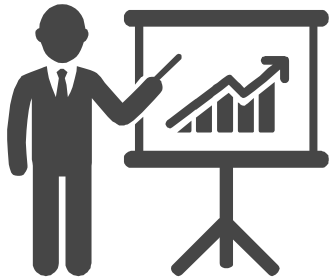


# Prefeasibility of the ICIC and TLC under STKEC - Inception Workshop

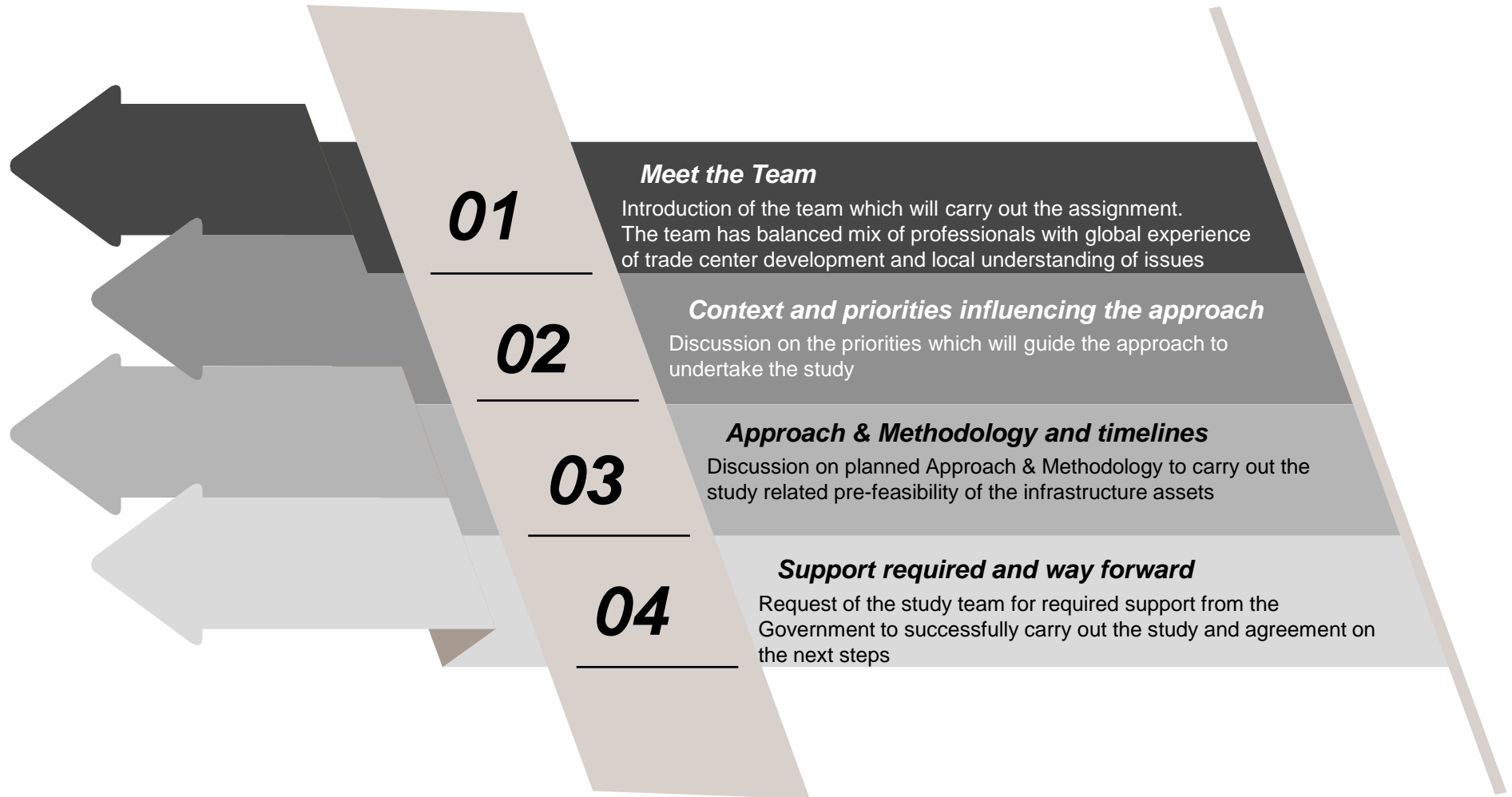
December 2021



# Agenda for today's discussion



## Objective of today's discussion



**01**

### ***Meet the Team***

Introduction of the team which will carry out the assignment. The team has balanced mix of professionals with global experience of trade center development and local understanding of issues

**02**

### ***Context and priorities influencing the approach***

Discussion on the priorities which will guide the approach to undertake the study

**03**

### ***Approach & Methodology and timelines***

Discussion on planned Approach & Methodology to carry out the study related pre-feasibility of the infrastructure assets

**04**

### ***Support required and way forward***

Request of the study team for required support from the Government to successfully carry out the study and agreement on the next steps



An aerial, top-down view of a city at night. The image is dominated by light trails from traffic, creating a complex, swirling pattern of white and yellow lines. A large, circular light trail is the most prominent feature, centered in the lower half of the frame. The surrounding city is illuminated by streetlights and building lights, with various structures and green spaces visible. The overall scene is a dynamic and vibrant representation of urban life at night.

1

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Meet the Team




# The team has balanced mix of global experience on facilitating regional trade and local understanding of the issues in Central Asia

Core Team


- 1**

**Trade & Logistics Specialist**



**Manish Sharma**  
MBA Faculty of Management Studies, Bachelor's in Engineering, MBM Engineering College, India
- 2**

**Trade Economist**



**Dr Junaid Ahmed**  
PhD in Economics, Georg August University Gottingen, Germany  
M.S in Economics, International Islamic University, Pakistan
- 3**

**Team Leader/ RCI\* Specialist**



**Max EE**  
MSc Logistics, Nanyang Technological University, Singapore, 2003, Graduate Diploma in System Analysis, Institute of Systems Science, Singapore, 2001, BBA, NUS, 1998
- 4**

**Border Management & Trade Facilitation Specialist**



**Giorgi Tskhakaia**  
Executive Management, Stanford Graduate School of Business, 2012, Master of Economy and Finance, Georgian State Agriculture University, 2007, BA in Economy – Finance and Banking, 2005
- 5**

**Transport Specialist**



**Nino Chkheidze**  
PhD in Urban Planning and Design, Georgian Technical University, Masters in Architecture

## Project Leadership



**Mohammad Athar**  
**Engagement Partner & Economic Corridor Specialist**  
Executive Program in Leaders in Economic Development, Harvard Kennedy School PhD in Economics, IIM Indore (Ongoing) MBA, IIT Kharagpur



**Max EE**  
**Team Leader & RCI\* Specialist**  
MSc Logistics, Nanyang Technological University, Singapore, 2003, Graduate Diploma in System Analysis, Institute of Systems Science, Singapore, 2001, BBA, National University of Singapore, Singapore, 1998



**Arman Nurkin**  
**Co-Engagement Partner & CAREC Region Leader**  
CFA, KIMEP (Kazakhstan Institute of Management, Economics and Research), Bachelor's in finance, with Merits, 2006

# The project will be further supported by a team of subject matter experts, national representatives and support staffs

Subject Matter Expert

1	<b>Finance &amp; Investment Specialist</b>	 <p><b><u>Shubhojeet Chakravarty</u></b> MBA – IIFT, 2009, Bachelor of Technology (Electrical), National Institute of Technology 2005</p>
2	<b>Compliance &amp; Regional Project Director</b>	 <p><b><u>Timur Yeginzhanov</u></b> PMP (Project Management Professional), FMVA (Financial Modeling and Valuation Analyst), MSc in Management, Major – Project Management, 2013, BSc in Business and Economics</p>




Leadership

	<p><b><u>Mohammad Athar</u></b> <b><i>Engagement Partner &amp; Economic Corridor Specialist</i></b> Executive Program in Leaders in Economic Development, Harvard Kennedy School PhD in Economics, IIM Indore (Ongoing) MBA, IIT Kharagpur</p>
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National Representative

