



Initial Poverty and Social Analysis

December 2018

KAZ: Total Eren Access M-KAT Solar Power Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Kazakhstan	Project Title:	Total Eren Access M-KAT Solar Power Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department / Office of the Director General

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed ADB project loan will support the construction and operation of a 135 MW solar plant, 3 kilometers from the town of Shu, in Jambyl Region in southeastern Kazakhstan. The project will increase the electricity supply to help meet national demand; contribute to the government's goal of replacing outdated coal generation capacity and achieving the government's renewable energy targets; contribute to replacing imports of electricity in southern Kazakhstan; help extend access to electricity to Kazakhstan's remote and nomadic populations; and reduce transmission line losses and improve stability and reliability by installing dispersed and end of line power plants that use renewable energy.

ADB's support for the project is in line with the country partnership strategy for Kazakhstan, 2017–2021, by supporting strengthening the foundations for economic diversification, which promotes private sector development.^a ADB supports expansion of private sector operations and investments in agribusiness, infrastructure, and other sectors. The project also helps address climate change and enhance environmental sustainability, which are key operational priorities in ADB's Strategy 2030.^b

B. Poverty Targeting:

☒ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☐ Non-Income MDGs (TI-M1, M2, etc.)

The project will increase the electricity supply to help meet the national demand. The project will also contribute to government goals of achieving the renewable energy target. The project will further contribute to replacing imports of electricity in Southern Kazakhstan. The construction and operation of the solar power plant will also create new employment opportunities for the local labor force.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. In 2016, Kazakhstan's population was estimated at 17.8 million.^c Kazakhstan achieved most of the Millennium Development Goal targets—such as poverty reduction, access to primary education, promotion of gender equality and women's empowerment, and improvement in children's and maternal welfare—before 2015 (footnote a). The proportion of the population living below the national poverty line in 2015 was 2.7%, down from 8.2% in 2009. The unemployment rate has been low since 2011.

2. Impact channels and expected systemic changes. The project will indirectly contribute to economic growth, and support poverty reduction, job creation, and improvement of Kazakhstan's electricity supply. During project construction, new job opportunities will be created that will require mostly local workers. A limited number of skilled and expert expatriate workers will be engaged during construction, which will allow transfer of knowledge and skills to local workers who are unfamiliar with construction and assembly works for solar farm development. Local workers are expected to benefit from these new skills, and may increase their chances of obtaining better jobs, locally or abroad, following the project.

3. Focus of (and resources allocated in) the PPTA or due diligence. ADB team and experienced environment and social consultant conducted due diligence on proposed site and met with relevant stakeholders to understand the environmental and social impacts of the project. The consultant was engaged to prepare a social compliance audit and an environment and social assessment.

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? The project is proposed to be categorized as with some gender elements. The project will aim at providing equal job opportunities to qualified men and women applicants during the construction and operations phases. During construction and operations, the project will explore potential hiring of women. Job vacancies will be announced in communities, local newspapers, local job centers and websites that can be accessed by men and women seeking employment. The human resource policy will be enhanced to include provisions on nondiscrimination and prevention of sexual harassment. Women staff will also benefit from relevant training. A corporate social responsibility program will be developed that will take into consideration projects that will benefit vulnerable people, including women and girls.

2. Does the proposed project or program have the potential to make a contribution 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

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? ☐ Yes ☒ No The project will benefit women and men labor force through increase in employment opportunities.

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☐ EGM (effective gender mainstreaming)

☒ 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 project stakeholders include local leaders, nearby communities, and local government units. The project has conducted public consultations. The first meeting was conducted in Shu Cinema Park Entertainment Center, Shu District on 9 March 2016; it was attended by the town council representative, the designer, environmental impact assessment developer and the project managing company. The meeting was announced in the local newspaper 2 weeks prior to the date; project information was presented, and it was indicated that the feasibility study would be available for public review. A second meeting was conducted on 24 April 2017 in Alga village school hall, attended by residents, a representative of the town council, Alga councilor and the project managing company. The attendees voted for the project.

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?

Engagement with stakeholders is an ongoing process during the project design, construction, and operation. A Stakeholder Engagement Plan (SEP) is being prepared.

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

☒ Information generation and sharing ☐ Consultation ☐ Collaboration ☐ Partnership

The opportunity to involve civil society organizations is limited, as the project will be into construction of solar plant. However, an SEP plan is being prepared which will include the approach to interact with stakeholders and disclosure of relevant information on the proposed solar power plant.

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

The project plans to develop a Corporate Social Responsibility Program which will be agreed with the representatives of the local communities.

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 project will not cause involuntary resettlement. The proposed solar power project will be built on a 500-hectare state reserve land classified as pasture land. The land has not been allocated to any entity. A graveyard and water canal will be excluded when the solar power plant is fenced to avoid displacement impacts. Two adjacent villages (Alga and Sauytbek) graze livestock in the area until early summer, at which time grass withers and the irrigation channels dry out. Villagers practice traditional nonintensive husbandry, making use of adjacent state-owned pasture land. The allocation and fencing of land for the solar power plant is not expected to have a significant impact because: (i) the allocated area is poorly vegetated grassland, only a portion of which is used, and only in spring and early summer; (ii) the villagers consider non-intensive husbandry as hard and risky, with marginal profit, and would readily seek employment or practice intensive husbandry, where livestock are kept indoors; and (iii) other pasture lands can be accessed and used by the villagers and herders. In May 2017, the District Council leased the land to the M-KAT Green LLP Solar Power Project for 49 years. A 12-kilometer long transmission line and a 3.7-kilometer long access road were leased to the project by the District Council in June 2018, for a 49-year period. There are five private land tenants that lease and four public entities that use land along the transmission route. The five tenants have agreed to a one-time compensation from M-KAT Green LLP, and signed agreements with the District Council. This facilitated the leasing of the land for the solar power project's transmission line. The four public entities have provided the project with permits for the transmission line to cross the existing infrastructure (a channel, railway spur, gas pipeline, and

telephone cable). The access road will be built on state reserve land not allocated to any entity. An open redistribution unit will be built on 0.5 hectares of state land acquired in June 2018.

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

☒ Implementation of corrective action plan based on the social compliance audit.

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 The project will not cause any adverse impact on indigenous peoples. The proposed solar power project site is in the Shu district of Jambyl Region. Inhabitants of the area are almost exclusively Kazakh, with a few *oralman* (returnee) families from the Karakalpak region of Uzbekistan, Iran, and the People's Republic of China. The *oralmans* are fully integrated in the local community, know the legislation, and are represented in the local governing bodies. The project will not impact sociocultural groups who may be considered indigenous peoples under ADB's Safeguard Policy Statement (2009).

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

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 PPTA or due diligence process?

☒ 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 ☒ Adhering to core labor standards ☐ Labor retrenchment
☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☐ Affordability
☐ Increase in unplanned migration ☐ 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 company and its contractors will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with internationally recognized core labor standards.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA 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 The terms of reference of the consultants who carried out the environment and social assessment covered environment and social safeguards issues and other social aspects.

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 PPTA or due diligence? An environmental and social consultant was engaged to carry out environment and social assessment and social compliance audit. ADB team also participated in the due diligence mission.

^a ADB. 2017. *Country Partnership Strategy: Kazakhstan, 2017-2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth*. Manila.

^b ADB. 2018. *Strategy 2030: The Long-Term Strategic Framework of the Asian Development Bank, 2018–2030*. Manila.

^c ADB. 2017. [Basic 2017 Statistics](#). Manila.