

ECONOMIC COOPERATION ORGANIZATION

Terms of reference for hiring a consultant to
prepare “Trade and economic potential of
Kazakhstan within ECO markets in the new
geo-economic realities ”

ECO Secretariat

Terms of reference for hiring a Consultant for: “(ECO, 2023)”

Executive Summary

As stated in Annex 1 of “*Trade and economic potential of Kazakhstan within ECO markets in the new geo-economic realities*” in regard of hiring a Consultant to fulfill the subject feasibility study, the recruitment will be in accordance with the recruitment policies and norms as applied in the Economic Cooperation Organization (ECO) and its related partners to the present project.

This project concept proposal was approved by Regional Planning Council (ECO Secretariat's Work programme for 2023 year, "I" sector, ERS, paragraph 8) at January 19, 2023.

In the above light, the delivery on the project study by a Consultant will be in compliance with the Project Work Plan as specified in **Annex 1**. It is to be noted that the Consultant will collect project input data, in close cooperation with the relevant national authorities.

The present project relates to the area of economic research and, thus will support agro-industrial supply connectivities in the ECO Region in line with “*Year of ECO Green transition and interconnectivity -2023*”. Economic growth is a major concern at global level as per the outcomes of the 2023 leading to intensive economic reforms. It is therefore that this project has its special significance for mass 480 million people.

Positioning of Economic development is amongst the ECO’s key priorities as per “ECO Vision 2025”. In particular, the Vision pointed out “*Economic Growth and Productivity*” as a new area which deals with Industry and investment. The latter’s objective is to achieve the long-term growth, knowledge-based production through increased contribution of Research and Development (R&D), entrepreneurship, increased participation of private sector, Small and Medium-sized Enterprises (SMEs) & women” among others ([www.eco.int/maindocuments/ECO Vision 2025](http://www.eco.int/maindocuments/ECO_Vision_2025), p. 6).

Groundwork potential as required for the project is currently in place: economic has steadily been attributing to nearly one third of ECO’s combined regional GDP over the last decade, on average, according to the reports of the Organization. Thus, ECO is an important economic region to world markets.

The main idea of the project is to conduct a comprehensive analysis of the trade and economic potential of Kazakhstan within the framework of ECO markets. It is supposed to: analyze the export policy of Kazakhstan, explore opportunities for diversification and growth, as well as identify new areas of development. An analysis of logistics routes and competitive global markets will be carried out. Practical proposals and recommendations will be developed for the formation and development of Kazakhstan's trade policy and activation of its involvement in the global value chain system, and, accordingly, increasing the competitiveness of the economy within ECO members.

In the context of a rapidly changing world order, the question of the need for economic diagnostics and the realization of domestic trade and economic potential within the framework of the diversification of world markets are acute and actual. In this regard, the republic faces tasks and challenges in the field of geo-economic and geopolitical processes aimed at creating new global production links and entering competing world markets.

The aim of the project is to identify the main challenges in the new geo-economic realities for Kazakhstan, identify key factors of future growth and directions for increasing the trade potential of the state in cooperation with ECO members. In addition, it is necessary to mitigate the problem of the economy's dependence on the export of raw materials, reorientation of markets and sales structures by working out options for integrating Kazakhstan into global production chains, considering the geoeconomic advantages of Kazakhstan as a member of ECO.

Project Background/Rationale

Background

Since the second half of the XX century, the processes of globalization have been gaining momentum, especially in the last 30 years there has been a rapid growth of integration groups.

Most integration associations adhere to the policy of open regionalism. On the other hand, this trend may change in changing conditions, such as economic and financial crises, a pandemic, military actions, etc.

Currently, many experts are increasingly beginning to observe the processes of disintegration caused by tectonic shifts in the world economy. The new technological order implies a revision of existing trade policies and competitive markets.

The issue of effective use of the export potential of the Republic of Kazakhstan is one of the key priorities of the policy carried out over the past 30 years. In the world economy, including in economics, great attention is also paid to the need to diversify the export basket and search for competitive sales markets.

In our application and, as a result, in the project, we focus on the study of the directions of diversification of Kazakhstan's trade flows, considering geo-economic advantages and threats, transport and logistics complexes of Kazakhstan and the states of the Central Asian and South-Eastern regions, competitive advantages of specific sales markets in combination with the economic and trade potential of Kazakhstan.

The author of the proposed project has the necessary professional experience related to the assessment of the economic potential of trade flows both at the regional level and on a global scale, the influence of geo-economic processes on the formation of the foreign policy of the Republic of Kazakhstan, considering geopolitical risks.

