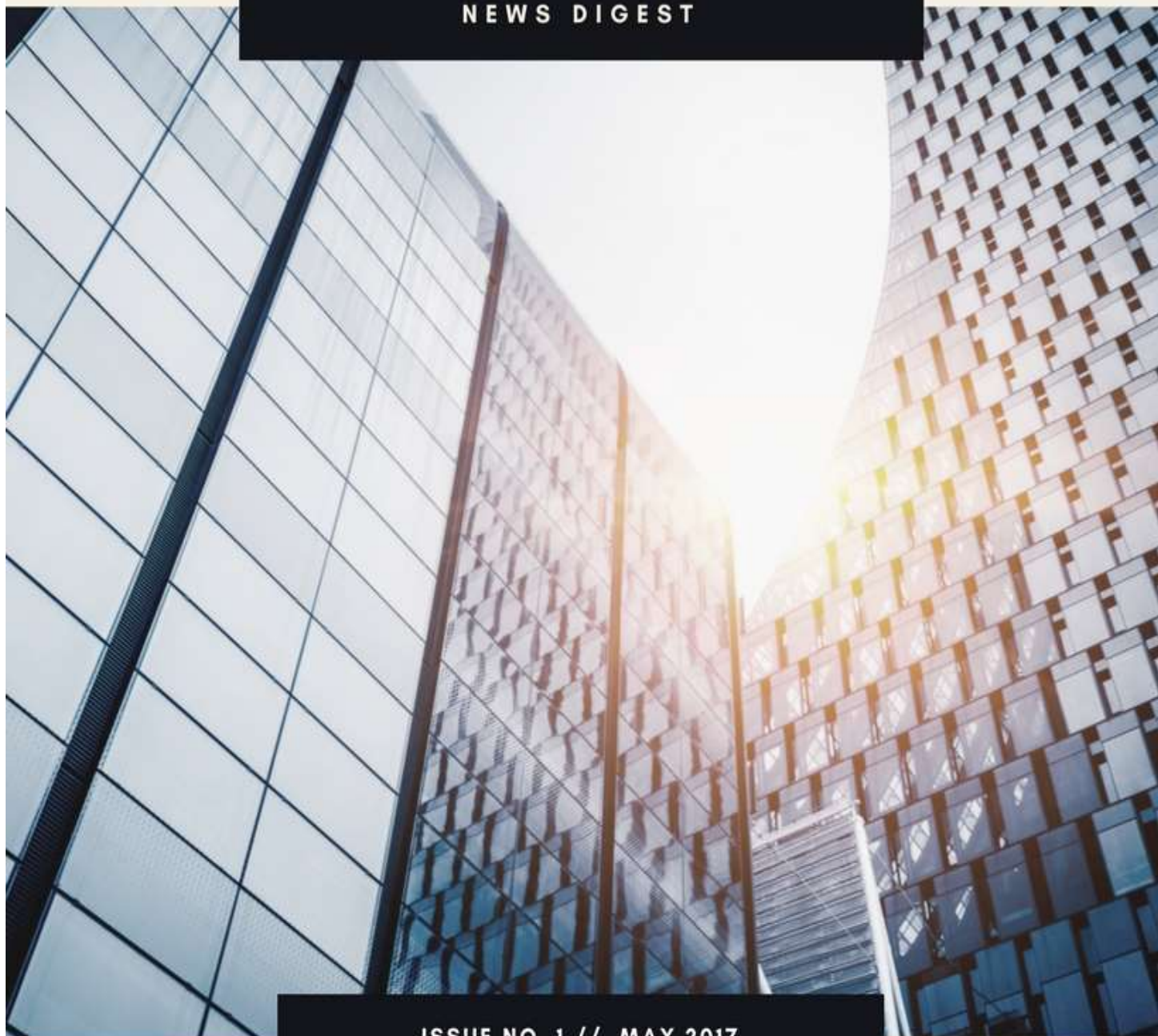


TERRITORIAL CLUSTERS

NEWS DIGEST

ISSUE NO. 1 // MAY 2017



ABOUT THE PROJECT

The *“Territorial Clusters in Kazakhstan”* is part of the Project *“Small and medium enterprises competitiveness in Kazakhstan”*, implemented by the Ministry of National Economy of the Republic of Kazakhstan in the framework of the 2015 Loan Agreement no. 8477-KZ between the Republic of Kazakhstan and the World Bank.

The objective of the Project is to enhance SME linkages in key sectors of Kazakhstan at territorial level, and more concretely, to support the collaborative actions within a cluster structure in order to increase competitiveness levels.

