdepartmental Committee for Regional Policy on 06.18.2014*)

REGIONAL POLICY

Sectoral priorities

Education

- condition of facilities
- studying in three shifts
- deficit of studying seat
- development of a network of vocational education and training institutions
- institutional network standards

Public health

- morbidity and mortality
- condition of facilities
- compliance with the sanitary regulations and standards
- institutional network standards

Social services

- need for facilities
- shortage of capacity of the existing facilities
- condition of facilities
- small facilities
- introduction of modern forms of social services

Regional priorities

I. Centers of economic growth:

1) agglomerations

- inter-regional development plans (henceforth, there will be long-term plans and inter-regional agglomeration development schemes)
- preferential development of the peripheral areas

2) pivot villages

- comprehensive development plans for pivot villages
- taking into account surrounding villages

3) cities

- city master plans
- comprehensive development plans for small and company towns
- Semey and Turkestan

4) border areas

- border area development plans

II. Population growth

- dynamics over the last 10 years
- master plans, local area development plans (forecast)

III. Prospects of social and economic development

- master plan of the Republic of Kazakhstan
- plan of rational allocation of production facilities

REGIONAL POLICY

Sectoral priorities

Heat sources

- availability of a heating scheme
- use of modular boiler units
- high-efficiency boilers
- cogeneration systems
- chemical water treatment

Heating networks

- pre-insulated pipes
- trunk or intradistrict pipeline

Gas networks

- trunk or intradistrict pipeline

Power networks

- Use of stabilized power supply

Total:

- energy-saving materials, equipment and technology
- carryover projects

Regional priorities

I. Centers of economic growth:

- 1) agglomerations
- 2) pilot villages
- 3) cities
- 4) border areas

II. Population growth

III. Social and economic development prospects

+

IV. Synchronization of trunk and local networks with sources

- Rational distribution based on density of the population

REGIONAL POLICY

Sectoral priorities

Water supply and sanitation

- modern materials, equipment and technology
- unfinished projects
- urban areas in the most critical condition
- instruction of the President
- district water supply in rural communities

Local roads

- instruction of the President
- international agreements
- roads between the regional center and district centers (as well as among district centers)
- settlements with a population of at least 15.0 thousand
- along industrial/agricultural enterprises
- freight and passenger turnover
- etc.

Regional priorities

I. Centers of economic growth:

- 1) agglomerations
- 2) pilot villages
- 3) cities
- 4) border areas

II. Population growth

III. Social and economic development prospects

REGIONAL POLICY

Sectoral priorities

National security

- dual-purpose facilities

Prevention of natural and industrial disasters

- seismic retrofitting, etc.

Trunk oil pipelines

- Shipping to international ports (markets)

Roads of international importance

- geo-economic interests of the state

Regional priorities

Not considered as regional priorities

CONTENT OF DEVELOPMENT PLANS AND PROGRAMS

INTER-REGIONAL AGGLOMERATION DEVELOPMENT PLAN includes short- and long-term measures in the following areas:

- 1) spatial planning
- 2) economic positioning of the core city and peripheral areas
- 3) integrated development of transport infrastructure
- 4) integrated development of engineering infrastructure
- 5) integrated development of social infrastructure
- 6) environmental protection
- 7) emergency prevention of natural and industrial disasters

COMPREHENSIVE PIVOT VILLAGE DEVELOPMENT PLAN includes budget-financed investment projects (BIP) in construction and reconstruction of:

- 1) educational facilities
- 2) health facilities
- 3) cultural, sports and tourist facilities
- 4) gas, heat, power supply facilities
- 5) roads from pivot villages to the surrounding villages

BORDER AREA DEVELOPMENT PLAN includes similar BIPs, as well as projects in construction and reconstruction of:

- 1) roads from a border community to the state border crossing points
- 2) opening new and outfitting existing state border crossing points

CONTENT OF DEVELOPMENT PLANS AND PROGRAMS

MASTER PLAN FOR THE MANAGEMENT OF THE TERRITORY OF THE REPUBLIC OF KAZAKHSTAN

includes design solutions in the following areas:

- 1) a system of resettlement and placement of productive forces
- 2) schemes and projects for development of industrial, social, recreational, utilities and transport infrastructure
- 3) schemes and projects for development of territories and facilities of national and inter-regional importance that are subject to special urban development regulation
- 4) classification of areas by types of economic specialization
- 5) zoning plans with prioritization and restrictions on the use of the territory

MASTER PLANS AND LOCAL AREA DEVELOPMENT PLANS

include key technical and economic indicators:

- 1) territory
- 2) population
- 3) housing construction
- 4) social and cultural services
- 5) transport
- 6) engineering equipment
- 7) land use planning and management

INTER-REGIONAL PLANS OF TERRITORIAL DEVELOPMENT OF AGGLOMERATIONS

include design solutions in the following areas:

- 1) coordination of inter-regional and cross-sectoral interests in the development of agglomerations
- 2) functional zoning of the territory
- 3) area of special urban development regulation (residential construction, industrial areas, backbone infrastructure, recreation areas, green belts, etc.)
- 4) coordinated infrastructure development

Nazarlarınızga rahmet!



Thank you!