Regional: Almaty-Bishkek Economic Corridor: Preparing the Modern Agriculture Wholesale Market Development Project

Project Name: Almaty-Bishkek Economic Corridor: Preparing the Modern Agriculture Wholesale Market Development Project

Project Number: 51276-002

Country: Regional - Kazakhstan - Kyrgyz Republic

Project Status: Active

Project Type / Modality of Assistance: Technical Assistance

Source of Funding / Amount:
- Technical Assistance Special Fund: US$ 1.00 million
- Regional Cooperation and Integration Fund: US$ 1.00 million

Strategic Agendas:
- Inclusive economic growth

Drivers of Change:
- Governance and capacity development
- Knowledge solutions
- Partnerships

Sector / Subsector:
- Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development

Gender Equity and Mainstreaming:
- Effective gender mainstreaming

Description:
The proposed project will contribute to the diversification of exports and the connection to regional markets for the Republic of Kazakhstan and the Kyrgyz Republic. The project is part of the development of the Almaty-Bishkek Economic Corridor (ABEC). The project will support the modernization of wholesale markets (WSMs) to improve food safety, food security, and increase food trade within and outside the region. Modern WSM infrastructure will facilitate certification for exports, traceability systems, and most importantly, transparent market access and storage of fresh produce. As a result, market demand will allow for production growth and deliver incentives for quality, which will benefit small- and medium-sized producers in the region.

Project Rationale and Linkage to Country/Regional Strategy:
In Kazakhstan and the Kyrgyz Republic, horticulture value chains are concentrated around Almaty, Bishkek, and their surrounding areas where most of the production, trading, and consumption is concentrated. Wholesale trading is mainly occurring in Kazakhstan through the Altyr Orda market (42 hectares [ha] size) in Almaty province and Shareem market (3 ha) in Astana, as well as in the Kyrgyz Republic through Dordoi Food market with 14 ha and Alamedin market (15 ha), both in Bishkek. Most of the flow of horticulture products is channeled through these markets, which require significant modernization to comply with changing domestic regulations, the standards of the Eurasian Economic Union (EEU) and other major export destinations for fruits and vegetables that are produced in ABEC and the Fergana valley. Most commonly, fresh products are sold from the back of a truck to large and small retailers, to hotels and restaurants, and further to other WSMs of Astana or Shymkent. If the produce is not sold within a day, it is often spoiled and goes to waste. Producers or farmers often lack direct access to the WSM because of the segregated production structure with little cooperation and consolidation at the producer level.

Kazakhstan and the Kyrgyz Republic are both net food importers. Food security is compromised due to i) high dependency on food imports during the first half of the year; ii) lack of incentives for producers to expand the season, quantity and quality of produce due to low margins; iii) increasing market power and vertical integration for horticulture products; and iv) ad hoc and uncoordinated daily trading systems because of inadequate storage and cold-chain logistics facilities, which lead to high food waste and price fluctuations. Current WSM, storage, and logistics infrastructure limit the export potential for horticulture products and lead to inefficiencies in domestic food distribution with significant effects for food security and food safety. Reduced food waste and more efficient value chains have significant potential to reduce unnecessary use of natural resources and emittance of greenhouse gases.

Impact:

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

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

Geographical Location: Kazakhstan; Kyrgyz Republic

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples
Stakeholder Communication, Participation, and Consultation

During Project Design
During Project Implementation

Business Opportunities

Consulting Services

The TA will require three packages of consulting services: (i) Package 1 - International consulting firms to conduct the investment feasibility study (IFS) (output 1) using the fixed budget selection (FBS) selection method, and simplified technical proposals; (ii) Package 2 - an international consulting firm to conduct the commercial, technical and financial due diligence (output 2) using the FBS selection method and simplified technical proposals; and (iii) Package 3 - Individual consultants (international) to assist loan processing and implementation startup and coordination of outputs 1 and 2 (output 3). Package 1 will be lump-sum and performance-based contract, package 2 will be lump-sum, while package 3 will be time-based. ADB procurement and policy and regulations (2017 as amended from time to time) shall apply to the selection of consultants.

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Timetable

Concept Clearance
Fact Finding
MRM
Approval
07 Dec 2018
07 Dec 2018
07 Dec 2018
07 Dec 2018

Last Review Mission
Last PDS Update
07 Dec 2018
11 Dec 2018

TA 9677-REG

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Project Page
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