



Report and Recommendation of the President to the Board of Directors

Project Number: 53328-001
August 2021

Proposed Loan Joint Stock Company KazTransGas Advanced Gas Metering Project (Kazakhstan)

This is a redacted version of the document approved by ADB's Board of Directors, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 17 August 2021)

Currency unit	–	tenge (T)
T1.00	=	\$0.002349
\$1.00	=	T425.58

ABBREVIATIONS

ADB	–	Asian Development Bank
bcm	–	billion cubic meters
BSGP	–	Beineu-Shymkent Gas Pipeline LLP
COVID-19	–	coronavirus disease
CWRD	–	Central and West Asia Department
E&S	–	environmental and social
ESMS	–	environmental and social management system
ICA	–	Joint Stock Company Intergas Central Asia
km	–	kilometer
KMG	–	Joint Stock Company National Company KazMunayGas
KTG	–	Joint Stock Company KazTransGas
KTGA	–	Joint Stock Company KazTransGas-Aimak
LLP	–	limited liability partnership
NB-IoT	–	Narrow Band Internet of Things
PRC	–	People’s Republic of China
PSOD	–	Private Sector Operations Department
Samruk-Kazyna	–	Samruk-Kazyna Sovereign Wealth Fund
SOE	–	state-owned enterprise
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of Joint Stock Company KazTransGas ends on 31 December.
- (ii) In this report, “\$” refers to United States dollars, unless otherwise stated.

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^a Outposted to the Kazakhstan Resident Mission.

^b Outposted to the India Resident Mission.

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CONTENTS

	Page
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE PROJECT	1
A. Project Identification and Description	1
B. Development Impact, Outcome, and Outputs	5
C. Alignment with ADB Strategy and Operations	5
D. Project Cost and Financing Plan	6
E. Implementation Arrangements	7
F. Projected Financial and Economic Performance	7
G. Unique Features	7
III. THE PROPOSED ADB ASSISTANCE	8
A. The Assistance	8
B. Value Added by ADB Assistance	8
C. Risks	8
IV. POLICY COMPLIANCE	9
A. Safeguards and Social Dimensions	9
B. Anticorruption Policy	10
C. Investment Limitations	10
D. Assurances	10
V. RECOMMENDATION	10
APPENDIXES	
1. Design and Monitoring Framework	11
2. List of Linked Documents	13

PROJECT AT A GLANCE

1. Basic Data		Project Number: 53328-001	
Project Name	Advanced Gas Metering Project	Department/Division	CWRD/CWEN, PSOD/PSIF1
Country	Kazakhstan		
Borrower	Joint Stock Company KazTransGas		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=53328-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Energy	Energy utility services		100.00
		Total	100.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	470,000.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		ADB Financing	
✓ Making cities more livable		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	100.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.5		Effective gender mainstreaming (EGM)	✓
SDG 9.1			
SDG 12.2		Poverty Targeting	
SDG 13.a		General Intervention on Poverty	✓
4. Nonsovereign Operation Risk Rating			
Obligor Name		Obligor Risk Rating	Facility Risk Rating
Joint Stock Company KazTransGas			
5. Safeguard Categorization Environment: C Involuntary Resettlement: C Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		100.00	
Nonsovereign Local Currency Loan (Regular Loan): Ordinary capital resources		100.00	
Cofinancing		0.00	
None		0.00	
Others^a		83.00	
Total		183.00	
Currency of ADB Financing: Tenge			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan of up to \$100,000,000 equivalent in tenge to Joint Stock Company KazTransGas (KTG) for the Advanced Gas Metering Project in Kazakhstan.

2. The proposed loan will provide long-term local currency financing not readily available in the Kazakhstan market to procure and install up to 1 million advanced smart gas meters across Kazakhstan. The proposed project, being implemented under the Asian Development Bank's (ADB) One ADB modality,¹ will help modernize the retail gas metering system using advanced technology. This will lead to improved operational efficiency and reduced losses and greenhouse gas emissions, with no additional cost to customers. The commercial financing to a state-owned enterprise supplements ADB's support to Kazakhstan's market-based reforms of the natural gas sector.

