



WHITESHIELD PARTNERS
STRATEGY & PUBLIC POLICY ADVISORY

REGIONAL LABOUR MARKET RESILIENCE INDEX 2020

KAZAKHSTAN

POLICY BRIEF

IN COLLABORATION WITH



WITH SPECIAL FOCUS ON



Whiteshield Partners
Strategy & Public Policy Advisory

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DISCLAIMER

The analysis and drafting of the Kazakhstan Regional Labour Resilience Index 2020 Policy Brief (hereafter: "Report") was conducted by Whiteshield Partners with the support from its main partners, UNDP and Astana Civil Service Hub based on a methodology integrating statistics from international organizations and interviews with the Advisory Board members.

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KAZAKHSTAN LABOUR RESILIENCE INDEX 2020 RANKING

Kazakhstan regions	LRI Rank	1. Structural Pillar Rank	2. Policy Pillar Rank
Almaty city	1	1	1
Nur-Sultan city	2	3	2
Atyrau	3	4	4
Pavlodar	4	13	3
Shymkent City	5	2	10
Aktobe	6	7	6
Mangystau	7	6	8
Almaty Province	8	5	13
Karaganda	9	10	9
Kyzylorda	10	12	12
East Kazakhstan	11	15	5
Kostanay	12	16	7
West Kazakhstan	13	11	14
Jambyl	14	8	16
North Kazakhstan	15	17	11
Akmola	16	14	15
Turkestan	17	9	17

Note: Based on the Labour Market Resilience model 2020 constructed for Kazakhstan. For a review of the methodology, see appendix 1 of the Global Labour Resilience Index 2020: The Geography of Work*; Source: Whiteshield Partners

