



# Initial Poverty and Social Analysis

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## Kazakhstan: Advanced Gas Metering Project

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## **ABBREVIATIONS**

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CPS	–	Country Partnership Strategy
KTG	–	KazTransGas
SDGs	–	Sustainable Development Goals

## **NOTE**

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Kazakhstan	Project Title:	Advanced Gas Metering Project
Lending/Financing Modality:	General Corporate Finance	Department/ Division	Private Sector Operations Department/ Infrastructure Finance Division 1 Central and West Asia Department/ Energy Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

ADB's loan of \$100m in Kazakhstan tenge to KazTransGas (KTG) is to finance the procurement and installation of approximately 1 million advanced smart gas meters for consumers connected to KTG's gas infrastructure. The smart gas meters are intended to provide a more accurate understanding by consumers of energy use and cost. Improved efficiency in gas provision and consumption supports the government's 2013 Concept for Transition to a Green Economy,<sup>a</sup> and the government's 2017 Third Modernization of Kazakhstan.<sup>b</sup> ADB's Country Partnership Strategy (CPS) 2017-21 for Kazakhstan,<sup>c</sup> aims to assist the government to fulfill its obligations under the Sustainable Development Goals (SDGs) agenda. The project addresses strategic pillar 3 of the CPS by promoting energy efficiency and supporting climate change mitigation and adaptation efforts.

#### B. Poverty Targeting

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

The project is intended to be implemented over a five-year period and will involve the replacement of older gas metering systems with new smart gas meters in residential and commercial buildings. The project will cover 100% of KTG's customers, including 980,000 private houses, 44,000 municipal and domestic services, 4,200 industrial enterprises and 5,000 apartment blocks. It is not anticipated that gas prices will be adjusted as a direct result of the project however, a key objective is that by providing smart gas meters, consumers will have increased control over gas consumption and associated costs and thus provide more efficient use of resources in poorer households.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. In Kazakhstan poverty risk remains high relative to the national poverty in the regions of Mangystau, South Kazakhstan (11.5%), and East Kazakhstan (8.4%).<sup>d</sup> A considerable proportion of the poor (14%) live in large cities. Despite Kazakhstan's significant gains in reducing poverty and its economic growth, the country's dependence on oil and other extractive minerals makes it vulnerable to economic crisis and global recession. Many gas using residences currently share one meter which is based on technology which cannot produce accurate readings for each individual household nor detect if there are leaks. This produces inefficient and potential unsafe gas usage and little household control over energy costs.
2. Impact channels and expected systemic changes. The installation of smart gas meters will allow consumers to have accurate gas readings, a more immediate response from the supplier to gas leaks, and more efficient and cost-conscious approach to energy use. As part of project design, KTG will be expected to ensure its stakeholder communications are robust and efficient to ensure customers are aware of the transition and any potential disruptions; ensure its grievance mechanism is enhanced to gather complaints related to the project; and ensure contractors adhere to national labour codes. As the chief users of domestic fuel, it is expected that KTG will work with ADB to identify appropriate pro-poor and gender mainstreaming activities to ensure greater opportunities for women as customers and amongst the workforce in KTG as a key development additionality objective of this project.
3. Focus of (and resources allocated in) the transaction due diligence. The project will require an audit of KTG's current environmental and social management systems which are relevant to project implementation, and an environmental and social (E&S) compliance audit of the specific activities for gas meter implementation, including review of environmental, health and safety issues, access to properties and land, potential impacts on vulnerable indigenous peoples, contractor labour standards and review of issues regarding the projects gender-related impacts amongst consumers, and within the contractor and KTG corporate workforce.

