



STATE PROGRAM ON THE DEVELOPMENT OF MONOCITIES FOR 2012 – 2020

Issues concerning spatial development for many years were on the periphery of the economic policy agenda of Kazakhstan since its existence as an independent state. The launching of the “State Program on the Development of Monocities for 2012-2020” can be considered as the first spatial development program in more practical sense. Before this, the concept of spatial development was limited to major cities and to the development of the capital city.

During the Soviet Era, however, there were policies of geo-economic zoning, which were largely detrimental because they were based more on reasons of planned and centralized economy rather economic efficiency. With the transition into market economy many small and medium sized cities gradually started to fall into decline, which was caused mainly by low competitiveness of local enterprises. This in turn had social repercussions that lead to a broad range of problems. Apart from Kazakhstan, countries like Belarus, Ukraine and Russia also have adopted strategies that deal with small and medium sized mono-functional cities and, to certain extend, their actions are similar.

Practically all of the monocities have a whole bunch of problems like high unemployment rate, poor infrastructure, poverty, ecological problems etc. Despite the overall growth of the population in the country, the monocities have lost on average 4% of their population during the last ten years. High unemployment rate make the most qualified part of the population of monocities to migrate to larger cities. This leads to a high concentration of people of above working age in monocities where the proportion of elderly population exceeds 18%. Imbalanced labor market and high unemployment rate lead poverty. In

most monocities the income rate is 15-20% lower than the regional average. Income from governmental institutions constitute a large amount in almost all monocities. On average 50-60% of income is publicly earned. 20-30% of income comes from pensions and social payments while 10-15% of income comes from various unofficial sources, mainly as remittances from other regions, financial aid from relatives etc. Another problem that persists in most monocities is poor infrastructure. Bad road infrastructure causes problems in access to regional administrative centers and major highways.

In order to solve these problems, “State Program on the Development of Monocities for 2012 – 2020” was approved by the government of Kazakhstan in May 2012. This initiative is aimed at small sized mono-functional cities and implies completion of goals concerning optimization of principal enterprises, local productive structures, creation of SMEs and increase of labor mobility. The Program is a part of the strategy of spatial development. According to the Program, all cities in which at least 20% of the population work in one firm are considered monocities. By the end of 2015 it is planned to spend 141,3 billion KZT on this Program. There are 27 monocities of 10 regions that are included in the list. 7 of these monocities belongs to Karaganda, the most urbanized region. The size of the cities varies between 20 thousand and 200 thousand inhabitants. 1,53 million people live in these monocities, which is about 9% of the total population. Most of the monocities are tied to enterprises of extractive sector.

The Program pursues four main goals. The first one is to optimize the size of the monocities so that local productive systems could match local

population. The second is to diversify local economies with more SMEs. The third is to increase labor mobility of population in monocities. The fourth is to attract infrastructural development. The Program is expected to increase the industrial output in monocities by 20%. The Program should enhance and increase the number of SMEs. It is expected to reduce the proportion of the population under poverty line below 6% and the unemployment rate to 5,5%.

The reasons mentioned above underline the importance of the infrastructural development in spatial analysis. The development of monocities should include a comprehensive package of actions consisting of improvements of the investment climate and diversification of local productive systems. Also development of small cities should be realized through clear zoning and improving transportation systems. Another aspect that is essential in any development issue is the development of institutions and providing labor mobility for the population. Regional policy should be implemented through modernization of institutions and growth of human capital.

As for the beginning of 2015, more than 80 billion KZT have been already spent on the implementation of the Program. The major progress was made in infrastructural development. Thus, the share of depreciated electricity network has fallen from 70% to 20-30% and over 2 thirds of the depreciated houses were demolished and partially reconstructed.

Therefore, further implementation of the “State Program on the Development of Monocities for 2012 – 2020” should be considered as an indispensable step in spatial development of the country.

