

ASIAN DEVELOPMENT BANK

**COUNTRY STRATEGY AND PROGRAM UPDATE
2005–2007**

KAZAKHSTAN

September 2004

CURRENCY EQUIVALENTS

(as of 15 September 2004)

Currency Unit	–	Tenge (T)
T1.00	=	\$0.00738
\$1.00	=	T135.55

ABBREVIATIONS

ADB	–	Asian Development Bank
GDP	–	gross domestic product
CSP	–	country strategy and program
EBRD	–	European Bank for Reconstruction and Development
GDP	–	gross domestic product
GTZ	–	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
ICT	–	Information and communication technology
IsDB	–	Islamic Development Bank
JBIC	–	Japan Bank for International Cooperation
km	–	kilometer
MDG	–	Millennium Development Goal
PRDD	–	program of rain drainage development
SME	–	small and medium-sized enterprise
TA	–	technical assistance
UNDP	–	United Nations Development Programme
USAID	–	United States Agency for International Development

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

CONTENTS

	Page
I. CURRENT DEVELOPMENT TRENDS AND ISSUES	1
A. Recent Political and Social Developments	1
B. Economic Assessment and Outlook	1
C. Implications for the Country Strategy and Program	2
II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM	2
A. Progress in Poverty Reduction	2
B. Progress in the Country Strategy and Program Focus Areas	2
C. Highlights in Coordination of External Funding and Partnership Arrangements	6
III. PORTFOLIO MANAGEMENT ISSUES	6
A. Portfolio Performance	6
B. Performance Monitoring and Evaluation	7
IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS	7
A. Lending Level Proposed	7
B. Nonlending Program	7
C. Summary of Changes to Lending and Nonlending Program	7
APPENDIXES	
1. Country and Portfolio Indicators, and Assistance Pipeline	9
Table A1.1: Progress Toward the Millennium Development Goals and Targets	9
Table A1.2: Country Economic Indicators	11
Table A1.3: Country Poverty and Social Indicators	12
Table A1.4: Country Environment Indicators	13
Table A1.5: Development Coordination Matrix	14
Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings	19
Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources	20
Table A1.8: Portfolio Indicators—Evaluation Rating by Sector	21
Table A1.9: Portfolio Implementation Status	22
Table A1.10: Assistance Pipeline for Lending Products	25
Table A1.11: Assistance Pipeline for Nonlending Products and Services	26
2. Concept Papers for Lending Products	30
3. Concept Papers for Nonlending Products and Services	35
4. Assistance Program for 2004	46
Table A4.1: Assistance Program for Lending Services, 2004	46
Table A4.2: Assistance Program for Nonlending Products and Services, 2004	47

I. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Recent Political and Social Developments

1. In June 2004, the Government announced reforms relating to Parliament, local governments, and courts. Elections to the lower house of Parliament (Majlis) took place in September 2004. Elections to half the seats in the Senate are scheduled for 2005. The President has already announced his intention to run in the next presidential election—expected in 2006. If reelected, he will remain in office until 2014.

2. Continued economic growth has created new employment opportunities and improved living standards. In 2003, real per capita incomes rose by 8.3%. Sustained economic growth and targeted poverty interventions helped reduce the number of people living below the subsistence minimum¹ from 24.2% in 2002 to 19.8% in 2003. Unemployment declined from 9.3% in 2002 to 8.7% in 2003. Reducing disparities between rural and urban areas is now a key challenge. Rural poverty remains three times as high as in the urban areas, and the Government is making efforts through priority programs to develop rural areas. Progress toward the Millennium Development Goals (MDG) and targets is shown in Appendix 1, Table A1.1.

B. Economic Assessment and Outlook

3. Early structural reforms and sound macroeconomic management provided the foundation for Kazakhstan's economic progress in recent years. Gross domestic product (GDP) growth, led by the oil sector, averaged 11.0% during 2000–2002, and strong growth continued at 9.2% in 2003.² Industry and services played major roles in economic growth. The fiscal policy was expansionary in 2003 with the budget deficit widening to 0.9% of GDP from the small deficit (0.3% of GDP) in 2002.³ Public development spending in the medium term is projected at 4–5% of GDP raising the level of public spending will be essential for achieving development objectives. Public external debt fell—by 3.5%—to \$3.4 billion or 12.4% of GDP at the end of 2003 due to limited new borrowing by the Government.