The Project is aimed at achieving the following main results: the launching and putting in operation of territorial clusters in the short term; the initiation of a cluster governance process in Kazakhstan at a regional level; improvement of the capacities of cluster coordinators and cluster policymakers in the Country, the promotion of internationalization of Kazakh territorial clusters; and the improvement of the state support framework for cluster initiatives.

During a total period of 30 months, the Project will begin with a process of identification of a number of territorial clusters, a process of identification of competitive challenges to be addressed by the new cluster policy, the development of a Strategic Plan for each cluster, and, finally, the identification and launching of collaborative actions among the stakeholders of the selected clusters.

The territorial clusters will be selected via a public competition call operated by the Ministry for Investments and Development of the Republic of Kazakhstan. According to the approved methodology, selection of territorial clusters will be carried out by group of international experts. Hereinafter the World Bank will give the conclusion on the selection results. Final decision will be made by the Industrial Development Commission chaired by the Prime-Minister of the RK.

For the effective implementation of the project, two international consultant teams were contracted by the Ministry of National Economy: INFYDE S.L. focused on the technical assistance to KIDI and territorial clusters throughout the whole period, and the European Foundation for Cluster Excellence, focused on support, training and capacitation sessions.



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TECHNICAL SECRETARIAT LAUNCHING

In December 2016, the Technical Secretariat of the "Territorial Clusters in Kazakhstan" Project was launched in Astana with the signing of a contract between the Ministry of National Economy (MNE) of the Republic of Kazakhstan and the Spanish consultancy firm INFYDE.

In this launching meeting that took place on the 14th of December, representatives of INFYDE, KIDI and MNE defined the overall approach of the project, as well as the scope and scale for the whole period; from 2017 to 2019.



Oxana Soimu, Juanma Esteban, Jaime Del Castillo, Perizat Gabdullina, Rustam Mashrupov, Nazymgul Abilkassimova, Zaure Nurgalyeva, Zhanna Baitemirova, Madina Nurkina, Timur Shalabayev

As a result of the meeting, a clear concept of work was defined within the framework of the concluded contract, which was divided into the following stages:

- 1) The first step is focused on the selection of a number of territorial clusters via a competitive call to be supported during the project
- 2) The second step is focused on the establishment of a state support on territorial clusters which includes the funding and supporting mechanisms for the selected territorial clusters.
- 3) The third step is focused on the identification of challenges and raise awareness about strategic lines and projects to be supported.
- 4) The fourth step is focused on the development of the actions proposed by each cluster.

Along with these steps, intensive training work will be carried out with all the stakeholders involved with cluster policy.



Marat Idrissov, Timur Shalabayev, Zhanna Baitemirova, Zhalgas Serikbay, Perizat Gabdullina, Juanma Esteban, Oxana Soimu, Jonatan Paton, Belén Barroeta, Madina Nurkina

ON TERRITORIAL CLUSTER SELECTION...

Between January and March 2017, KIDI and INFYDE worked on the definition of a selection methodology to choose those most promising for Kazakh clusters at a territorial level. A combined work of 5 international experts on the field, jointly with KIDI's team, defined a mixed quantitative-qualitative methodology that included the key characteristics that a territorial cluster should meet in order to be selected:

- a) a good level of integration of its value chain;
- b) favorable territorial conditions of the region where the cluster is located;
- c) a high socioeconomic impact expected from the cluster initiative;
- d) compliance with national and regional strategies; and
- e) prospects of development of the cluster regarding its international potential.

These five areas were designed into 22 quantitative-qualitative indicators, addressing the necessity of and objective assessment by statistical information, but also the intangible elements of a cluster

Sound field work to check the suitability of the methodology has also been carried out during March, with the leadership of KIDI, involving the Ministry of Investment and Development, the Ministry of National Economy, the Ministry of Energy, the Ministry of Culture and Sports, the National Chamber of Entrepreneurs "ATAMEKEN" as well as representatives of various associations from key sectors in the country. The selection methodology proposed was finally supported by the MNE and the World Bank in a meeting held on the 4th of April 2017.

The formal announcement of the call for territorial clusters selection was published on the 10th of April 2017, and can be accessed via the following link: <http://kidi.gov.kz/podderzhka-biznesa/klasternoe-razvitie>

All interested associations, groups of companies, and other parties representing a value chain, are invited to apply. All applicants should submit their cluster proposals to the Ministry of Investments and Development of the Republic of Kazakhstan (Department for Strategic Planning), with the deadline for submission on June 8th 2017.