II. THE PROJECT

A. Project Identification and Description

3. **Project identification.** Kazakhstan has significantly higher oil and gas reserves than many other countries of the former Soviet Union. It has an estimated 30 billion barrels of proven oil reserves (12th in the world) and 1 trillion cubic meters of proven natural gas reserves (26th in the world).² Kazakhstan has successfully harnessed its oil and gas resources to reduce poverty. The share of the population below the national poverty line in Kazakhstan, based on income and minimum subsistence levels, dropped from more than 44.5% of the population in 2002 to 2.8% in 2014 because of the development of the major Tengiz, Karachaganak, and Kashagan fields, supported by investments from international oil companies.³

4. In addition to investments in upstream oil and gas production, the Government of Kazakhstan has developed a gas transportation and distribution network to diversify gas export routes and meet domestic gas demand. In August 2007, it signed a 33-year intergovernmental agreement with the People's Republic of China (PRC) to develop two gas pipeline projects—the Asia Gas Pipeline LLP and the Beineu-Shymkent Gas Pipeline LLP (BSGP)—as 50:50 joint ventures. The Asia Gas Pipeline LLP exports Turkmen and Uzbek gas through Kazakhstan to the PRC. The 1,143-kilometer (km) BSGP pipeline exports gas from western Kazakhstan to the PRC; and supplies gas to people in south, central, and east Kazakhstan who previously had limited access to natural gas.

5. The oil and gas sectors are managed by two SOEs: (i) Joint Stock Company National Company KazMunayGas (KMG), 90.42% owned by Samruk-Kazyna Sovereign Wealth Fund and 9.58% by the National Bank of the Republic of Kazakhstan, is responsible for upstream development and all production-sharing agreements for oil and gas; and (ii) KTG, a 100%

¹ The One ADB approach encourages collaboration between ADB's sovereign and nonsovereign operations, synergy in knowledge activities between operations and non-operations departments, and integrated solutions through collaboration across sector and thematic groups.

² BP. 2019. [BP Statistical Review of World Energy 2019: An Unsustainable Path](#). Press release. 11 June.

³ Details on international oil companies operating in Kazakh oil and gas fields are in the Sector Overview (accessible from the list of linked documents in Appendix 1); and World Bank. 2017. [Stuck in Transition: Reform Experiences and Challenges Ahead in the Kazakhstan Power Sector](#). Washington, D.C.

subsidiary of KMG, is the national operator for the midstream and downstream gas subsectors.⁴ This hierarchy focused the domestic hydrocarbon industry on oil production and export. Natural gas activities were not structured as an industry in its own right, but rather as supplementary to the oil industry.

6. In 2019, the government initiated market-based reforms of the natural gas sector. The reforms, supported by the ADB, intend to transform KTG into a stand-alone corporate legal entity with enhanced sustainability and incentives to run independently and efficiently, including implementing its capital investment program (footnote 4). As a result, in March 2021, the government initiated the process of putting KTG under the direct ownership of Samruk-Kazyna.⁵ The transformation, planned for completion in 2022, aims to improve the domestic energy mix, develop high-value industries, and help meet international environmental targets.

7. In 2013, the government approved the Concept for Transition of the Republic of Kazakhstan to Green Economy to address the country's high dependence on the fossil fuel industry and the resulting carbon-intensive footprint, with one of the targets being to improve efficiency in gas consumption.⁶ This was followed by the adoption of the General Scheme of Gasification of Kazakhstan for 2015–2030, which aims to gasify 13 regions across the country and gradually replace coal with gas for power generation.⁷ In addition, in 2017, the government adopted “Digital Kazakhstan,” a state program to be carried out from 2018 to 2022, with the objective of raising living standards and facilitating economic activities with state-of-the-art digital technologies.⁸ Following the state strategy on gasification and digitalization, KTG adopted an investment program to modernize its metering, billing, and collection system. The project involves the application of advanced technology never used in Kazakhstan and Central Asia. Subsequently, in 2019, the company approached ADB for medium-term financing.