The considerable theoretical and empirical base of the project participant makes it possible to comprehensively consider the issue stated for the study from an interdisciplinary position. In addition, considering the need to ensure the economic security of the country, to determine the

tasks for the promotion of exports within the framework of the implementation of state program documents of the Republic of Kazakhstan in cooperation with ECO members.

Rationale

In the economic studies of foreign and Kazakhstan's authors, the topics of the trade and economic potential of countries in competing markets are widely studied.

According to the researchers, the country's trade and economic potential at the global level is determined on the basis of the competitiveness of companies, industries and regions. In order for the country's economy to become truly competitive, effective interaction of all subjects of economic relations, continuous development of trade and economic potential and the presence of the national economy in the world commodity markets is necessary. In addition, the researchers pay attention to the comparative profitability of exports of a country in which high profitability of the supply of goods means stable competitiveness. This also applies to the ability of national enterprises to produce goods and services that meet the needs of foreign consumers, while simultaneously maintaining and increasing real national income.

However, in the conditions of increasing turbulence in economic relations in the post-pandemic period, the growth of protectionism in a number of countries, the shift in focus from globalization to regionalization of economic processes, and the ongoing trade war between China and the United States, as well as geopolitical crises in the post-Soviet space, have a greater impact on the global economic order.

In this regard, the countries of Central Asia and the South-Eastern region face the urgent task of finding competitive markets to increase the stability of the national economy.

It should be particularly noted that the issues of increasing the trade and economic potential of the Republic of Kazakhstan and competing markets in the new geo-economic realities are insufficiently studied in the domestic and foreign economic literature. For example, the problems of adapting the best foreign experience of developing trade and economic potential in Kazakhstan, taking into account the opportunities and advantages of our country.

For the first time, our study will present concrete practical proposals for the successful use of advanced foreign experience in the development of trade and economic potential in the Republic of Kazakhstan in the new geo-economic realities.

In addition, cooperation within the framework of regional associations, of which Kazakhstan is a member, is gaining particular importance today. The ECO, established in 1985, is one of the key areas of Kazakhstan's international activities. This multilateral format has gained a new impetus for development in the context of the accession of the Central Asian countries to the organization. Setting itself the task of creating favorable conditions for the economic development of the participating countries, as well as consistent integration into the system of world economic relations, the ECO has significant opportunities to strengthen economic ties in the countries of Central Asia and the Middle East. In this case, it is planned to evaluate measures aimed at further implementation of strategic objectives to promote the export of Kazakhstan's products within ECO markets, including analysis of their effectiveness using approaches of related sciences, such as economics, statistics, etc. through the prism of their impact on ensuring the geo-economic security of the country, diversification of world markets and commodity flows with ECO countries.

Project Goals

The idea of the project is to conduct a comprehensive analysis of the trade and economic potential of the Republic of Kazakhstan within the framework of ECO markets. It is supposed to analyze

the export policy and its implementation in Kazakhstan, identify opportunities for diversification and growth, as well as identify new areas of development within ECO members.

Practical proposals and recommendations will be developed for the formation and development of Kazakhstan's trade policy and activation of its involvement in the global value chain system, and, accordingly, increasing the competitiveness of the economy.

Objective of the project: based on the study of advanced foreign experience in the development of trade and economic potential and competing markets, as well as a comprehensive analysis of the trade and economic potential of the Republic of Kazakhstan and ECO members, to develop recommendations and concrete practical proposals for further strengthening and modernization of the trade and economic potential of the republic and ECO markets in new geo-economic realities.

Project scope and expected outputs/key milestones

The project's key milestone outputs have been designed as follows:

Key milestones Outputs

Output 1: Analysis of the trade and economic policy of the Republic of Kazakhstan with the ECO countries

1.1 Analysis of the fundamentals of international economic relations of the Republic of Kazakhstan with ECO countries;

1.2 Analysis of the structure and dynamics of Kazakhstan's trade with ECO countries over the past 10 years;

1.3 Analysis of Kazakhstan's transport and communication links with ECO countries.

Output 2: Analysis of cooperation relations and investments of the Republic of Kazakhstan with ECO countries

2.1. Analysis of current investment policy between ECO countries;

2.2. Identification of existing cooperation projects of the Republic of Kazakhstan with ECO countries;

2.3. Study of the essential content and structural content of the cooperation and investment potential of ECO members;

Output 3: Identification of potential opportunities for cooperation between ECO countries, drawing up recommendations

3.1. Conducting an analysis on the realization of the country's export potential within the framework of the ECO region;

3.2. Building a scheme to optimize the structure of Kazakhstan's exports in the framework of ECO markets;

3.3. Drawing up recommendations for achieving the set of goals in accordance with the national interests of the foreign economic policy of Kazakhstan as a member of ECO.