1	<b>Kazakhstan</b>	 <p><b><u>Myrza Sokurov</u></b> MSc Finance, University of St Andrews, UK, BSc in Business administration &amp; Accounting, KIMEP university, ACCA candidate</p>
2	<b>Uzbekistan</b>	 <p><b><u>Ziyodullo Parpiev</u></b> Ph.D. in Public Policy, National Graduate Institute for Policy Studies, Japan, 2011; MA in Public Policy, Saitama University, Saitama, Japan, 2000</p>
3	<b>Tajikistan</b>	 <p><b><u>Siyovush Shokirov</u></b> Tajik National University – International relations</p>

Regional Cooperation and Integration Experts

	<p><b><u>Mr. Sergey Solodovnik</u></b> <i>Kazakhstan</i></p>
	<p><b><u>Ms. Darya Parfyonova</u></b> <i>Tajikistan</i></p>
	<p><b><u>Mr. Akhmed Rakhmanov</u></b> <i>Uzbekistan</i></p>

Support Staff

	<p><b><u>Arsen Gogatadze</u></b></p>
	<p><b><u>Ujjwal Singh</u></b></p>
	<p><b><u>Nazym Janburshina</u></b></p>

# The team has successfully carried out multiple assignments in Economic Corridor and trade center space across South Asia

## Pakistan

- National Freight Logistics Policy
- Supply Chain Corridor Performance Assessment

## India

- Delhi-Mumbai Industrial Corridor (DMIC)
- Chennai-Bangalore Industrial Corridor (CBIC)
- Vizag-Chennai Industrial Corridor (VCIC)
- Chennai-Kanyakumari Industrial corridor (CKIC)

## Inter-regional Cooperation

- Northeast Economic Corridor Project in India
- South Asian Subregional Economic Corridor Program (SASEC)

## Bhutan

- Dry Port study under Ministry of Economic Affairs

## Bangladesh

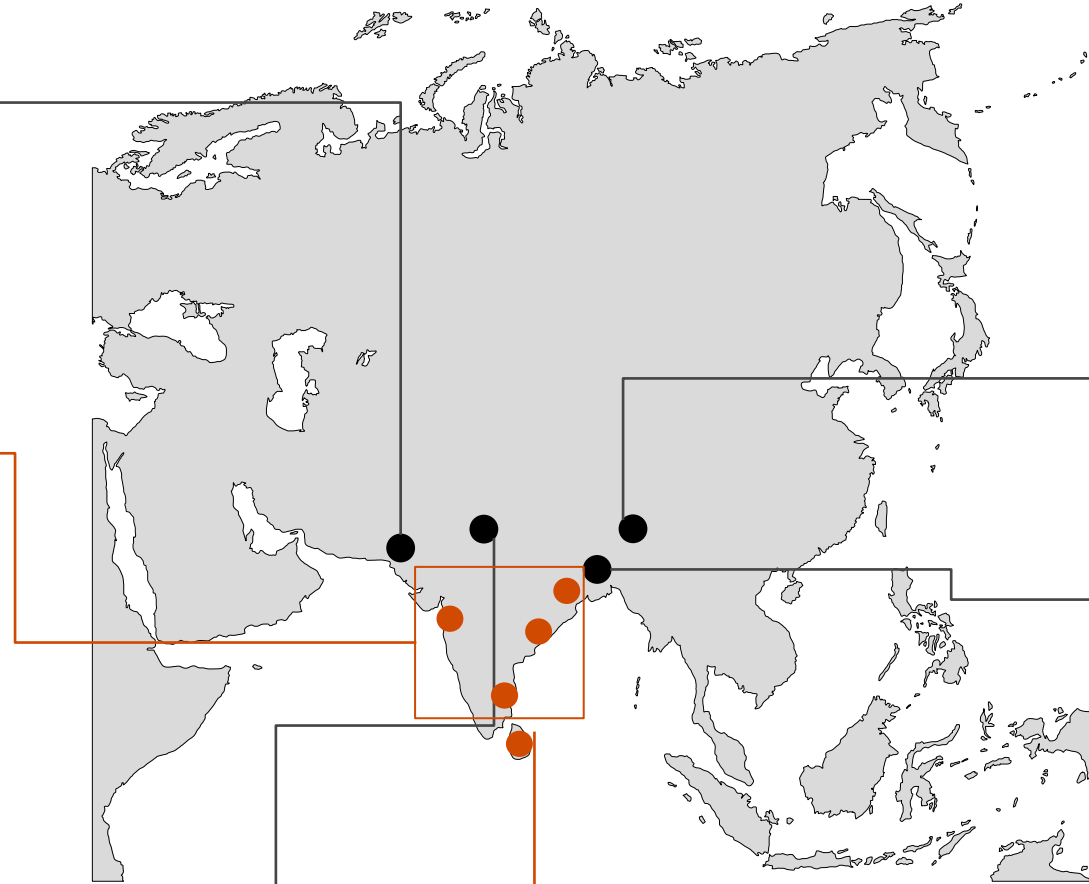
- Inland Container Terminal Depot at Dhaka
- Bangladesh Economic Corridor

## Sri Lanka

- Colombo-Trincomalee Industrial Corridor (CTIC)

## India

- Multimodal logistics park Pathankot



● Economic Corridor Projects

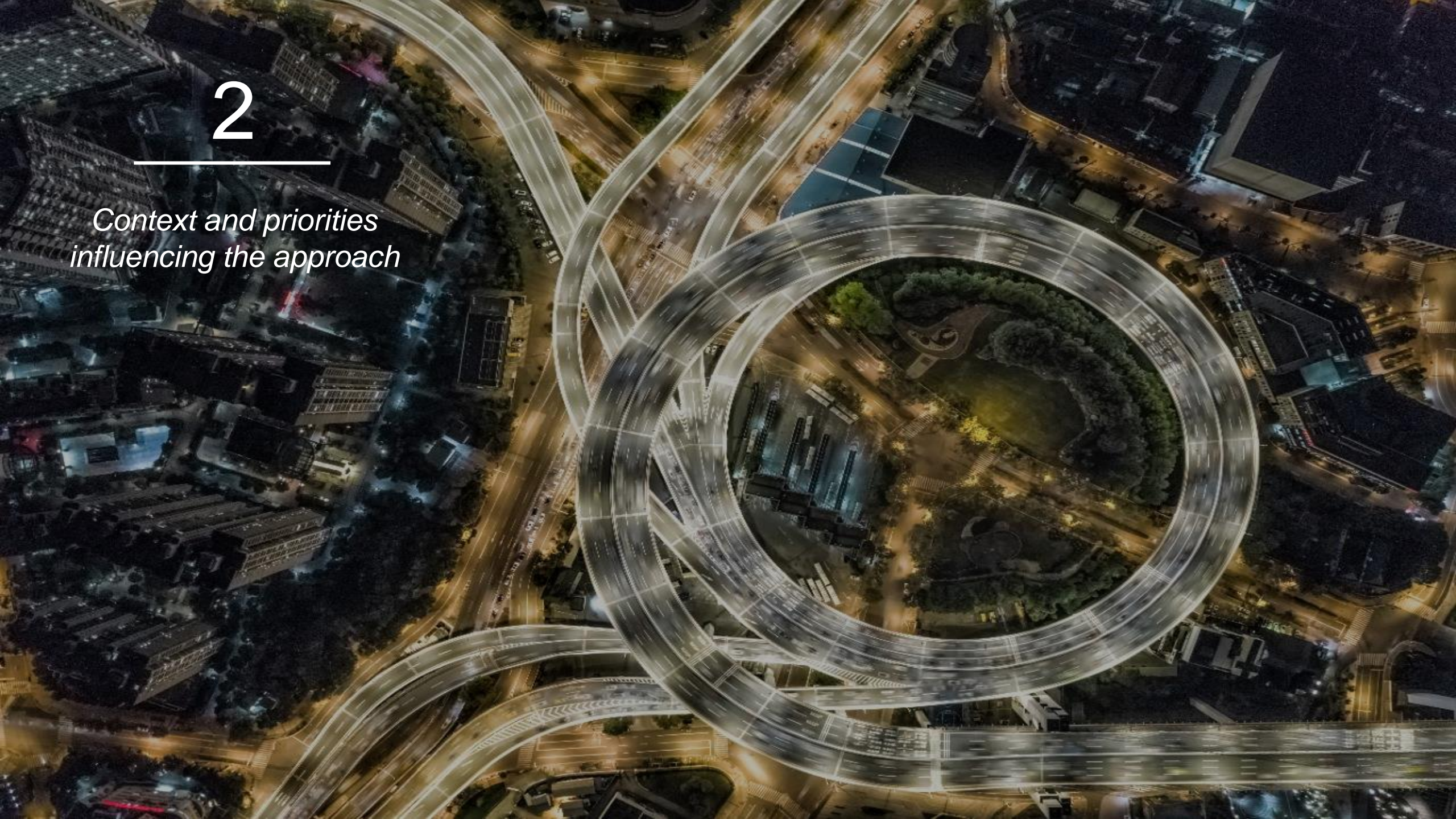
● Transport Planning and Logistics Projects