8. **Gender context.** Kazakhstan has developed policy and legal frameworks designed to advance gender equality as a national goal, while the country's constitution recognizes gender equality. Despite this progress, the 2019 Human Development Report data show that women's labor force participation rate in Kazakhstan is 62.7% compared with 75.5% for men. Legal constraints contribute to gender gaps in the workplace, as women are forbidden from working in 191 occupations and are required to retire 4 years earlier than men. In addition, notions of traditional roles for women and men persist in Kazakhstan, with women being associated with the family and home more than the economic and political spheres (footnote 10). Women are underrepresented in executive positions in almost all sectors of the economy, including the energy sector where they hold only 12.6% of such positions.⁹

⁴ Samruk-Kazyna and the National Bank of the Republic of Kazakhstan are fully owned by the Government of Kazakhstan. In August 2020, the government decided to put KTG under the direct ownership of Samruk-Kazyna to ensure a higher degree of autonomy and independence of the gas sector from oil. This was supported by ADB. 2019. [Technical Assistance to the Republic of Kazakhstan for Kazakhstan Gas Sector Transformation Initiative Support](#). Manila (TA 9816-KAZ).

⁵ Decree of the Government of Kazakhstan No. 130 dated 11 March 2021 on Encumbrance of a Strategic Facility with the Rights of the Third Party.

⁶ Decree of the President of the Republic of Kazakhstan No. 577 dated 30 May 2013 on the Concept of Transition of the Republic of Kazakhstan to “Green Economy”.

⁷ The gasification plan envisages gas demand in Kazakhstan increasing from 14 billion cubic meters (bcm) per year in 2018 to 21 bcm/year by 2028. National gasification is guided by the Decree of the Government of Kazakhstan No. 1171 dated 4 November 2014 on [Approval of the General scheme of gasification of the Republic of Kazakhstan](#).

⁸ [Digital Kazakhstan](#).

⁹ A. Auelbekova. 2017. [How Many Women Bosses Are in Kazakhstan](#). *Forbes*. 17 April.

9. **Project design.** The project will finance the procurement and installation of up to 1 million advanced smart gas meters in 10 regions (including two major cities) of Kazakhstan. (Confidential information deleted.) The absence of an advanced metering system makes it difficult to locate gas leakages in a timely manner, causing hazardous incidents and methane emissions.¹⁰

10. (Confidential information deleted.) As the next step, KTG plans to procure and install up to 1 million smart gas meters equipped with NB-IoT technology in every consumer legal entity and private house.

11. The smart metering and billing system will enable customers to monitor gas consumption online via mobile devices, leading to demand-side efficiency. It will also allow them to make instant payments and request remote reconnection in case of disconnection because of delayed payments. (Confidential information deleted.) The remotely controlled and easily adjustable system will also allow KTG to adopt flexible payment terms for gas delivered to the homes of vulnerable households headed by women.¹¹

12. New smart meters will be able to adjust the gas supply volume in response to temperature changes that affect gas density and pressure, and improve the accuracy of meter reading. (Confidential information deleted.) Online metering will also enable KTG to detect gas leakages faster and arrange repairs, limiting methane emissions and improving operational safety.

13. **Gender impact.** The installation of smart gas meters is expected to decrease the time households spend on gas billing enquiries and payment, as it removes the need for regular visits to KTG offices. The key beneficiaries of this time saving would be women as they have primary responsibility for such duties.¹²

14. **Borrower.** KTG, established in 2000 and headquartered in Nur-Sultan, is an SOE engaged in the transportation, distribution, storage, and sale of natural gas. KTG owns more than 49,000 km of gas distribution networks and 19,000 km of gas transmission pipelines. KTG holds the national gas operator status, with preemptive rights to purchase marketable gas from independent domestic producers at a regulated price and sell it domestically at a regulated premium. It holds exclusive rights to operating the country's transmission and distribution gas pipeline. KTG's market shares for each business segment are 92.5% for domestic gas sales, 100.0% for gas imports, and 47.0% for gas exports.¹³ In 2019, KTG sold 15.1 billion cubic meters (bcm) of gas in the domestic market to energy and heat companies (5.8 bcm), industry (4.4 bcm), residential houses and apartment blocks (4 bcm), and other consumers (0.9 bcm).¹⁴ KTG's extensive pipeline network transports gas produced in Kazakhstan and other Central Asian countries to consumers in the domestic market, the Russian Federation, and the PRC. KTG is rated BB by Standard & Poor's, Baa3 by Moody's Investors Service, and BBB by Fitch Ratings.

¹⁰ The main reasons for technical losses in Kazakhstan are corrosion and external interference. In 2018, technical losses associated with accidents and operational defects were estimated at 1.2 million cubic meters. Methane is chemically stable and can persist in the atmosphere from a decade to centuries, contributing to long-term climate change impacts. Countries that have ratified the United Nations Framework Convention on Climate Change must report "fugitive methane emissions" from natural gas transmission and distribution systems (e.g., methane emissions) caused by leaks.