Project completion and presenting the project results. Validation of the project results. Presenting the validated results of the project to stakeholders (Member States) and ECO Secretariat.

Proposed methodology and approach

The Consultant may, via his/her counter-offer, demonstrate modern and innovative approaches for deploying, for the purposes of this project, the following methodologies and/or research project techniques:

1. Deployment of power-interest-grid framework to carry out a stakeholder analysis;
2. Methodology ensuring facts-based and documentary evidences, including legal documents, meeting records, and annual reports will be deployed under this project;

3. In-depth observations of the geo-portals developed by other international organizations within ECO will be used for the purposes of this project;
4. For the categorization of stakeholders, the power-interest grid will also be used in line with the above;
5. Official economic and statistical data. Open source and big data. Official information and data sources of Member States, academic research works;
6. Country strategy programs of Member States (official portals), country data and information (Ministries of Economies' official data and information portals, academic research works);
7. Dissemination;
8. Acceptance of the project results by Secretariat. Display on official information portal.

Consultancy Service

Efficiency, self integrity, submission of adequate results against the originally set tasks and assignments will define the resulting quality of deliveries by the Consultant, at completion of the subject project.

Project budget

The budget for project will be allocated from the ECO Reserve Fund (ERF). The project's overall cost is USD 10,000. The amount will be effected in instalment payments, as per project's implementation schedule. Project monitoring of implementation and, accordingly, effecting of the project instalment payments will be in line with provisions of '*Practical steps for Small Size Projects (SSPs)*'. For project principles, approaches, methodologies, the *Functional Methodology of ECO* (1998) will be used as guideline. For the budgetary allocations, should the present project decide to expand into a larger project in the post-project period, the latter document will be consulted for future budgetary allocations.

Project budgetcost breakdown

Cost element	No. of items	Percent of total (%)	Total Cost \$
Inception report	1	20	2,000
Midterm report	1	40	4,000
Final report	1	40	4,000
Total	3	100	10,000
Contingency		-	-
<u>Grand Total</u>		<u>100</u>	<u>10,000</u>

Project instalments payment schedule

No	Payments to the Consultant	Targeted (Indicative) deliverables date	Outputs and deliverables
1.	20% of total contract value	Upon submission of Inception report	<ul style="list-style-type: none"> Receipt of the project Inception report.
2.	10% of total contract value	After 2 weeks	<ul style="list-style-type: none"> Submission of Output 1.
3.	20% of total contract value	After 2 weeks	<ul style="list-style-type: none"> Submission of Output 2.
4.	10% of total contract value	After 4 weeks	<ul style="list-style-type: none"> Submission of Output 3.
5.	40% of total contract value	In over three months	<ul style="list-style-type: none"> Validation of Output 3, submission of Final report, validation of project results, display, dissemination of project results.

PROJECT IMPLEMENTATION SCHEDULE

		Duration	Start	Finish
1	Analysis of the fundamentals of international economic relations of the Republic of Kazakhstan with ECO countries	10 days		
2	Analysis of the structure and dynamics of Kazakhstan's trade with ECO countries over the past 10 years	10 days		
3	Analysis of Kazakhstan's transport and communication links with ECO countries	10 days		
4	Identification of existing cooperation projects of the Republic of Kazakhstan with ECO countries	10 days		
5	Study of the essential content and structural content of the cooperation and investment potential of ECO members	10 days		
6	Conducting an analysis on the realization of the country's export potential within the framework of the ECO region	10 days		

7	Building a scheme to optimize the structure of Kazakhstan's exports in the framework of ECO markets	10 days		
8	Development of recommendations for achieving the set goals in accordance with the national interests of the foreign economic policy of Kazakhstan as a member of ECO	10 days		
9	Obtaining validation of the project results.	5 days		
10	Presenting the validated results of the project to stakeholders (Member States) and ECO Secretariat.	1 day		
11	Acceptance by Secretariat.	1 day		

Under the supervision of the Secretariat of the Economic Cooperation Organization (ECO), the project will engage 3 person-months of the Consultant.

Signatures

The present document is prepared in two authentic copies (English versions) as of the day of 2023 and signed by:

On the part of Consultant:

On the part of the Economic Cooperation Organization

H.E. Amb. Khusrav Noziri

Secretary General of ECO

Secretariat of the Economic Cooperation Organization

1 Golbou Alley, Kamranieh Road

Tehran, Iran