## II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?  
 Kazakhstan has developed policy and legal frameworks that are designed to advance gender equality as a national goal and the country's constitution recognizes gender equality.<sup>e</sup> Despite this progress the 2019 Human Development Report data shows women's labor force participation rate in Kazakhstan is 62.7% compared to 75.5% for men.<sup>f</sup> Legal constraints contribute to gender gaps in the workplace with women forbidden from 191 occupations and women's retirement age is 4 years earlier than men.<sup>g</sup> In addition, notions of traditional roles of women and men persist in Kazakhstan with women associated with the family and home.<sup>h</sup> Women are underrepresented in executive positions in almost all sectors of the economy, including the energy sector where 12.6% of such positions are held by women.<sup>i</sup> Women have primary responsibility for gas billing enquiries and payment.<sup>j</sup> Given the gender pay gap in Kazakhstan (on average women's salaries are 67% of men's salaries<sup>k</sup>) any savings in gas bills or the time spent managing gas payments will be of proportionally greater benefit to women than men (Source j).
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 access to and use of opportunities, services, resources, assets, and participation in decision-making?  Yes  No
- Due diligence will identify potential gender mainstreaming measures that may be incorporated in the project design. Gender measures may include provision of flexible payment terms for gas delivered to the homes of vulnerable woman-headed households, increase in certified trainings for female staff and increase in the number of women in management roles.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?  
 Yes  No
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 EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design.  
 The project is expected to have the following stakeholders: KTG employees and contractors, current and potential gas consumers including female headed and vulnerable households, lenders, E&S consultants.
2. Who are the key, active, and relevant CSOs in the project area?  
 During project E&S due diligence the presence of CSO and NGOs who may assist with either raising awareness about the projects benefits and supporting gender mainstreaming activities will be identified, if available.
3. Are there issues during project design for which participation of the poor and vulnerable is important?  
 Yes  No If yes, what are these issues?  
 During E&S due diligence, there will be attention to fuel usage amongst female headed and poorer households to understand the potential benefits of the project.
4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?  
 During E&S due diligence it will be required that consultants undertake data collection, and conduct surveys and focus groups discussions with poorer households currently using and not using gas to understand energy usage more generally and how the project will support greater access to gas. Due diligence activities will also include screening of the project plans to determine if there are any activities involving land acquisition and its impacts on land owners and users.
5. What level of CSO participation is planned during the project design?  
 (L) Information generation and sharing (L) Consultation (NA) Collaboration (NA) Partnership

**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

During E&S due diligence potential involuntary resettlement impacts associated with the project will be assessed. However, given this project is based on the replacement or installation of gas meters in pre-existing properties involuntary resettlement impacts are not anticipated.

2. What action plan is required to address involuntary resettlement as part of the transaction 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

During E&S due diligence potential indigenous peoples / ethnic minority related impacts associated with the project will be identified and, if applicable, assessed. However, given this project is based on the replacement or installation of gas meters in pre-existing private or government owned properties indigenous peoples / ethnic minorities impacts are not anticipated.

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  Adhering to core labor standards (L)  Labor retrenchment (L)  
 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?

During E&S due diligence the consultants will be required to review the existing human resource policies of KTG and implementing contractors to ensure policy and practice are consistent with national labour legislation and the International Labour Organization's Core Labour Standards. Where gaps exist, these will be identified as requiring corrective actions. Kazakhstan and borrower regulations regarding the risks of COVID-19 transmission will be adhered during E&S due diligence and will be expected during Project execution, as and when required.

#### VI. TRANSACTION DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction due diligence contain key information needed to be gathered during the transaction 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 the participation plan during the transaction due diligence?

The client will be required to procure the services of independent E&S specialists to conduct the due diligence required and will be supported by ADB.

Sources:

- <sup>a</sup> Decree of the President of the Republic of Kazakhstan. 2013. *Concept of Transition of the Republic of Kazakhstan to Green Economy*. Astana.
- <sup>b</sup> Official Website of the President of the Republic of Kazakhstan. The President of Kazakhstan Nursultan Nazarbayev's Address to the Nation of Kazakhstan: '[Third Modernization of Kazakhstan: Global Competitiveness](#)'.
- <sup>c</sup> ADB. 2017. [Country Partnership Strategy. Kazakhstan, 2017–2021 —Promoting Economic Diversification, Inclusive Development and Sustainable Growth](#). Manila.
- <sup>d</sup> Government of Kazakhstan. *Agency of Statistics*.
- <sup>e</sup> ADB. 2018. *Kazakhstan Country Gender Assessment*. Manila.
- <sup>f</sup> United Nations Development Programme. 2019. *Kazakhstan Human Development Report*. New York.
- <sup>g</sup> The World Bank. 2020. *Women, Business and the Law*. Washington, D.C.
- <sup>h</sup> R. Sarsembayeva. 2017. *Implementation of the Strategy for Gender Equality in the Republic of Kazakhstan 2006–2016: The Sociological Analysis*. Astana.
- <sup>i</sup> A. Auelbekova. 2017. [How Many Women Bosses are in Kazakhstan](#). *Forbes*. 17 April.
- <sup>j</sup> Ramboll UK Limited. 2020. *Joint Stock Company KazTransGas Poverty, Social and Gender Analysis Report*. London.
- <sup>k</sup> Organisation for Economic Co-operation and Development. 2017. *Gender Policy Delivery Review Kazakhstan*. Paris.