# 2

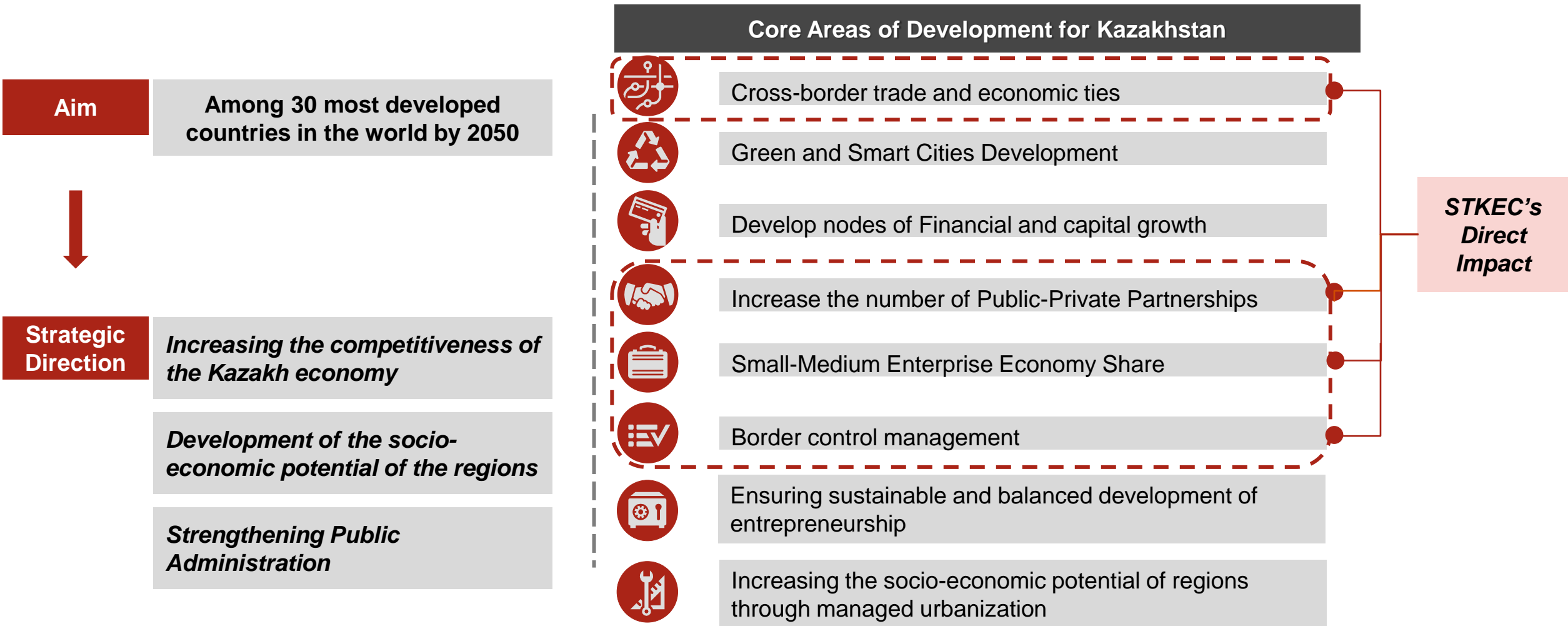
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*Context and priorities  
influencing the approach*





# Our approach will be guided by the national priorities of Kazakhstan where Economic Corridor development can have a significant role





# STKEC countries are prioritizing Cross Border Trade improvement under Economic Corridor development program

## Economic Corridors



### Thailand's Eastern Economic Corridor

Period: 1980 - 2020



### Nanchang–Jiujiang Industrial Corridor in the PRC

Period: 1990 - 2018



### Economic Corridors (DMIC, VCIC, CKIC, CBIC) in India

Period: 2010 - Present



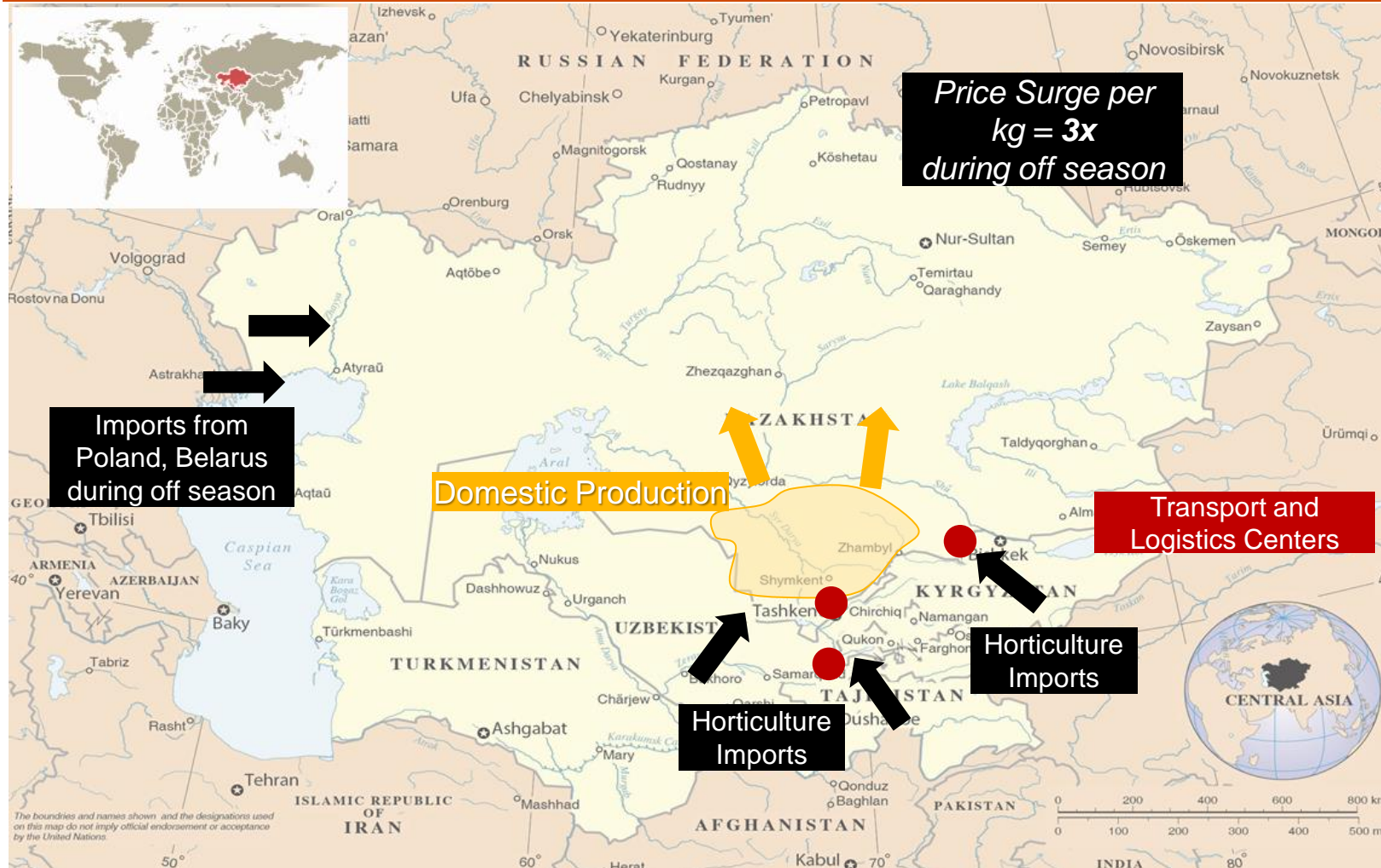
### Economic Corridor in Kazakhstan (STKEC)