Politics, Foreign Affairs and Security

- The Shanghai Cooperation Organization (SCO) Council of Ministers of Foreign Affairs held a meeting in Moscow. During the consultations, high-ranked officials discussed topical issues on the international and regional agenda and prospects of development of co-operation within the SCO framework. The Council members also decided to grant India and Pakistan the status of members of the bloc, which would be confirmed at the SCO Summit in July.
- The first parliamentary forum of BRICS was held in Moscow. It gathered over 100 participants - heads and members of BRICS top legislative bodies, who may start the establishment of the BRICS Parliamentary Assembly.
- The Ministers of Defense of the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO) countries held 2-days meetings in Kyrgyzstan and in Tajikistan. During the meeting, the Ministers underlined the need to boost military cooperation to counter the growing terrorism threats at borders of the CIS and the CSTO states.
- The G7 member states held a summit in Bavaria, Germany. The negotiations agenda of the G7 summit comprised the relations of the Western countries with Moscow, the extension of the anti-Russia sanctions and the Greek debt payoff.
- According to the Central Election Committee, Turkey's ruling Justice and Development Party (AKP) won parliamentary election but lost its single-party majority. The preliminary results showed AKP secured 40.9% of the votes (258 seats), followed by the Republican People's Party with 25% (132 seats), and the Nationalist Movement Party with 16.3% (80 seats). The newly formed People's Democratic Party also passed 10% threshold with 13.1% of votes (80 seats).
- The Special Monitoring Mission of the OSCE observed the move-

ment of heavy weapons and fighting around Kiev-controlled Marinka, as well as other areas in the Donetsk region, which was a huge violation in the reached ceasefire.

- The Ukrainian Parliament adopted a range of amendments that would allow foreign forces to conduct an international peacekeeping operation on its territory after UN or EU authorization.
- Ministry of Foreign Affairs of Turkey announced that the country has begun training members of Iraq's National Guard in northern Mosul governorate in order to combat Islamic State militants.

Economy, Finance and Energy

- During the meeting of the Minister of Energy of Azerbaijan Natig Aliyev, the President of State Oil Company of Azerbaijan Rovnag Abdullayev and the Minister of Oil of Iraq Adil Abdul-Mahdi the parties signed the Memorandum of understanding (MoU) in the oil and gas sphere. In the framework of the MoU Azerbaijan and Iraq would establish a working group for the implementation of the joint ventures on the territories of both countries.
- After the meeting with the Minister of Energy of Russia Alexander Novak in Vienna the Minister of Oil of Iran Bijan Namdar Zanganeh stated that next week Iran would start exporting oil to Russia under a barter deal between the two countries. The high-ranked official also added that Kazakhstan and Belarus would be able to purchase Iranian crude shipments from Russia under the agreement being the member of the Eurasian Economic Union.
- Russia's Novatek Gas & Power Company announced initiation the long-term contract with Shell International Trading Middle East on liquefied natural gas (LNG) supplies. Novatek would supply about 0.9 million tons of LNG for the next two decades from volumes purchased by Novatek originating at northern Siberia's Yamal LNG plant, due to become operational in 2017.

- During the meeting of the Chief Executive Shell Company Ben van Beurden and the Minister of Oil of Iran Bijan Namdar Zanganeh on the sidelines of an OPEC seminar in Vienna, Shell announced its desire to repay its debt to Iran of \$2.3 billion.
- The European Bank for Reconstruction and Development announced that it would provide finance for the landmark renewable energy project in Kazakhstan with loans exceeding €80 million.
- A consortium of eight Turkish Banks and Deutsche Bank AG London signed a \$5 billion loan agreement for Turkey's largest highway project, namely, Gebze-Orhangazi-Izmir motorway project.
- According to the Atomic Control Committee at the Ministry of Energy of Kazakhstan, the country would start receiving nuclear material to be kept in a low-enriched uranium fuel bank of the International Atomic Energy Agency in 2017.

Society and Culture

- Chinese officials, rescuers and family members gathered on 7th June for those lost on a cruise ship which capsized during a storm in the Yangtze River, as the death toll from the disaster reached 431, with 11 still missing. Only 14 survivors have been found after the ship carrying 456 overturned in a freak tornado in Jianli in Hubei province.
- The Head of the Russian Space Agency Igor Komarov announced that Russia would continue launches of manned spacecraft to the International Space Station from the Baikonur Cosmodrome until 2024, and then move the manned program to the new Vostochny Cosmodrome.
- South Korea recorded its sixth death in Middle East Respiratory Syndrome (MERS) infections with 23 new cases in the largest outbreak of the potentially deadly virus outside Saudi Arabia.
- The Large Hadron Collider has restarted scientific investigations after a two-year pause.