¹¹ Vulnerable households will be allowed to make partial payments for the gas consumed, and cover the monthly bill within a 3-month period.

¹² Ramboll UK Limited. 2020. *Joint Stock Company KazTransGas Poverty, Social and Gender Analysis Report*. London.

¹³ Joint Stock Company KazTransGas. 2019. *Joint Stock Company KazTransGas Annual Report 2018*. Astana.

¹⁴ Private houses use gas for heating, hot water, and cooking. Apartments use gas only for cooking because heating and hot water are provided through centralized district heating, so gas consumption is significantly lower.

For fiscal year (FY) 2020, KTG reported consolidated revenues of \$2,245 million; earnings before interest, taxes, and depreciation of \$285 million; and net profit of \$633 million. As of 31 December 2020, KTG's total assets were \$5,484 million, total liabilities were \$2,188 million, and total equity was \$3,296 million.

15. **Guarantor.** Joint Stock Company Intergas Central Asia (ICA) is wholly owned by KTG and will provide an unconditional and irrevocable guarantee for the loan. ICA is the national operator for gas pipeline transmission. ICA's main activities are gas transportation, services for underground gas storage, and operation and maintenance of gas pipelines and distribution networks. For FY2020, ICA reported revenues of \$459 million; earnings before interest, taxes, and depreciation of \$240 million; and net profit of \$135 million. As of 31 December 2020, ICA's total assets were \$2,188 million, total liabilities were \$589 million, and total equity was \$1,599 million.

16. **COVID-19 impact.** The government declared a state of emergency in March 2020 and subsequently imposed a lockdown. KTG has however been allowed to operate at full capacity as a strategically important company. (Confidential information deleted.) Therefore, the impact of the COVID-19 pandemic on KTG's financial and operational performance, and project implementation has been limited.

17. (Confidential information deleted.)

B. Development Impact, Outcome, and Outputs

18. **Impact.** The project is aligned with following impacts: well-being of the population increased and quality of the environment improved, reducing environmental footprint and increasing energy security (footnote 6).

19. **Outcome.** The project will have the following outcome: environmental sustainability and operating efficiency of downstream gas distribution sector improved.¹⁵

20. **Outputs.** The project outputs will be (i) modern gas metering and billing system that benefits vulnerable women deployed, and (ii) gender equality of the work environment advanced.

C. Alignment with ADB Strategy and Operations

21. **Consistency with ADB strategy and country strategy.** The project is consistent with ADB's Strategy 2030, in particular the following operational priorities: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and (iv) making cities more livable.¹⁶ The project is in line with ADB's country partnership strategy for Kazakhstan, 2017–2021,¹⁷ focusing on nonsovereign public sector assistance to national holding companies and the reduction of emissions in the energy sector.

22. **Consistency with sector strategy and relevant ADB operations.** The project is also consistent with ADB's Energy Policy, which emphasizes investments in energy efficiency, modern

¹⁵ The design and monitoring framework is in Appendix 1.

¹⁶ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹⁷ ADB. 2017. [Country Partnership Strategy: Kazakhstan, 2017–2021—Promoting Economic Diversification, Inclusive Development, and Sustainable Growth](#). Manila.

distribution systems which reduces loss and greenhouse gas emissions, and financial viability of the energy sector.¹⁸

23. **Lessons from previous operations.** The project will be ADB's first operation in Kazakhstan's gas segment, and the second nonsovereign support for an SOE in the country, following a similar transaction with Samruk-Energy Joint Stock Company approved in 2017.¹⁹ While it is early to draw lessons, one of the key requirements for the successful implementation of complex projects involving SOEs is to work with credible entities with the institutional and financial capacity for executing such projects. Another key lesson is the importance of leveraging the sector knowledge and client relationship of ADB's sovereign operations, alongside the expertise in commercial due diligence and preparation of ADB's nonsovereign operations.

D. Project Cost and Financing Plan

24. (Confidential information deleted.)

25. (Confidential information deleted.)

E. Implementation Arrangements

26. (Confidential information deleted.)

F. Projected Financial and Economic Performance

27. (Confidential information deleted.)

