

**INITIAL POVERTY AND SOCIAL ANALYSIS**

Country:	Republic of Kazakhstan	Project Title:	Kazakhstan Urban Infrastructure Modernization Program and Finance Facility
Lending/Financing Modality:	Project	Department/ Division:	Central and West Asia Department, Urban and Water Division

<b>I. POVERTY IMPACT AND SOCIAL DIMENSIONS</b>
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b>                  The program supports the Government of Kazakhstan’s <i>Strategic Plan for Development of Kazakhstan 2030: Technological Modernization for Accelerated Growth and Better Quality of Life</i>, to achieve “inclusive and sustainable growth” by 2030. Asian Development Bank (ADB) country partnership strategy, 2017-2021, for Kazakhstan supports the government’s long-term development strategy focusing on “improving the quality of life of its population and on becoming one of the world’s 30 most developed countries by 2050”, a theme at the heart of the project. The project contributes to the Sustainable Development Goals (SDG) 9 “Industry, Innovation and Infrastructure” by building resilient urban infrastructure and fostering innovation through new financing model; SGD 11 “Sustainable Cities and Communities” by making cities and communities more resilient, safe, inclusive and sustainable; and SDG 6 “Access to safe water and sanitation are essential to human health and to environmental sustainability and economic prosperity”. The project will help the government achieve sustained and inclusive growth that is less susceptible to external shocks. Cities and towns with a growing urban population, are a priority for investment to ensure quality of life for all.</p>
<p><b>B. Poverty Targeting</b>  <input checked="" type="checkbox"/>General intervention <input type="checkbox"/>Individual or household (TI-H) <input type="checkbox"/>Geographic (TI-G) <input type="checkbox"/>Non-income MDGs (TI-M1, M2, etc.)</p> <p>One of the key feature of the project is to finance through leveraged funding bankable urban infrastructure projects that will promote inclusive business, access to environmentally and financially sustainable infrastructure as well as access to basic urban services within 5% of disposable income for the poor. The vulnerability of the poor to economic shocks will also be reduced to encourage investment in human capital and in higher-risk and higher-return activities. Public policy reforms and investment in physical infrastructure will significantly contribute to the pursuit of socially inclusive development and an improved quality of life. Financial sector instability undermines poverty reduction as the poor are more vulnerable than the rich to weak financial institutions and the negative macroeconomic impacts that normally accompany financial sector instability. The key anticipated impact on poverty will be through financial sector development and greater affordability of high-quality infrastructure and reliable services in the long run. More efficient and lower cost infrastructure will lead to greater affordability and higher usage.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries. The development of infrastructure contributes to economic growth, which in turn contributes to increased demand for infrastructure services. Moreover, investments in human capital and infrastructure interact and increase the returns of both. Investment in infrastructure services can contribute to sustainable growth by (i) reducing transaction costs and facilitating trade flows within and across borders; (ii) enabling individuals, firms, and governments to respond to new types of demand in different geographic areas; (iii) lowering input costs in production of goods and services; (iv) opening new opportunities for entrepreneurs or making existing businesses more profitable; and (v) creating employment in public works. The absence of infrastructure is felt most deeply by the poor, who are most acutely affected by the impact on livelihoods. While indirect benefits are more difficult for the poor to perceive, the development of affordable infrastructure and services is essential Kazakhstan.</p> <p>2. Impact channels and expected systemic changes. By new financial sector products, the project will help increase financing of public and private investments through leveraged financing and thereby support higher economic growth. The quantitative impact of financial sector development on poverty estimates that: (i) financial sector development raises economic growth and reduces poverty, (ii) financial sector development directly reduces poverty by raising investment and interest incomes of the 20% poorest households, and (iii) financial sector instability directly reduces the incomes of the poor.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence. About 3 person-months of international and national consultants each have been allocated to develop and include the social dimension of the program, especially gender and affordability. A Water Utilities Specialist (international, 4 persons-months) will also work on the tariff setting mechanisms and affordability for potential water supply projects.</p>
<b>II. GENDER AND DEVELOPMENT</b>
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?                  The lack of adequate infrastructure services for increase the women’s burden and time poverty. The project will have direct gender benefits with positive impact through improved and more affordable infrastructure</p>

services. Sustainable basic urban services and adequate drainage improve working conditions for women employees. Better and affordable infrastructure will help the local people including women and other vulnerable groups with improved health care and education. Sex disaggregated data will be collected during due diligence. The pilot subprojects supported under the project will be selected based on gender and poverty eligibility criteria prepared under this program and will have direct gender benefits

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?  Yes  No

The program will indirectly benefit women's access through the leveraged financing of bankable and green projects.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No

The program and the projects financed through the program are not expected to have any adverse gender impacts.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity)  EGM (effective gender mainstreaming) for pilot subprojects  
 SGE (some gender elements)  NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The main stakeholders of the proposed program will be the Ministries and agencies at national, provincial, and city level, the related provincial, local governments, and financial institutions. Project design will include stakeholder consultations with these groups to establish social eligibility criteria for subproject selection.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?

The project will include criteria for stakeholder consultations and other local people, including women and any other collaborating agencies during subproject preparation.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?

Opportunities for involving civil society organizations will be sought during subproject preparation and implementation.

Information generation and sharing (L)  Consultation  Collaboration  Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed?  Yes  No

The views of poor and vulnerable will be included during subproject preparation and implementation. Criteria for stakeholder engagement will be included into the ESMS.

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No

The program will involve infrastructure investments across urban, transport, and other sectors that will trigger land acquisition and resettlement resulting physical and/or economic resettlement.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?

Resettlement plan  Resettlement framework  Social impact matrix  
 Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?  Yes  No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes  No

The TRTA will determine the pilot subprojects and assess the potential benefits and/or expected impacts and suggest actions and measures.

3. Will the project require broad community support of affected indigenous communities?  Yes  No

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?

- Indigenous peoples plan     Indigenous peoples planning framework     Social impact matrix  
 Environmental and social management system arrangement     None

#### **V. OTHER SOCIAL ISSUES AND RISKS**

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment (L)     Adhering to core labor standards     Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS     Increase in human trafficking     Affordability(M)  
 Increase in unplanned migration (L)     Increase in vulnerability to natural disasters     Creating political instability  
 Creating internal social conflicts     Others, please specify \_\_\_\_\_

2. How are these additional social issues and risks going to be addressed in the project design? The social risks will be assessed during subproject preparation and will be addressed through preparation of a ESMS.

#### **VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT**

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?

- Yes                       No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence? Six person-months of international and national social development specialist and stakeholder workshops.