4. Monetary policy was accommodative in 2003 in response to sound economic growth. The inflation rate rose to 6.6% at the end of 2003, one percentage point higher than the planned target. During 2003, the tenge strengthened against the dollar, driven by large export earnings and foreign exchange inflows from increased private external borrowing and foreign direct investment. In 2003 the balance-of-payments position strengthened because of high world oil prices. The current account recorded a small deficit (0.2% of GDP, or \$69 million) in 2003, reflecting a much improved trade balance. Gross international reserves including the assets of the National Fund rose by 69.3% to \$8.6 billion at the end of 2003; this was equivalent to 29% of GDP. The country economic indicators are in Appendix 1, Table A1.2.

¹ The “subsistence minimum” is used to measure poverty. It is calculated by the State Statistics Agency each quarter by region, and comprises the cost of a basket of 70% food items and 30% goods and services. The “poverty line” is established by the Ministry of Labor and Social Protection as a fixed percentage of the subsistence minimum, and used for determining the social assistance allowances and eligibility of households for such assistance. In 2003 the subsistence minimum was T5,200 or equivalent to \$35 a month.

² The robust growth has continued in 2004 with 9.1% GDP growth in the first half of 2004.

³ Inclusive of the transfer to the National Fund of the Republic of Kazakhstan (NFRK), the fiscal balance was in surplus, which rose to 4.4% of GDP in 2003 from 1.5% of GDP in 2002. The National Fund was created in 2001 to accumulate a part of the Government's oil and mineral revenues for stabilization purposes and savings for future generations.

5. The medium-term outlook is positive provided that foreign direct investment inflows remain strong in the rapidly expanding oil sector, and the Government continues its efforts to diversify the economy. GDP is projected to grow at 8–10% over the medium-term. The development of the industrial innovation strategy to 2015 was the Government's major action in 2003. The Government made progress with structural reforms in 2003 and early 2004, including the adoption of a new land code, which provides for private ownership of agricultural land, better coordination of state budget planning and budget execution, and the establishment of an agency for integrated financial sector supervision. The Government's key priorities for 2004–2006 include rural and agricultural development, development of the financial sector, promotion of small and medium-sized enterprises (SMEs), industrial innovation, and housing sector reform.

C. Implications for the Country Strategy and Program

6. The CSP remains in line with the Government's medium-term priorities. The recent strong economic growth has underscored the need for inclusive, pro-poor growth. The Government's decision to strengthen financial sector governance and increase the role of nonbank financial institutions provides opportunities for intensified cooperation in these areas. The Government has also embarked on housing reforms through a state housing program for 2005–2007. Its implementation may be an area for collaboration.

7. The continued inflow of oil revenues has increased the Government's own resources significantly. The need for external borrowing for financing investment priorities has decreased accordingly. This trend is expected to continue in the medium term. The Government has adopted a medium-term fiscal framework for 2005–2007 targeting reduction of the budget deficit to 0.5% by 2007, and identifying domestic resources of the public and private sectors as major means to deliver the Government's priority development programs. The Government's capacity to develop sound investment programs and ensure sound management of public assets needs to match the availability of domestic funds. Significant knowledge transfer is needed to facilitate the process. The medium-term program of the Asian Development Bank (ADB) must be responsive to such needs.

II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

A. Progress in Poverty Reduction

8. The Government continues to make efforts to achieve the MDGs. In 2003, the Government increased pro-poor expenditure to 4.5% of GDP, helping reduce the proportion of the population living below the subsistence minimum to 19.8%. Improved access to medical services helped lower the infant mortality rate from 17.4 in 2002 to 15.8 in 2003 (Appendix 1, Table A1.3). The Government envisions increasing potable water supply by 65% by spending 2.6% of GDP for the Sector Drinking Water Program for 2002–2010.