Rustam Mashrupov, Zhanna Baitemirova, Juanma Esteban, Perizat Gabdullina, Zaure Nurgaliyeva, Timur Shalabayev, Madina Nurkina, Nazymgul Abilkassimova, Zhalgas Serikbay



Representatives of the following Institutions: Ministry of Energy of the Republic of Kazakhstan (the responsible authority for the development of the national clusters), Ministry of Culture and Sports of the Republic of Kazakhstan (the responsible authority for the development of tourism), Kazakhstan Union of Poultry breeders, Meat Union of Kazakhstan, Metropolitan Tourism Association - Astana, Union of Machine-Builders



KAZAKHSTAN AS PART OF TCI

In March 2017, JSC Kazakhstan Industry Development Institute - KIDI joined the TCI Network (<http://www.tci-network.org>): The global practitioners network for competitiveness, clusters and innovation. This international platform is the international reference for experts and organizations around the world, working on clusters, cluster policies and international collaboration in these fields. TCI involves more than 9,000 practitioners from development agencies, government departments, cluster organizations, academic institutions, companies and multilateral organizations in over 110 countries.

Membership of JSC KIDI in the TCI Network provides access to a leading global network of professionals and organizations working on cluster-based economic development. Kazakhstan will benefit from the services and network activities of TCI, namely: a) key information on clusters, competitiveness improvement programs and cluster initiatives, including experiences on methodologies for economic growth and regional development; b) contact with leading experts in the field of cluster and regional development; c) access to international partners with extensive experience in cluster development issues; and d) access to mentoring programs for the purpose of training professional cluster managers.

TRAVELING TO REGIONS IN KAZAKHSTAN...

As part of the definition of the selection methodology, KIDI carried out notable field work to raise awareness and promote the willingness of actors to take advantage of the opportunities presented by the upcoming territorial cluster call. A total of [number] regional visits have been organised in February and March 2017 with the objective of conducting information and consulting work before the official announcement of the competition for the selection of territorial clusters. The meetings carried out were as follow:

- Visit to Kyzylorda from February 6th to 8th. KIDI carried out a meeting with Atameken and potential enterprises from the production and processing of rice, where significant critical mass was detected: LLP "Jean-Aray Zhem", LLP "Nai-Mir", and General partnership "Abzal and K".
- Visit to Aktau from February 13th to 15th. KIDI met representatives from Atameken and the Tourism Department of the Mangystau region, and potential applications from tourism, construction and agroindustry sectors were identified.

Representatives of KIDI visiting the City of Kyzylorda



Representatives of KIDI visiting the City of Aktau

- Visit to South Kazakhstan from February 13th to 17th, KIDI representatives organized meeting with regional Atameken and enterprises and organization such as South Kazakhstan State Pharmaceutical Academy, the Association of the Pharmaceutical Industry of the South Kazakhstan region, JSC Chimpharm, and the Tourist Information Center of the South Kazakhstan region. These sectors were identified as potential candidates for the call.

- Visit to Atyrau from February 20th to 22nd, where KIDI representatives met the representatives of the Regional Chamber of Entrepreneurs and the Department of Entrepreneurship and Industrial and Innovative Development of Atyrau region. Here opportunities have been found on sectors such as construction and fishery industries.

- Visit to North Kazakhstan from 28th February to 4th May. KIDI representatives met with the departments of industrial and innovative development, the agricultural department of the Akimat of the North Kazakhstan region, the regional chamber of entrepreneurs and meat and dairy products processing enterprises.

All these meetings elicited notable interest from all participants and were useful as a previous contact regarding the rules for clusters selection, the main selection criteria, and questions on the process and the project which were answered by the representatives of KIDI in each meeting.



Representatives of KIDI visiting the City of Atyrau



Representatives of KIDI visiting the City of North Kazakhstan



Representatives of KIDI visiting the City of South Kazakhstan

UPCOMING ACTIVITIES

First training module by EFCE and INFYDE

The first of six training modules that were planned for the Project will be held in the period from the 5th until the 9th of June. These modules address different fields regarding cluster initiatives and cluster policy definition, implementation and evaluation. Each of the modules will be organized during a weeks' time, and will be divided into a morning session, provided by EFCE with a theoretical approach (cases studies), and an afternoon session, provided by INFYDE, with a practical approach (participatory working groups based on the concepts in the morning session).