Period: 2018-Present

## Objective of Economic Corridor Development

1 Economic transformation with improved share of manufacturing	2 Balanced Regional Development with growth in Eastern region	3 Integrated city planning with EZ
1 Balanced Regional Development with growth in Central and Western region	2 Attract Higher Value add sectors	3 Attract greenfield investment and FDI
1 Attract greenfield investment and FDI	2 Integrated city planning with EZ	3 Integration with GVCs
1 Cross Border Trade	2 Regional Tourism	3 Economic transformation with improved share of manufacturing

# The study team will create sector level cases to customize the ICIC project | Used case: Horticulture Supply Chain in Kazakhstan



Domestic production in Kazakhstan is concentrated in the Shymkent region and is transported to northern Kazak region for domestic consumption during on-season.

Kazak is dependent on horticulture imports from Kyrgyz Republic, Tajikistan and Uzbekistan to fulfill national demand and further imports from Poland and Belarus during off-season

Seasonality	Production Cost	Storage Cost	Sale Price	Profit Margins
On-Season	25	0	<b>35</b>	<b>10</b>
Off Season	25	15	<b>100</b>	<b>60</b>

TLC facility within the proposed ICIC and TLC (Trade and Logistics Center, Sugd Oblast region) can offer cold storage facilities which would help regulate the price surge



# The study team will engage with both public and private sector stakeholders for background analysis and test feasibility of the strategy for ICIC

## Illustrative list

### Public Sector Stakeholders

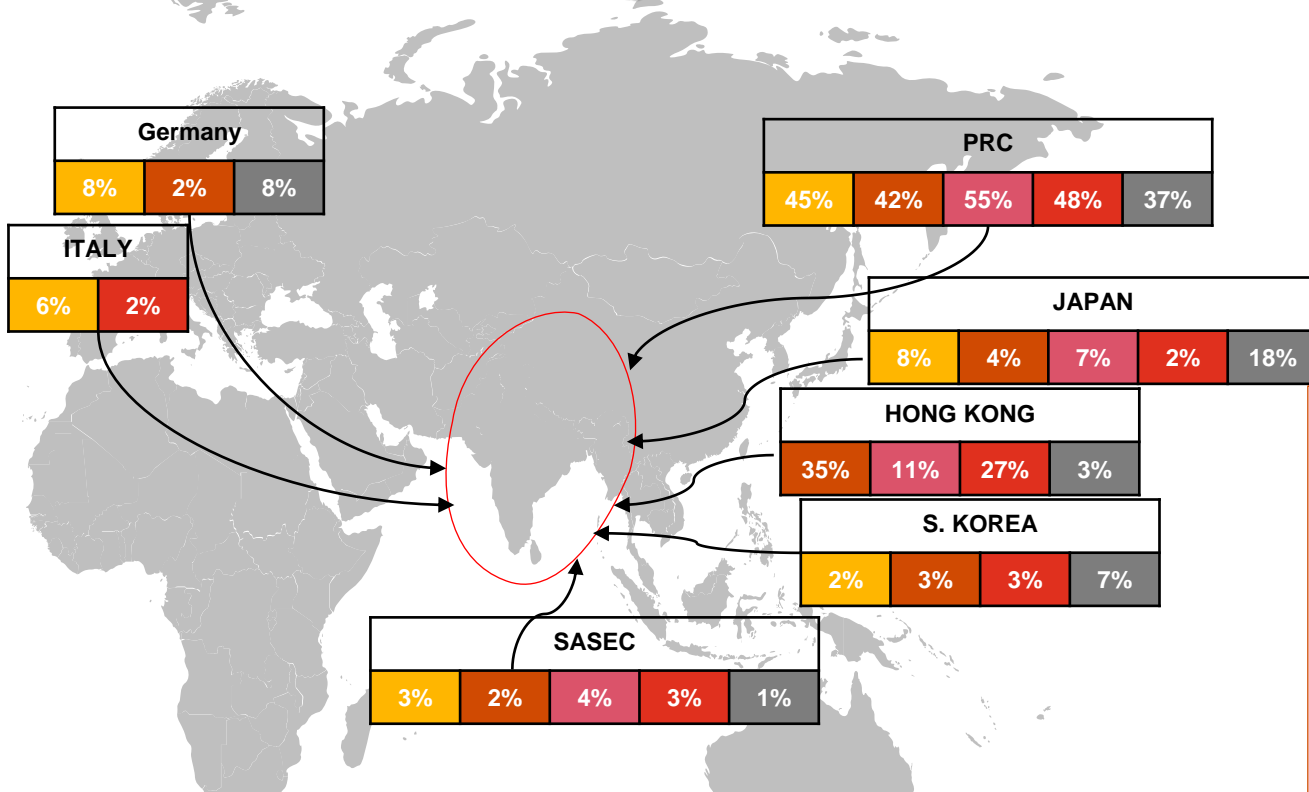
- |   |  |    |  |
|---|--|----|--|
| 1 | Akimat of Turkestan oblast                           | 6  | Ministry of Energy                                 |
| 2 | Akimat of Shymkent                                   | 7  | Ministry of Agriculture                            |
| 3 | Ministry of Trade and Integration                    | 8  | Border Service of the National Security Committee  |
| 4 | Ministry of National Economy                         | 9  | State Revenue Committee of the Ministry of Finance |
| 5 | Ministry of Industry and Infrastructural Development | 10 | The National Chamber of Entrepreneurs "Atameken"   |

### Private Sector Stakeholders

- |   |   |
|---|---|
| 1 | Trade Associations                              |
| 2 | Logistics Service Providers                     |
| 3 | Private Traders                                 |
| 4 | Construction Agencies / Independent Contractors |
| 5 | Investors                                       |

# The study team will explore the possibility of improving regional value chains within the STKEC countries

## Recent PwC study for improving Regional Value Chains in SASEC Region



- ### Hard Interventions
- 1 Cross Border Infrastructure
  - 2 Trade Infrastructure
  - 3 Manufacturing Capacity Development
  - 4 Support infrastructure upgradation

Case-in-point: Textile Value Chain



### Total imports by SASEC, USD mn

Textile machinery	2,291
Buttons	238
Slide fasteners	245
Clasps, buckles	203
Needles, hooks	18

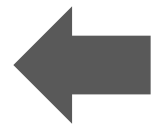
### Accessories, USD mn

Total imports to SASEC	705
Imports serviced by SASEC	19
<b>Opportunity</b>	<b>686</b>

### Textile machinery, USD mn

Total imports to SASEC	2,291
Imports serviced by SASEC	73
<b>Opportunity</b>	<b>2,219</b>