THE KAZAKHSTAN LABOUR MARKET RESILIENCE HEATMAP 2020

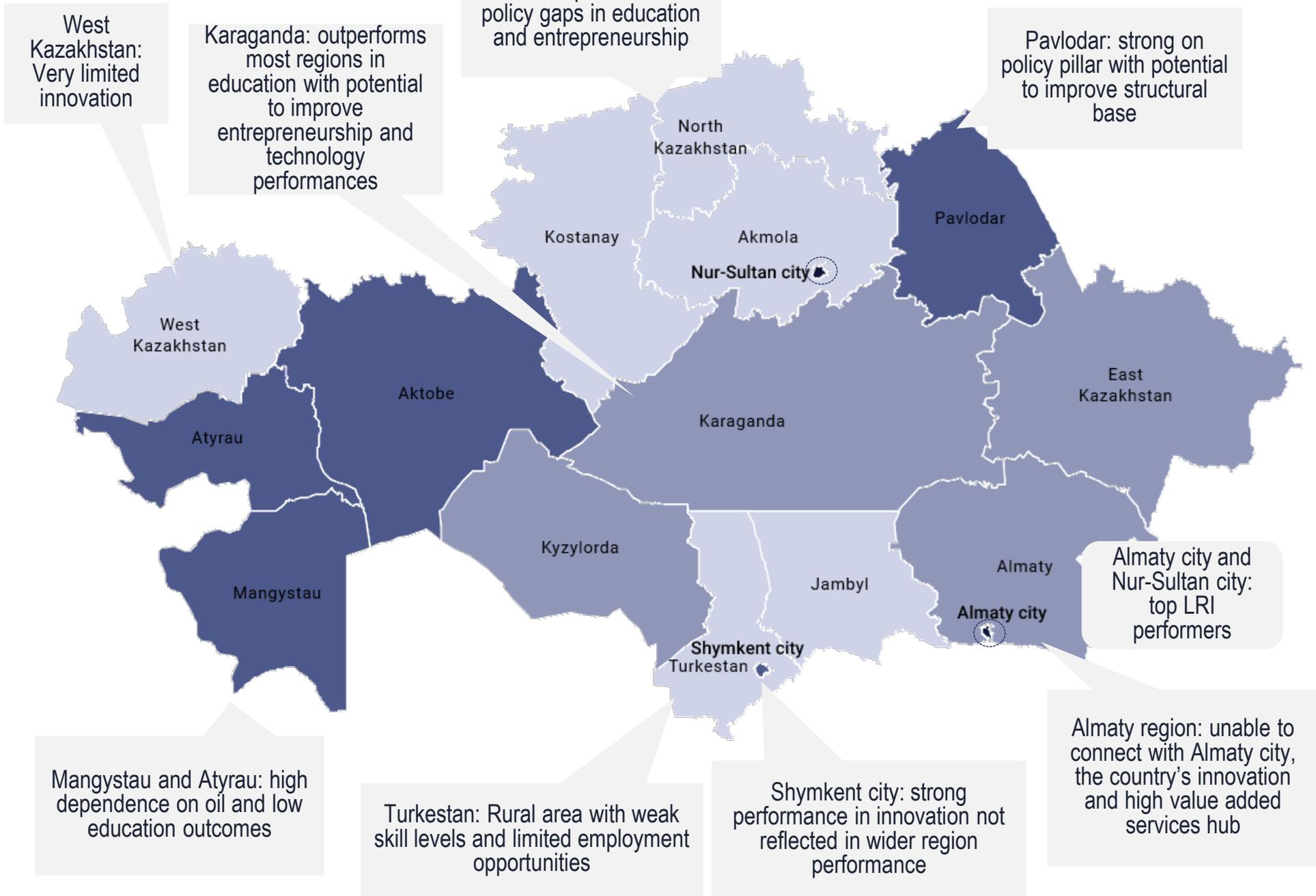
15th West Kazakhstan rank in innovation

3rd Karaganda rank in education and skills in the Kazakhstan LRI sub pillar

North Kazakhstan and Kostanay: the two worst performers in the Kazakhstan LRI regional capabilities sub pillar

1st Nur-Sultan city: top performer in wellbeing

Pavlodar ranked **3rd** on Kazakhstan LRI policy pillar but **13th** on structural pillar



Mangystau and Atyrau are the two worst performing regions in the Kazakhstan LRI education sub pillar