1. Cluster economics & cluster initiatives screening
2. Industry analysis, segmentation and value chain analysis
3. Value chain analysis and benchmarking
4. Change management
5. Cluster organization management and project management
6. Continuous policy input and cluster policy evaluation

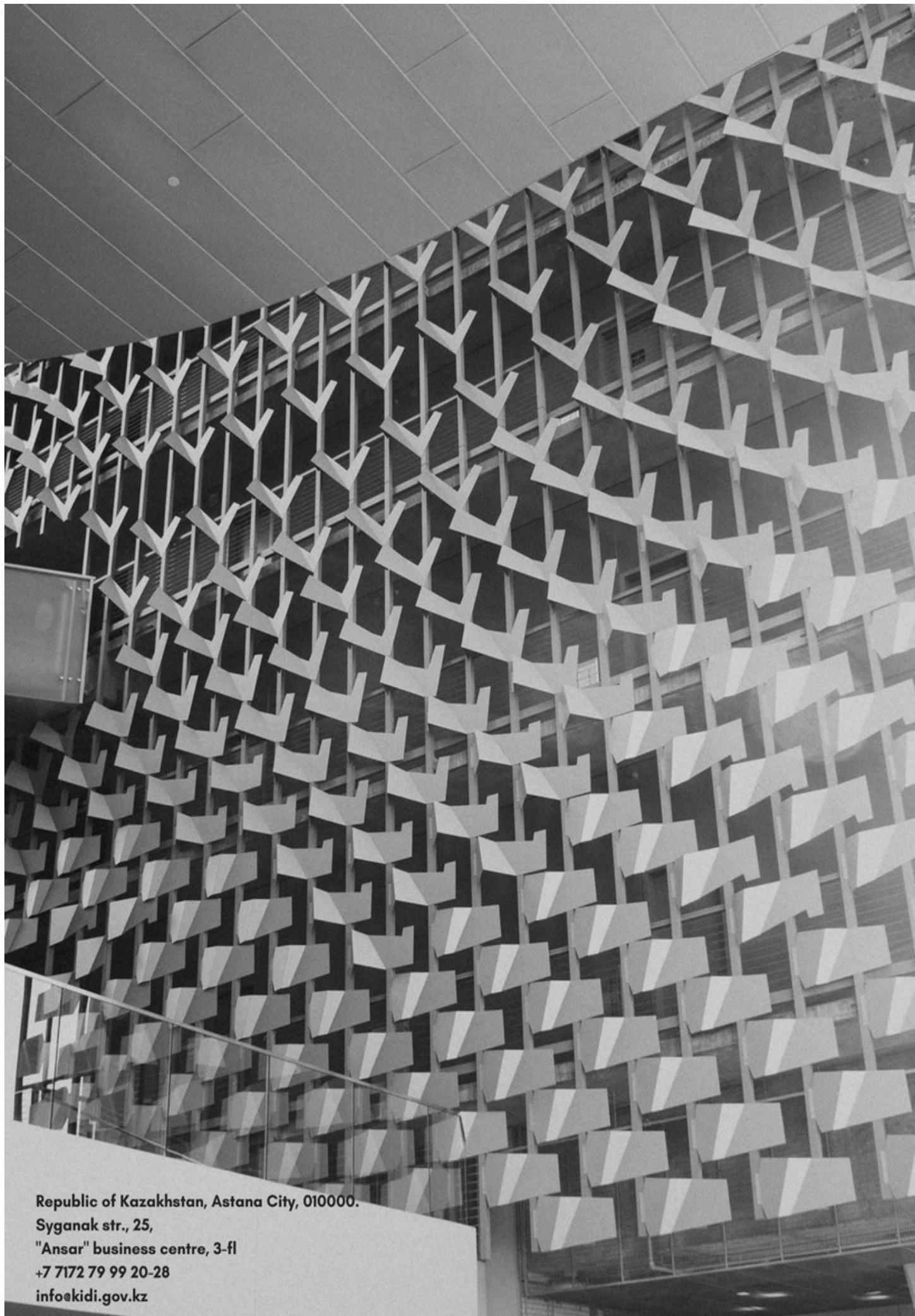
In Module 1 the Concepts and Techniques on Cluster Economics & Cluster Initiatives Screening will be presented. The training week will cover the following concepts and techniques: location theory, industrial districts, clusters, innovation systems, statistical cluster mapping, and cluster initiative selection.

Selection of territorial clusters

The 8th of June 2016 will be the deadline for the submission of applications on territorial clusters selection. After this date, KIDI and INFYDE will work on the assessment of all the applications received by applying the quantitative-qualitative criteria included in the call for selection.

After the conclusion of the World Bank on analyses and assessment of territorial clusters of the received applications done by JSC "KIDI" and INFYDE, the Commission for Industrial Development of the Republic of Kazakhstan under the Prime Minister of the Republic of Kazakhstan will determine 6 pilot territorial clusters. Then the team of JSC "KIDI" together with international consultants will start to implement the activities planned in terms of the Project in 2017-2019.





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