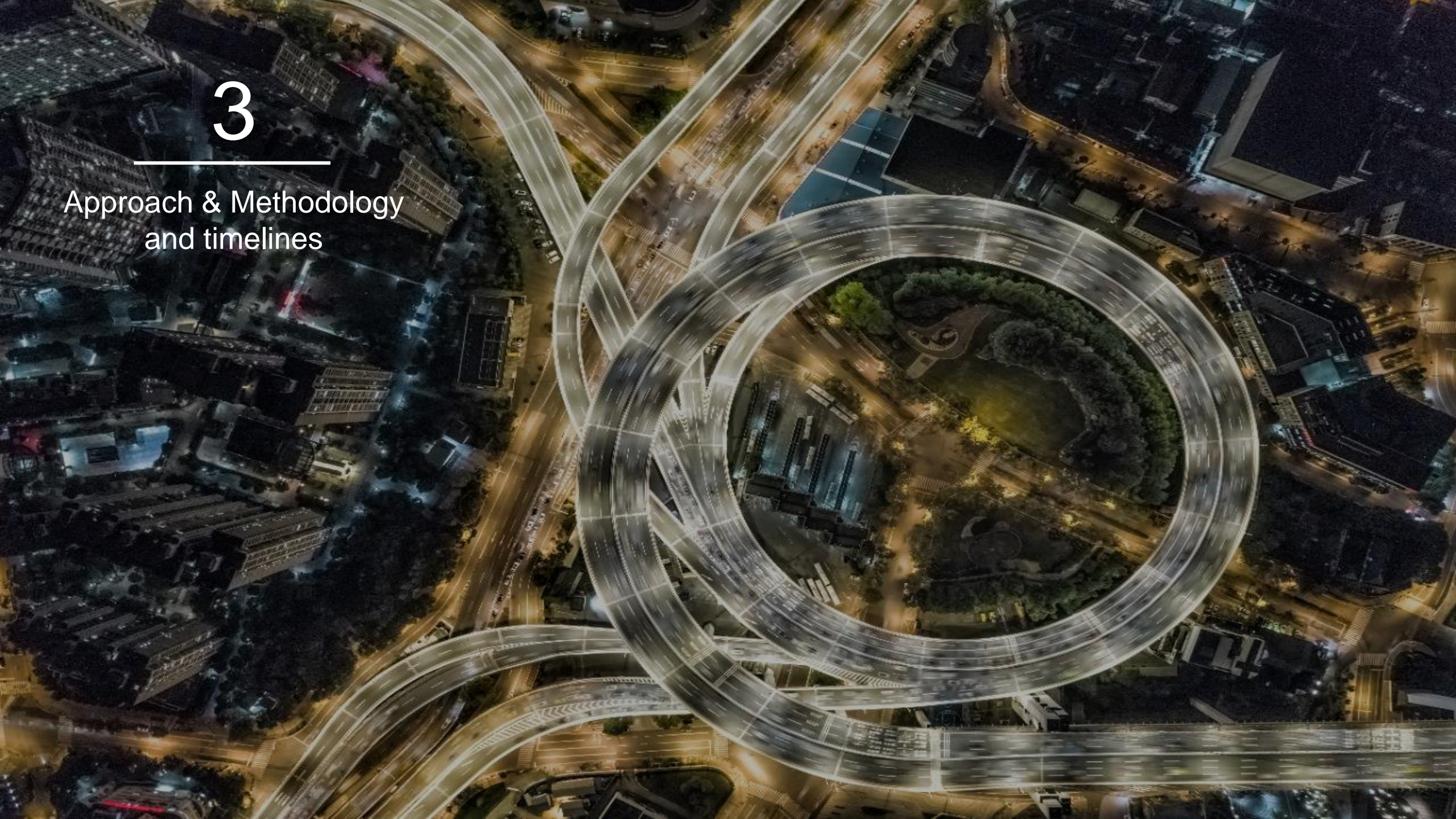
- SASEC countries can explore opportunities in sector allied to textiles – technical machinery and accessories manufacturing
- Total opportunity is to be tune of USD 2,905 mn
- Smaller SASEC economies can focus on accessories manufacturing, engaging MSME sector





# 3

## Approach & Methodology and timelines





# There are three key modules that set out the context for development of prefeasibility report of the ICIC and TLC under STKEC

**Objective: Develop prefeasibility report of the ICIC between Kazakhstan and Uzbekistan & TLC in Sugd Objast in Tajikistan**

## Review of the STKEC Region

1. Review of existing trade in the STKEC region
2. Review of trade relations in STKEC region
3. Logistics review of the region
4. Review of investment climate in the region
5. Benchmarking of the global best practices of economic cooperation
6. Industry identification and prioritization

## Module - I

## Prefeasibility of the ICIC

1. Conceptualization of the ICIC
2. Demand projection
3. Concept planning
4. Financial feasibility
5. Policy recommendations

## Module - II

## Prefeasibility of the TLC

1. Review of traffic and trade flow in Sugd Oblast
2. Conceptualization of the TLC and benchmarking of global best practices
3. Concept planning
4. Financial feasibility and policy recommendation

## Module - III



# Trade movement in STKEC region

## Imports in Kazakhstan

- Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
- Pharmaceutical products

## STKEC Region

## Export from Kazakhstan

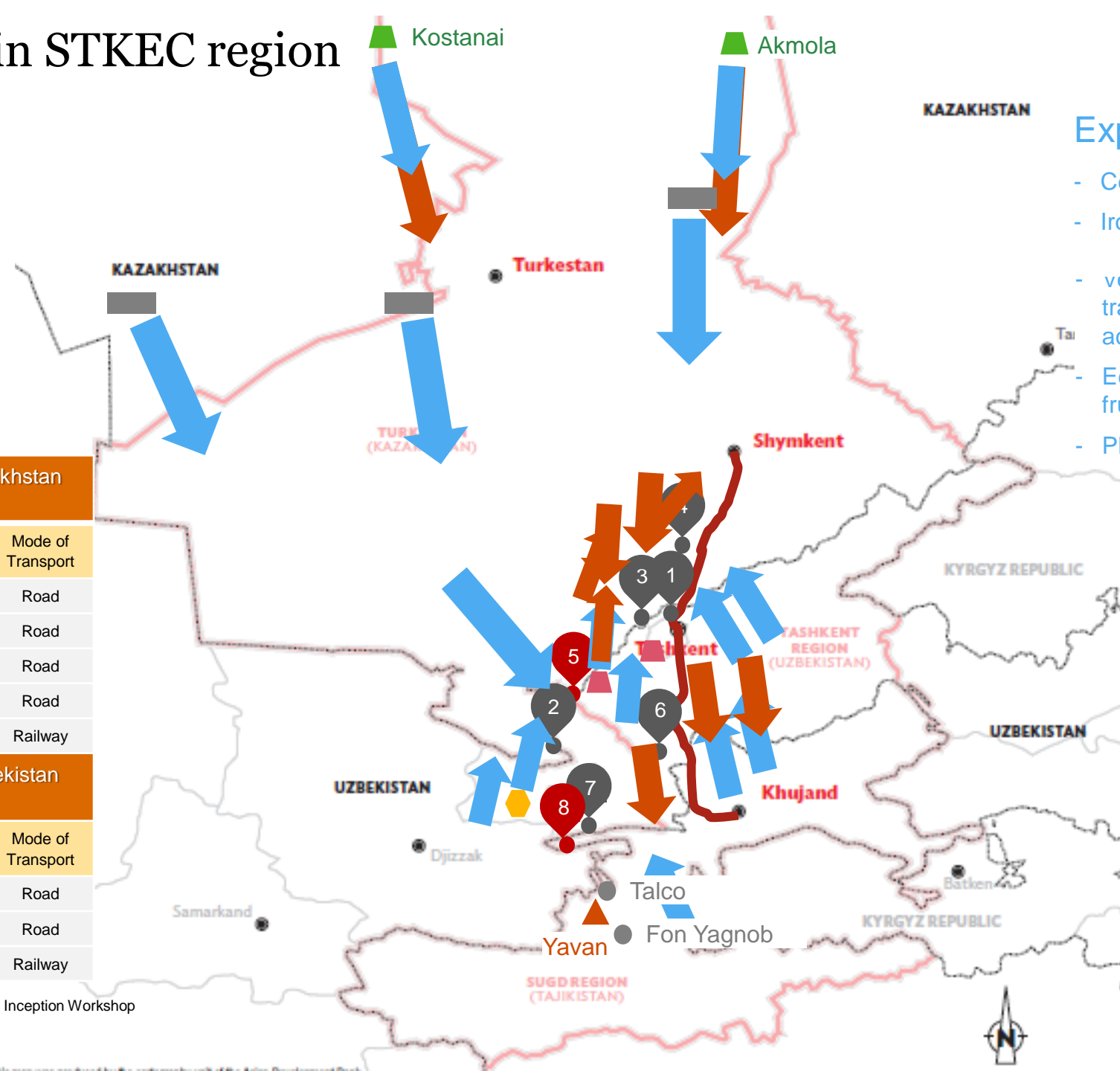
- Cereal
- Iron and steel
- vehicles other than railway or tramway rolling stock, and parts and accessories thereof
- Edible fruit and nuts; peel of citrus fruit or melons
- Plastics and articles thereof