Turkestan is the worst performer in the Kazakhstan LRI employment sub pillar

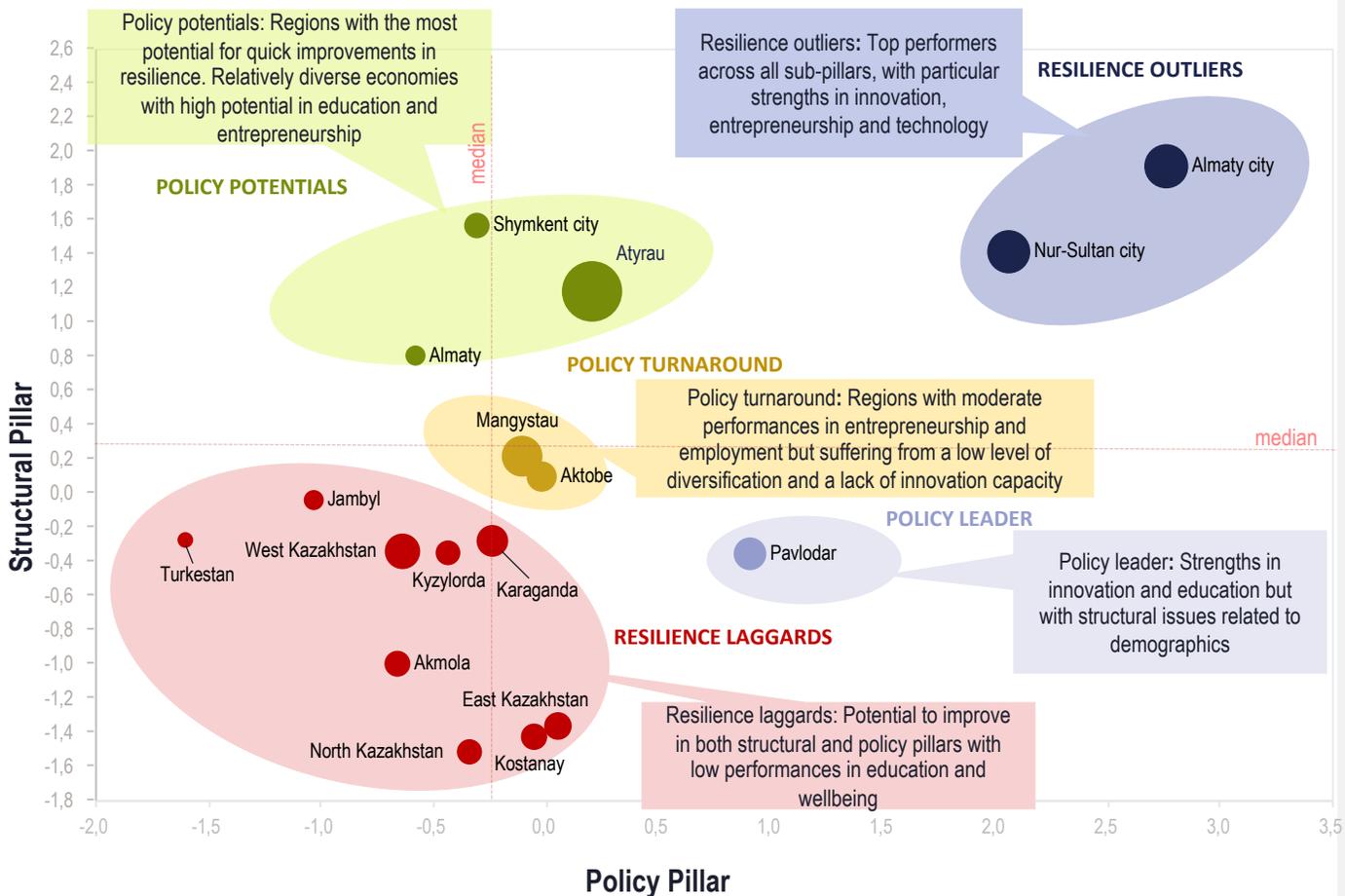
1st Shymkent city's Kazakhstan LRI rank in innovation despite being in Turkestan which is ranked **15th**

8th Kazakhstan LRI rank of the region of Almaty despite surrounding the top Kazakhstan LRI performer (Almaty city)



Source: Whiteshield Partners, Kazakhstan National Statistics Committee
 Note: Segmentation by tier based on results of the Kazakhstan Labour Market Resilience model. Darker shades mean greater labour market resilience. 17 regions were considered in this analysis.

KAZAKHSTAN REGIONAL LABOUR MARKET RESILIENCE PERFORMANCE MATRIX



Source: Whiteshield Partners

Note: Segmentation by tier based on results of the Regional Kazakhstan Labour Market Resilience model. Bubble size reflects GRP per capita

REGIONAL CASE STUDIES



POLICY POTENTIAL CASE

CONNECTING ALMATY CITY WITH WIDER ALMATY REGION

8th
LRI Rank

Policy Pillar: 13th
Structural Pillar: 5th

81.3%

Almaty city contribution to Almaty region GRP

76%

Urban population from Almaty region living in Almaty city

54%

Contribution to Almaty Region Employment

ALMATY CITY



ONE CITY ACTING AS THE ENGINE FOR THE GROWTH OF THE WIDER REGION

- Almaty city's high value-added service economy has allowed the region to become a major contributor to the country's service output. By employing 54 percent of the region's population, the city contributes to 76 percent of Almaty's regional output. This has enabled Almaty to contribute to 68 percent of the country's service output
- The attractiveness of the city stems from competitive wages compared to the rest of the region, as wages in Almaty city are 60% higher
- Nevertheless, the city has been polarizing the growth of the region, as its urban population increased by 31 percent between 2011 and 2018, against a mere growth of 4 percent in the rest of the region during the same period