B. Progress in the Country Strategy and Program Focus Areas

9. The CSP focal areas are private sector development for inclusive growth, human development, environmentally sustainable development, and regional cooperation. Kazakhstan's fast-paced development has led to rapidly evolving development priorities and occasional shifts in their relative importance. This has added uncertainties to the delivery of assistance programs that are set annually and prepared in advance. Of one loan and five technical assistance (TA) grants originally planned for 2003, no loan and three TAs were

delivered during the year. The situation demonstrates the need for greater flexibility, shorter processing time, and synchronizing processing timing with the Government's budget cycle, if assistance projects are to meet Kazakhstan's development needs effectively and efficiently.

1. Inclusive Growth through Private Sector Development

10. The private sector remains a key engine for diversification of the economy and pro-poor growth. In 2003, the Government established various state-owned bodies⁴ to promote the private sector through investment and public-private partnerships, especially for SMEs. They include investment vehicles (investment fund, innovation fund) and complementary facilities (export insurance corporation, technology transfer center, and marketing research center). The need for infrastructure facilities, institutional reforms, and investment operations that support private sector development has been identified. In addition to the assistance program included in the CSP, the CSP Update includes support for the Government to strengthen financial governance (nonlending assistance) through three closely linked TAs, covering 2004–2006.

a. Transport

11. In 2003 the Government started to explore a holistic and integrated transport development strategy. The strategic importance of international transit corridors (north-south and east-west) to address regional linkages remains unchanged. Railroads have emerged as a key modality, along with road transport. For road transport, rural roads have become a priority development need as feeder links from rural areas to trunk routes. Loan processing for two road rehabilitation projects, expected in 2003 and 2004, has been pending, awaiting Government decisions on financing plans. The proposed Regional Rural Development Project, which was expected for 2004 approval, is now anticipated in 2005 due to late commencement of the project preparatory TA. ADB's assistance program will retain possible assistance in road rehabilitation projects as previously planned, and expand to include knowledge transfer for railroad capacity strengthening for 2005. Investment operations for rural roads may be identified during the 2004 project preparatory TA for the Regional Rural Development Project. To optimize the impact of land transport infrastructure development, especially from the regional operations perspective, the Government is examining the need to expand port infrastructure capacity. Opportunities for collaboration in this area may be possible, especially in cooperation with other development partners.

b. Rural Development

12. Rural development remains a key Government priority program. In 2003, the Government developed the State Rural Development Program for 2004–2010. ADB helped prepare the program by developing a methodology to assess the growth potential of rural communities. In 2003, ADB provided a follow-on TA to help develop a regional rural development project by pilot-testing an approach to regional planning and development in one or two oblasts. The investment project is scheduled for ADB approval in 2005. ADB's operational focus is on rural poverty reduction and activities with regional impact. Rural poverty reduction will be supported with rural water supply, rural development, natural resources management, SME support, and rural education. Timely delivery of program results is of particular importance for its development impact on rural poverty reduction in the medium term:

⁴ These funds are to help mobilize domestic funds for private sector investments. The funds have focus areas (e.g., investments that promote innovative businesses) but rely on investors to develop specific investment projects. Private sector development support will help such potential investors, especially in SMEs.

(i) rural unemployment reduction; (ii) SME development; (iii) diversification of the economy; and (iv) social infrastructure investments, such as water, education, and health.

c. Enabling Environment for the Private Sector

13. The first phase of a regional TA for financial sector development will introduce international accounting standards, international principles for corporate governance, and international standards for risk management in the banking system. The three financial sector TAs phased over 2004–2006 will provide complementary assistance. These efforts will also enhance the potential for ADB's private sector operations in infrastructure projects in sectors such as water, wastewater, transportation, and oil- and gas-related services.

14. The Government has set SME development as a key vehicle for job creation. Kazakhstan needs assistance in implementing the policy and developing institutional capacity and capabilities for this. ADB's possible involvement is to meet such development needs by providing credit lines to SMEs in urban and rural areas via domestic banks. ADB can also help domestic banks enlarge credit portfolios and strengthen their capabilities for credit appraisal and risk management. A proposed local currency swap will help to develop alternative financing for the private sector. ADB's private sector operations have yet to start because of the pending signing of the Framework Agreement, expected late in 2004.