Border Crossing Points between Kazakhstan and Uzbekistan

	Name of the BCP	Name of Uzbek Side of BCP	Mode of Transport
1	Zhibek Zholy	Gisht Kuprik	Road
2	Konysbayev	Yallama	Road
3	Kaplanbek	Navoi	Road
4	Kazygurt	Najimov	Road
5	Saryagash	Keles	Railway

Border Crossing Points between Uzbekistan and Tajikistan

	Name of the BCP	Name of Uzbek Side of BCP	Mode of Transport
6	Oybek	Fotehobod	Road
7	Bekabad avto	Khashtyak	Road
8	Bekabad	Nau	Railway



Legend

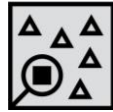
- Road BCP
- Rail BCP
- Coal deposits
- ▲ Cement
- ◆ Gold Deposit
- ▲ Cotton
- ▲ Cereal
- Iron Ore

# The study team will carry out review of the region's trade, logistics and global best practices for a comprehensive need assessment of ICIC



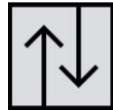
## Review of Existing Trade

- 1 What are the major production and consumption centers in the region?
- 2 What is the modal mix of the existing trade?
- 3 What is the share of consumption and transit trade?
- 4 Review of the wholesale market
- 5 Review of the existing clearance procedures at the BCPs



## Review of Existing Trade Relationship

- 1 Review of performance of the countries on trade facilitation parameters
- 2 Analysis of the trade agreements



## Logistics review of the region

- 1 Review of existing transport flows through Border Crossing Points (BCPs) in the STKEC region
- 2 Review of the logistics services network, key operations, and features



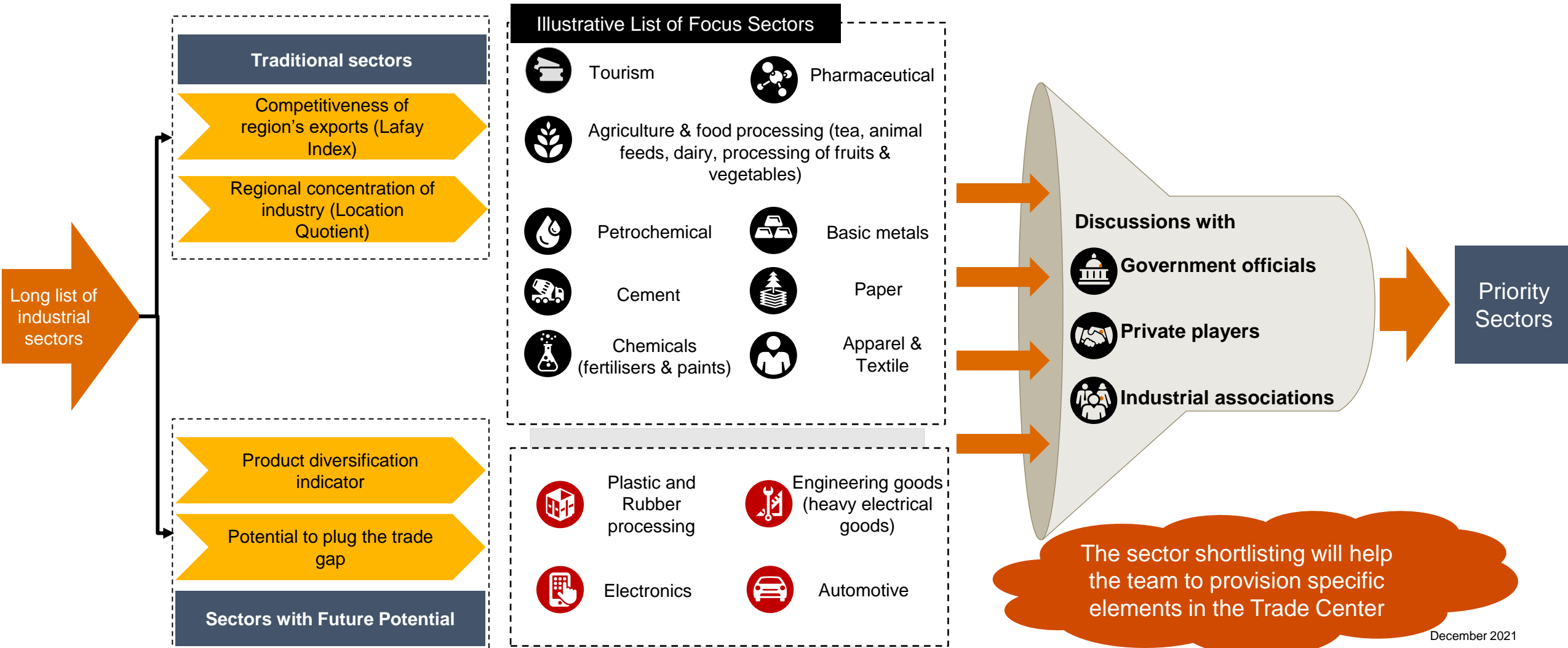
## Global Benchmarking Coverage

- 1 What are the best practices in cross-border trade development?
- 2 What are the best practices of cross-border trade and economic cooperation among land-locked countries?
- 3 How do efficient BCPs work?
- 4 Review and analyze feasibility of digital integration with trade
- 5 Review of Global Governance and best practices of trade facilitation and tariff regimes

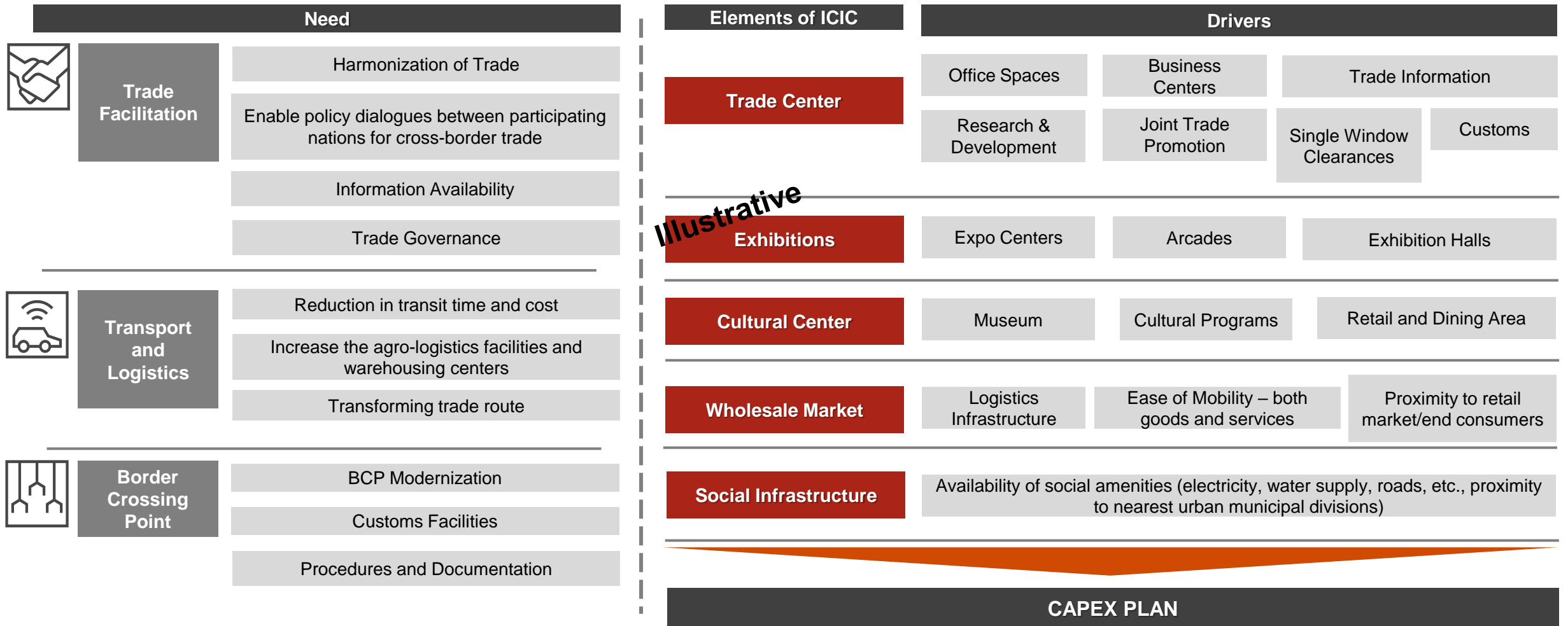
Team will produce a report on the reviews by May 2022 with all the planned review, benchmarking global best practices related to cross border co-operation etc.