G. Unique Features

28. This project is the second nonsovereign transaction being jointly processed by ADB's Private Sector Operations Department (PSOD) and Central and West Asia Department (CWRD) in the energy sector under the One ADB modality. The project provides a strong opportunity for PSOD and CWRD to collaborate and leverage their respective areas of expertise. CWRD's policy dialogue and technical assistance projects in support of gas sector restructuring, combined with its strong relationship with the borrower, led to the project origination. CWRD also provided support on technical and safeguards due diligence. PSOD is mainly responsible for financial and commercial due diligence. Since the financial assistance required for the project is substantial, PSOD intends to partially distribute the risk through risk transfer agreements with international insurance companies.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

29. The ADB assistance comprises of a senior corporate finance loan of up to \$100 million equivalent in tenge, (Confidential information deleted.)

¹⁸ ADB. 2009. [Energy Policy](#). Manila.

¹⁹ ADB. [Kazakhstan: Samruk-Energy Restructuring and Transformation Project](#).

B. Value Added by ADB Assistance

30. The ADB assistance adds significant value as a catalyst for local currency financing. Kazakhstan's local banks, while open to financing KTG, are unable to commit loans totaling large amounts with the requested tenor. In contrast, international commercial lenders, which can lend larger amounts, are unable to provide local currency loans. The ADB financing will also mobilize international commercial financing from insurers, which will participate in the transaction through risk participation arrangements with ADB.

31. ADB will add value by ensuring the project adopts satisfactory environmental and social (E&S) safeguard standards prepared by ADB's technical assistance.²⁰ The project will implement ADB's Safeguard Policy Statement (2009), thereby adopting internationally recognized E&S standards, including (i) the development of a grievance redress mechanism, (ii) enhanced measures for meaningful consultation with affected stakeholders, and (iii) augmented monitoring of the contractors' E&S performance. ADB also adds value through stipulating support for vulnerable households headed by women, an increase in certified trainings for women, and an increase in the number of female managers at KTG. Lastly, the project supplements the efforts of ADB's sovereign operations to improve the gas sector's sustainability through introduction of market-based reforms by transforming KTG into a standalone corporate legal entity with enhanced governance and economic incentives to run independently and efficiently.

C. Risks

32. (Confidential information deleted.)

33. (Confidential information deleted.)

34. (Confidential information deleted.)

35. (Confidential information deleted.)

36. (Confidential information deleted.)

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

37. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as follows: environment (category C), involuntary resettlement (category C), and indigenous peoples (category C).²¹

38. ADB has undertaken due diligence and reviewed the potential E&S impacts of the project and the measures to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. Following the requirements for general corporate finance projects, a corporate audit of the company's current environmental, health and safety, and social policies and procedures against the objectives, principles, and requirements of ADB's Safeguard Policy Statement was conducted by a qualified and experienced external expert. This included a review

²⁰ ADB. [Kazakhstan: Gas Sector Development in Kazakhstan](#).

²¹ ADB. [Safeguard Categories](#).

of the smart gas metering subproject. The E&S measures and the institutional capacity and commitment of KTG to manage the project's E&S impacts are deemed adequate.

39. Based on the audit, it was determined that the environmental, health and safety, and social risks are generally well managed at the corporate level. KTG has developed and implemented a set of environmental, health and safety, and social policies, standards, and action plans under its integrated management system. The review of the subproject found that no involuntary resettlement impacts will be associated with this investment, and no activities will directly and/or indirectly affect the dignity, human rights, traditional sociocultural beliefs and practices, and livelihood systems of distinct and vulnerable ethnic minority groups or indigenous peoples. While KTG does not anticipate any impacts on the number of contractual employees as a result of introducing smart meter technologies, it will monitor the risk of unemployment posed to contractual staff. If, as a last resort, project-related job losses become necessary, the contractor and KTG will develop a retrenchment plan for ADB's review before implementation.

40. **Effective gender mainstreaming.** KTG has a code of business ethics that prohibits any discriminatory actions based on personal characteristics such as gender and that includes anti-sexual harassment provisions. (Confidential information deleted.) Following ADB's Policy on Gender and Development (1998), KTG will incorporate measures to promote gender equality and/or women's empowerment in its business activities. Key features of the gender action plan are as follows: (i) the creation of a database of vulnerable households headed by woman during the implementation of the new metering and billing system, (ii) the provision of flexible payment terms for gas delivered to vulnerable households headed by women, (iii) an increase in the number of women participants in certified trainings, and (iv) an increase in the number of women in management roles. KTG will submit periodic reports on the implementation of gender measures to ADB.