2. Human Development

a. Rural Water Supply

15. The United Nations Human Development Report reported that one third of the rural population lacked access to safe drinking water (Appendix 1, Table A1.4). The CSP formulation process has played a role in the Government's decision to make the provision of safe drinking water to the rural population an urgent national development priority. In 2003, ADB approved the Rural Area Water Supply and Sanitation Sector Project. The project, to be completed in 2009, will help improve living and health conditions for more than a half million people in rural Kazakhstan by providing basic water supply and sanitation infrastructure and services. The project includes knowledge transfer capacity building for institutional development. A follow-on rural water supply and sanitation project is programmed for 2006. The proposed schedule will allow efficient sharing of experience and lessons learned from the first project, facilitating successful implementation of the follow-on project.

b. Education

16. The Government made major progress in education in 2003 with the approval of its comprehensive education reform concept paper. ADB TA for the Education Sector Development Strategy facilitated the work. The Government's major priorities under the planned education reform include (i) providing 1 year of compulsory preschool education to better prepare students, especially disadvantaged ones, for formal schooling; (ii) improving education standards, (iii) providing equal access to education at all levels; (iv) developing information and communication technologies to support the education system; (v) extending school education from 11 years to 12 years; (vi) modernizing education management; and (vii) rationalizing the vocational and technical education system through partnership with the private sector to cater to the needs of small and medium businesses. In 2003, the Government systemized development partner coordination, with the World Bank taking the lead. The Government has expressed interest in ADB technical assistance in (i) rural education through distance learning, (ii) special vocational

and technical training, and (iii) learning international best practices. The Government will finance education projects from its own resources. The CSP Update tentatively includes a staff study on rural education through distance learning for 2005; this is subject to review and revision as appropriate at a later stage.

c. Governance

17. ADB continues to focus on sectoral institutional support, helping national and subnational governments to better plan public spending. An ongoing TA is helping the Government implement the poverty reduction strategy by introducing effective monitoring and evaluation of poverty interventions. ADB is also supporting local government reforms and strengthening government and sector program performance. The governance assessment has gone through a comprehensive vetting process and will be available for information. Future ADB assistance will focus on improving financial sector governance, including capacity building for integrated financial sector supervision and regulation and management of official reserves.

3. Environmentally Sustainable Development

18. Mainstreaming environmental considerations has been a major strategic focus of the Government's efforts toward environmentally sustainable development. *The Concept of Ecological Security 2004–2015* recognizes the need for an intersectoral approach to implementing policies and programs aimed at, among others, curbing environmental degradation. Proposed TA for developing an environmental monitoring and information management system for sustainable land use will help the Ministry of Environment enhance its institutional capacity for policy development, program preparation, and environmental safeguards for sustainable use of agricultural land. The ongoing Water Resources Management and Land Improvement Project is expected to be completed in 2006. The midterm review in May 2004 confirmed initial benefits, and projected significant benefits upon completion, in increasing farm income, enhancing the environment, and developing water service institutions. The midterm review also confirmed the need for a follow-on project to address problems of water logging, soil salinity, and low yields for cropland. The follow-on project will also expand water reform initiatives under the ongoing project to ensure long-term sustainability of benefits. The Government supports the follow-on project for 2007. Availability of the Global Environment Facility operational program on integrated ecosystem management (OP12) will be explored.

19. Utilization of rainwater for better, more environmentally sound water resources management is a development priority for the Government. Astana will serve as a model to be replicated on the national scale. The CSP Update includes the Storm-Water Management Project, for which project preparatory TA is planned for 2005 and a loan project in 2006.

4. Regional Cooperation

20. Kazakhstan continues to be a strong proponent of regional cooperation, and is intensifying its efforts to promote regional cooperation through various groups.⁵ In August 2003, Kazakhstan, representing the members of the Central Asia Cooperation Organization, asked ADB, European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IsDB), and World Bank to help establish international consortia for water and energy, transport, and food security. ADB is coordinating the development partner group to prepare the transport consortium. Kazakhstan is an active participant in ADB's Central Asia Regional Economic

⁵ Regional cooperation is among the priorities outlined in the Strategic Development Plan to 2010 and 2030 vision.

Cooperation Program and will host the third ministerial conference in late 2004. A number of ongoing and scheduled regional TAs will promote regional cooperation in energy, financial reform, and education management. Activities with regional impact could include transport, trade and finance, and energy.