Spatial income divide



Breakdown in trust



Rural-urban divide

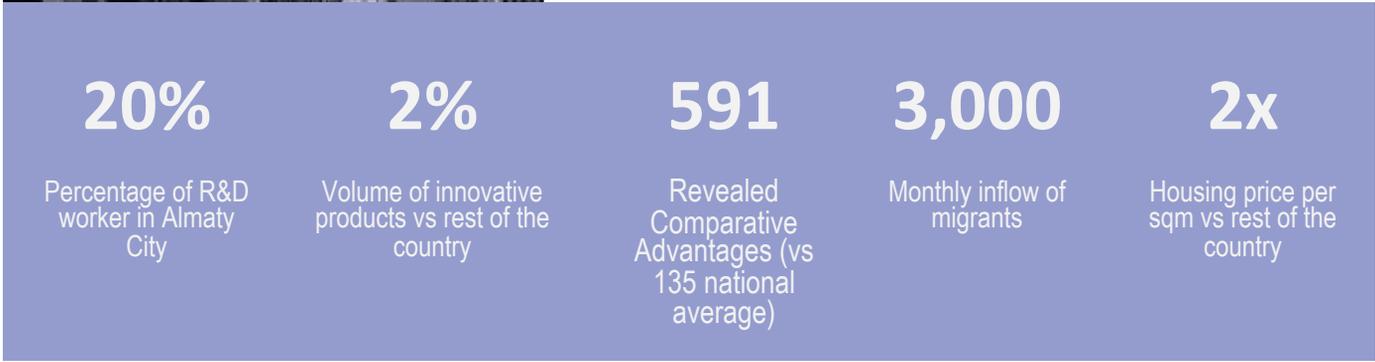


ALMATY CITY

Region: South East
 Employment Rate: 94.9%
 GRP: 12.13 trillion tenge

Policy Pillar: 1st
 Structural Pillar: 1st

1st
 LRI Rank



CONTEXT POLICY KEY CHALLENGES

- CONTEXT**
 - The economy of Almaty city is driven by high value-added services, with 91% of its GVA coming from commerce, business and public services
 - Almaty city has a productivity level 2.3x higher than the rest of the country, which is reflected in higher disposable incomes (40% higher than the rest of the country average)
- POLICY**
 - The city of Almaty plans to position itself as Kazakhstan's innovation hub. It houses innovation clusters and technology parks (e.g. Almaty park of innovative technologies) and aims to attract the nation's top talent in innovation
- KEY CHALLENGES**
 - Low share of innovative products in Kazakhstan originating from Almaty City implies challenges to convert innovation inputs to outputs
 - The city's position as an innovation hub has led to a high flow of migrants putting upward pressure on housing prices

POLICY PERSPECTIVES SELECTED BEST PRACTICES

- POLICY PERSPECTIVES**
 - Connect with other innovative cities around the world to strengthen innovation outputs
 - Leverage acceleration methods to solve pressing issues such as housing
 - Close skill gaps through PPPs with IT companies
- SELECTED BEST PRACTICES**
 -  Town twinning: aims at promoting innovation and creativity through cooperation between cities
 -  Fundrise: first real-estate crowdfunding platform based in Washington D.C
 -  Institute of coding: Matching of public funding with private funding to boost IT capabilities in the UK

Source: Whiteshield Partners, the Innovation Growth Lab, Real Estate: Crowdfunding Introduction to an alternative way of investing – EY, Euromonitor International, The European Commission, GOV.UK – Education, Skills, and Training
 Note: data is based on latest year available



RESILIENCE LAGGARD

17th
LRI Rank

Policy Pillar: 17th
Structural Pillar: 9th

DEVELOPING NEW GROWTH POLES IN TURKESTAN

57%

Shymkent city
contribution to
Turkestan GRP

34%

Share of Turkestan
population living in
Shymkent city

72%

Contribution to
Turkestan
employment

SHYMKENT CITY



- Shymkent city has established itself as Turkestan's industrial hub, contributing in 86 percent of the region's industrial output
- The city has emerged as a growth pole for Turkestan considering the 68 percent population growth it has witnessed in the past 15 years
- The city capitalized on the regional development program launched by the Republic of Kazakhstan, which placed it in the "first tier" urban agglomeration
- The heavy reliance of Turkestan on Shymkent city has been sub-optimal. While the Shymkent city employs only 72 percent of Turkestan's labour force, it only contributes to 52 percent of regional output. The region could consider developing new growth poles