41. KTG will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with the internationally recognized core labor standards. The client will report regularly to ADB on (i) its and its contractors' compliance with such laws, and (ii) the measures taken. Information disclosure and consultation with affected people will follow ADB requirements.

B. Anticorruption Policy

42. KTG was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

43. (Confidential information deleted.)

D. Assurances

44. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²² ADB will proceed with the proposed assistance upon establishing that the Government of Kazakhstan has no objection to the proposed assistance to KTG. ADB will enter into suitable

²² ADB. 1966. [Agreement Establishing the Asian Development Bank](#). Manila.

finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

V. RECOMMENDATION

45. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of up to \$100,000,000 equivalent in tenge from ADB's ordinary capital resources to Joint Stock Company KazTransGas for the Advanced Gas Metering Project in Kazakhstan, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Masatsugu Asakawa
President

30 August 2021

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Well-being of the population increased and quality of the environment improved, reducing environmental footprint and increasing energy security (Concept of Transition of the Republic of Kazakhstan to “Green Economy”) ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome	By 2025:		
Environmental sustainability and operating efficiency of downstream gas distribution sector improved	a. (Confidential information deleted.) b. Annual greenhouse gas emissions reduced by 470,000 tCO ₂ (2018 baseline: 0) (OP 3.1)	a.–b. KTG’s Development Effectiveness Monitoring Report	Interrupted or low gas supply to the distribution network because of gas production and transmission problems
Outputs	By 2025:		
1. Modern gas metering and billing system that benefits vulnerable women deployed	1a. 910,000 NB-IoT technology meters installed (2020 baseline: 0) 1b. Database of vulnerable ^c households headed by women created during the implementation of the new metering and billing system (2020 baseline: not applicable) 1c. Flexible payment terms that include at least an additional 90-day delay in the payment due date for gas delivered to the homes of vulnerable households headed by women adopted (2020 baseline: not applicable) (OP 1.3.2)	1.–2. KTG’s Development Effectiveness Monitoring Report	Change in government policy reduces incentives for the application of new technologies Ongoing COVID-19 pandemic delays project implementation
2. Gender equality of the work environment advanced	2a. Cumulative number of women participants in certified trainings ^d increased to at least 1,500 by 2025 (2020 baseline: 371) (OP 2.1.1)		
	2b. Number of women in management roles increased to at least 95 (2020 baseline: 90)		
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions

	(OP 2.3)		
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Key Activities with Milestones

- 1. Modern gas metering and billing system that benefits vulnerable women employed**
 - 1.1 Contract NB-IoT technology meter supplier (Q3 2020 [completed])
 - 1.2 Complete rollout of new metering and billing system (Q4 2025)
 - 1.3 Create database of vulnerable women households (Q4 2025)
 - 1.4 Adopt flexible gas payment terms for vulnerable households headed by women (Q4 2025)
- 2. Gender equality of the work environment advanced**
 - 2.1 Offer certified trainings to female staff (Q4 2025)
 - 2.2 Number of female managers increased by (Q4 2025)

Inputs

Asian Development Bank: \$100 million (loan)
(Confidential information deleted.)

COVID-19 = coronavirus disease, KTG = Joint Stock Company KazTransGas, NB-IoT = Narrow Band Internet of Things, OP = operational priority, Q = quarter, tCO₂ = ton of carbon dioxide.

- ^a Decree of the President of the Republic of Kazakhstan No. 577 dated 30 May 2013 on the Concept of Transition of the Republic of Kazakhstan to “Green Economy”.
- ^b The expected target is based on estimations of loss reduction prepared by KTG. The target of 2.15% is the difference between the current loss of 3.85% and expected reduction from the project of 1.69%.
- ^c Vulnerable people are defined in Kazakhstan law (Law of the Republic of Kazakhstan No. 94-I on Housing Relations dated 16 April 1997 [with amendments and additions as of 1 July 2021], [Article 68](#)) and include several categories of vulnerable women, including mothers of multiple children, single-parent families, and older persons.
- ^d Training topics are related to career development—e.g., leadership.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=53328-001-4>

1. Sector Overview
2. Client Information
3. Details of Implementation Arrangements
4. Contribution to Strategy 2030 Operational Priorities
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan
10. Integrity and Tax Due Diligence