# Post reviews, identifying focus sectors for STKEC region shall help in equipping ICIC with requisite physical asset and services

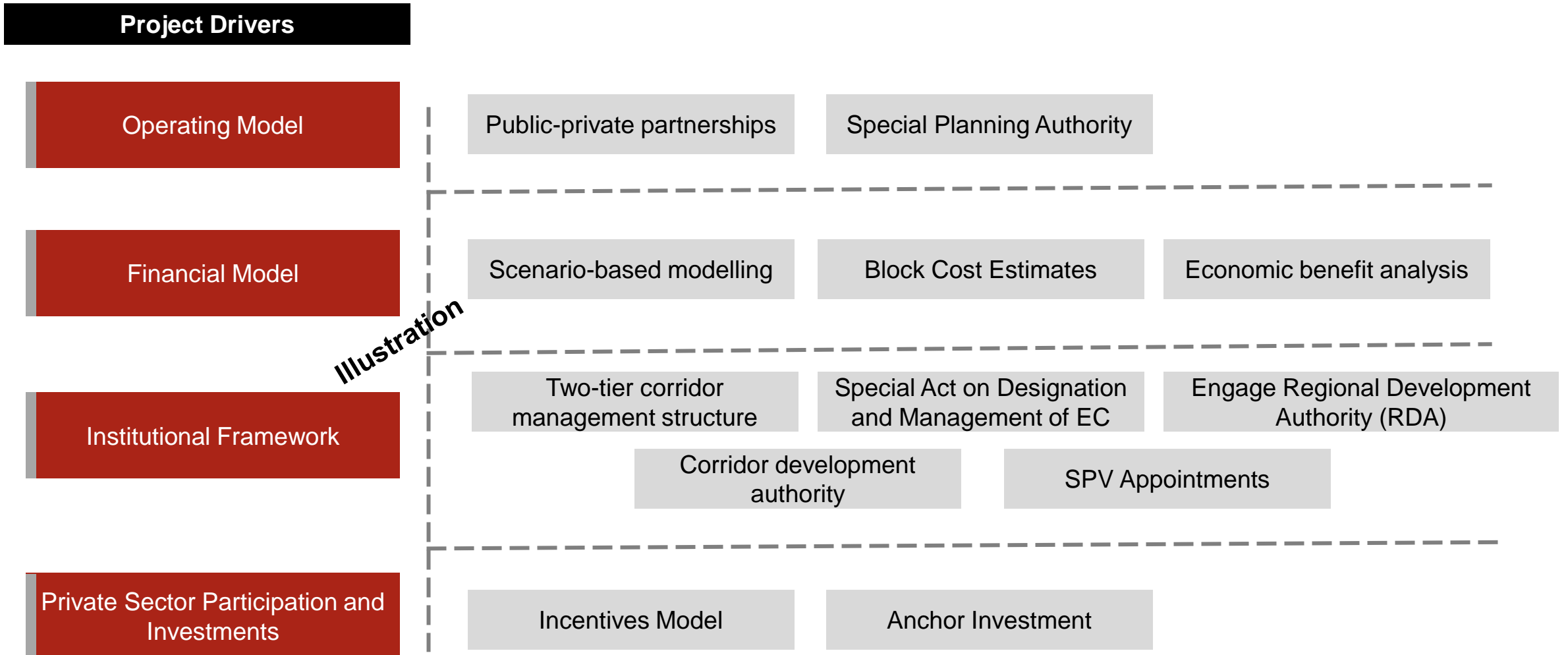


# The ICIC will be conceptualized with different elements catering to the needs identified in the Module 1



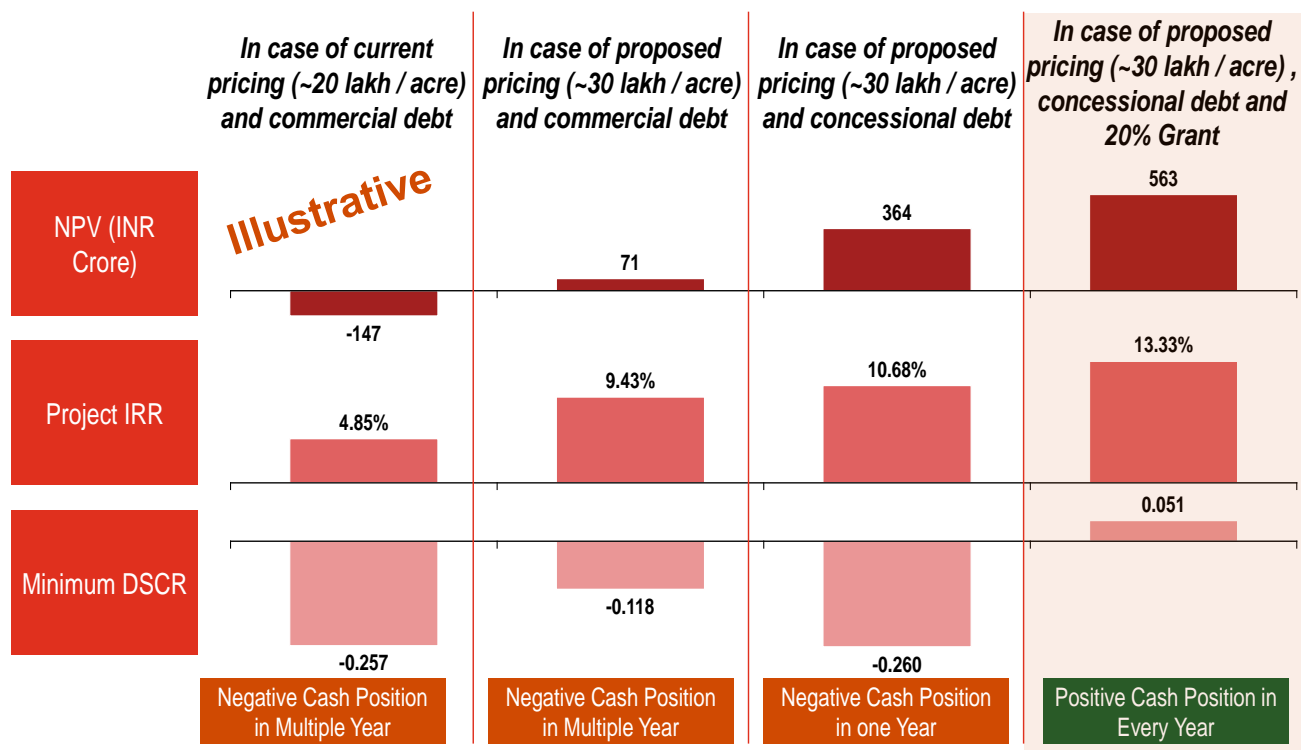


# The team shall further propose suitable frameworks for the successful implementation of the ICIC project



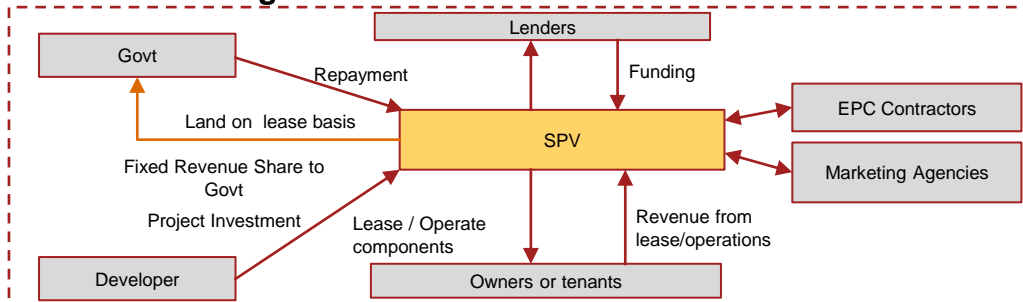
# The study team has experience of implementing innovative operational models and conduct financial feasibility for corridor projects