**OVERRELIANCE ON ONE
CITY HINDERING
REGION'S GROWTH
POTENTIAL**



Spatial income divide



Breakdown in trust



Rural-urban divide



SHYMKENT CITY

Region: South
 Employment Rate: 94.9%
 GRP: 2.17 trillion tenge

Policy Pillar: 10th
 Structural Pillar: 2nd

5th
 LRI Rank

86%

Manufacturing sector share in the city's economy

-20%

Productivity difference with rest of country

0.3%

Contribution of Share of Kazakhstani SMEs in Shymkent City

CONTEXT

- Industrial hub for South Kazakhstan with capabilities in mining
- Strategic position in the South connects the region's two biggest economies (Russia and China)
- Population has grown by 68% in the last 15 years, making it the third largest in terms of population size)

POLICY

- Aims to rival Almaty City and Nur-Sultan as one of the nation's megacities and become a regional center for investment, technology and intellectual resources
- Objective: GRP of 3.5 trillion tenge by 2023 through a development plan targeting infrastructure, industries, housing and tourism

KEY CHALLENGES

- Heavy reliance on traditional sectors is compromising performance in innovation, with only 7% of companies adopting innovative solutions
- Low productivity will make it difficult to capitalize on infrastructure investments and achieve economic growth
- Absence of SMEs implies less opportunities for the city's young population to innovate

POLICY PERSPECTIVES

- Engage citizens in the formulation of innovation policy
- Establish strong linkages between vocational training institutes and businesses to leverage local capabilities
- Identify and link key stakeholders in the formation of clusters and innovative SMEs

SELECTED BEST PRACTICES



WeAlmaty: Joint action combining civil society organizations and the private sector to develop Almaty City into a "smart city"



Municipal government of Changsha: offered school funding and tax credits for participation in worker training programs



Global Biotech and Tech Powerhouse - St Louis, Missouri : Offers tax incentives and grants for biotechnology startups

Source: Whiteshield Partners, WEF, Kazakhstan National Statistics Committee, The Astana Times, World Bank, WeAlmaty – The British Council official website

**THE FUTURE IS LOCAL:
MAKING LABOUR
MARKET RESILIENCE
HAPPEN AT THE LOCAL
LEVEL**

**POLICY
PERSPECTIVES**

**TARGET
REGION/CITY**

BEST PRACTICES

PROFILE

Segment most vulnerable priority profiles such as rural poor families

TURKESTAN

REGIONAL ACTION PLAN - EAST TYROL AUSTRIA



NEW DEAL

Establish connections between urban and rural areas through industry clusters

ALMATY REGION

SPECIALTY CROP CLUSTER – SACRAMENTO



CONNECT

Promote partnerships between different local authorities to address issues related to wellbeing and social inclusion

KOSTANAY AND NORTH KAZAKHSTAN

THE PROGRAM FOR DEVELOPING LOCAL PLANS FOR SOCIAL INCLUSION – CATALONIA

(COORDINATES SOCIAL INCLUSION INITIATIVES AMONG LOCAL AUTHORITIES)



ACCELERATE

Leverage existing capabilities by introducing innovative practices to their key sectors

MANGYSTAU, AKTOBE

CENTRE OF EXCELLENCE IN OIL AND GAS – DUBAI
(IN PARTNERSHIP WITH MICROSOFT)



**SUSTAIN
GOODWILL**

Engage its citizens in facing upcoming challenges (higher housing prices) through forums and discussions with community members

ALMATY CITY

CONNECTSF – SAN FRANCISCO



Source: Whiteshield Partners, WEF, OECD ConnectSF, Interreg Europe, Economic Times, National League of Cities, The European Commission



DOWNLOAD THE FULL REPORT AT:
https://www.whiteshieldpartners.com/insights/gri_report



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