## Bundling and Unbundling of the infrastructure element & sensitivity analysis

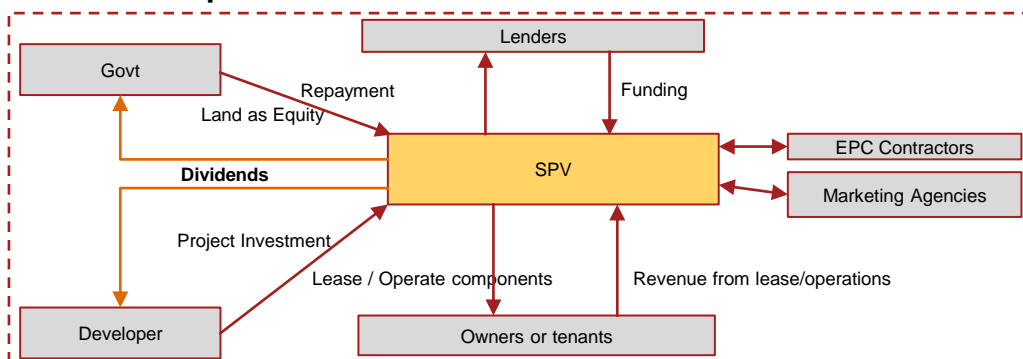


## Assessing innovative PPP structures to enable private investments

### Revenue Sharing Model



### Joint Development Model

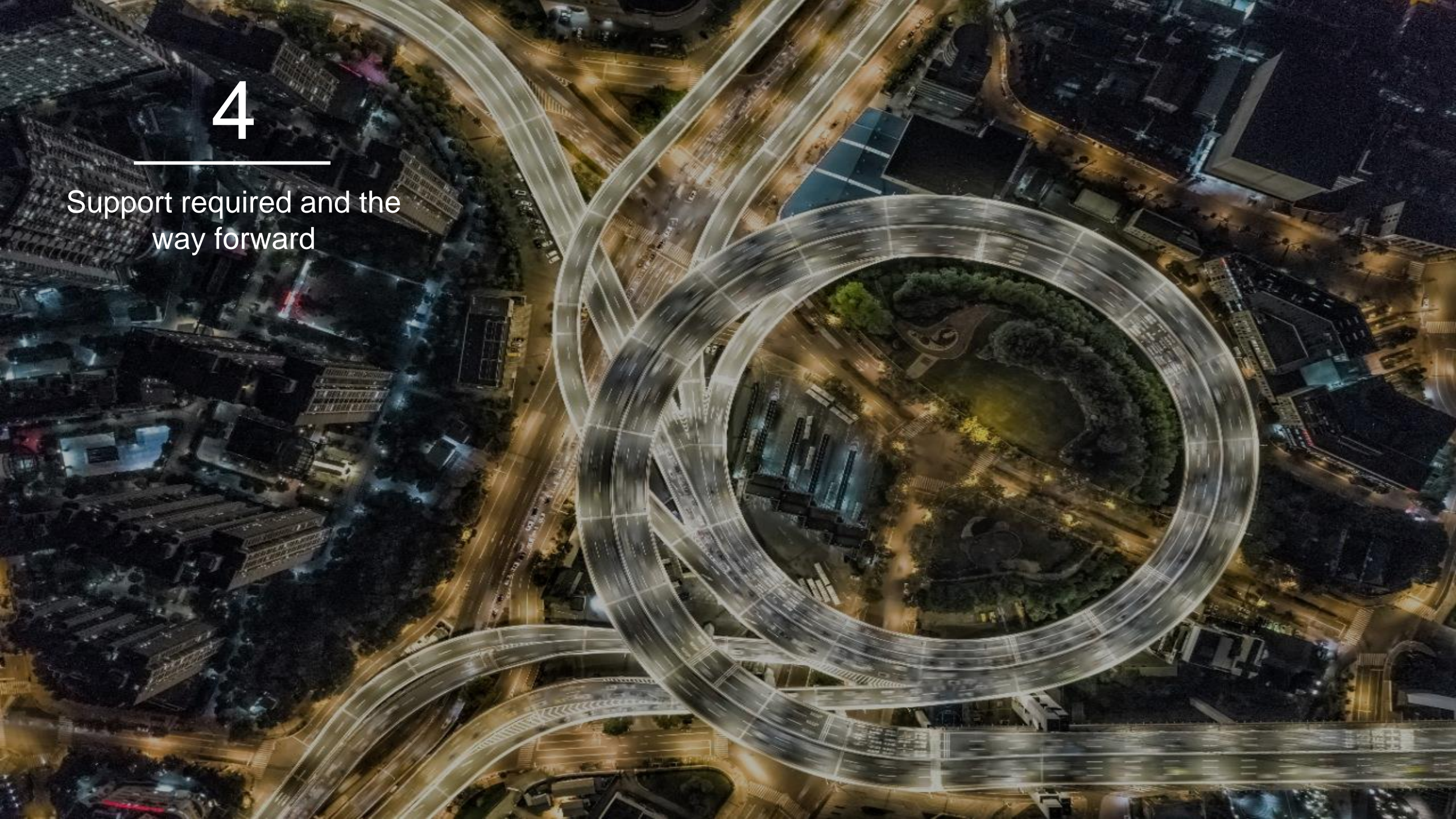


Team will produce a draft report on the prefeasibility of the ICIC by September 2022  
 Post review from the Government final report will be submitted by December 2022



# 4

Support required and the  
way forward





# Support required

1

Appointment of a nodal officer from the Government's side for cooperation with the study team

2

Agreement to conduct 1-2 follow-up discussion with the ministry's officials to better understanding the priorities

3

Setting up a steering committee to approve the report and agree on crucial assumptions

4

A letter authorizing the study team to conduct field survey and stakeholder consultation related to the study topic

5

Access to the recent trade, logistics and other crucial data



# Way forward

- 01 Submission of the inception report
- 02 The Government to provide recent trade and logistics data to the team
- 03 Follow up meetings for detailed discussion with the ministry's officials
- 04 Study team to make physical visit to the countries depending on COVID-19 situation and travel restrictions
- 05 Background analysis report and a report of global best practices to be shared by May 22



# Contact details



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5

Annexure





# Past studies have demonstrated an overall development potential for the region, laying focus on 6 thematic areas

## Thematic Focus Areas



Improvement of Rail and Road Connectivity



Modernization of border crossing points (BCPs) and border management



Development of horticulture value chains



Modernization of sanitary and phytosanitary measures, development of food quality certification services



Development of regional tourism



Development of special economic zones (SEZs) and industrial zones

## STKEC contribution in the focus areas



Construction of new roads (e.g., a Saryagash bypass)



Upgrade existing roads (e.g., Khujand-Ast road)



Entry permits, automated WIM



Development of ICIC and TLC



Time release studies and process improvement



Clearances and Documentation



Development of wholesale markets



Investment facilitation



Green Corridor Development



Demand Assessment for joint production



Tourism node development



Transit Facilities



Commercial space development



Transit approvals and BCP management