C. Highlights in Coordination of External Funding and Partnership Arrangements

21. ADB has significantly strengthened coordination and partnership with other development partners of Kazakhstan. ADB helped Kazakhstan develop the Sector Poverty Reduction Program in close collaboration with UNDP. ADB is working closely with UNDP and World Bank and other development partners to provide coordinated assistance on poverty reduction in the country. The CSP is based on a shared diagnostic analysis with the World Bank. Monthly development partner consultations help establish a common understanding of the country's development needs, and ensure coordinated and complementary assistance. Harmonization of procurement documents and audit requirements has been implemented.⁶ Ongoing and proposed loan projects are either cofinanced with other multilateral development banks,⁷ or implemented in conjunction with complementary projects financed by these banks.⁸ Dialogue is under way with GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) for possible cofinancing of recultivation of dry areas of the Aral Sea. Among nonlending activities, the ADB TA to develop an education sector development strategy was implemented in 2003 jointly with the British Council. The World Bank now coordinates external assistance for education. The activities of the major funding agencies are updated in Table A1.5. ADB will continue to actively pursue cofinancing to address the important thematic priorities for Kazakhstan. ADB will maintain its dialogue with the Government.

III. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

22. As of 31 December 2003, ADB had approved 12 loans for nine projects for a total of \$501.6 million⁹ (of which \$441.6 million was from ordinary capital resources and \$60.0 million from the Asian Development Fund). Four of the 12 loans were active at the end of 2003.¹⁰ The \$34.6 million loan for the Rural Area Water Supply and Sanitation Sector Project was approved in September 2003. In addition, ADB approved six TA grants totaling \$1.8 million in 2003. Since 1994 when Kazakhstan joined ADB, ADB has provided 51 TAs for a total of \$23.4 million.

23. Contract awards in 2003 totaled \$48.8 million, bringing the cumulative total for ongoing projects to \$105.9 million. The 2003 contract awards achieved 125% of projections, compared with the ADB average of 84%. Disbursements during the year totaled \$13.5 million, bringing cumulative disbursements for ongoing projects to \$56.0 million. The 2003 disbursements totaled 95% of the projections, compared with the ADB average of 99%. All four ongoing loans were

⁶ Procurement is under the Almaty-Bishkek Road Rehabilitation Project with EBRD. Audit requirements have been harmonized with the World Bank.

⁷ The Almaty-Bishkek Road Rehabilitation Project with EBRD; Rural Area Water Supply and Sanitation Sector Project with IsDB; and the proposed Atyrau-Aktau Road Rehabilitation Project with EBRD, and Borovoe-Petropavlovsk Road Rehabilitation Project with IsDB.

⁸ The Water Resources Management and Land Improvement Project is being implemented in conjunction with a similar World Bank project; also the proposed Regional Rural Development Project with complementary World Bank projects.

⁹ Adjusted after the termination of the two loans for the Farm Restructuring Sector Development Program.

¹⁰ The loan portfolio as of 31 December 2003 showed six loans, however two were for a completed project, awaiting closing of the loan accounts—closed on 19 September 2003 (on a retroactive basis) and 30 January 2004.

rated satisfactory at the end of 2003. Portfolio performance indicators and the implementation status are in Appendix 1, Table A1.6–A1.9.

B. Performance Monitoring and Evaluation

24. In 2003, ADB started conducting a joint country portfolio review with the World Bank. ADB's portfolio performance has been generally satisfactory. The need to systematize the work process has been an issue, however. The 2003 country portfolio review helped initiate the identification of work processes in a structured manner. Implementation will require management information systems for better information sharing and processing. An advisory TA is included in 2004 for that purpose.

IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS

A. Lending Level Proposed

25. The Government is willing to continue borrowing with a view to benefiting from knowledge transfer. Government borrowing is thus likely to remain highly selective. Strong development impact and/or innovative approach, in particular, the kind that will help mobilize central Government funds for local investment needs, will be key to realizing the willingness to borrow. The lending level will remain low, and will likely decrease over the medium term, if the current Government plan of reducing the budget deficit progressively to 0.5% in 2007 stays on course. The average loan size of \$50 million, as envisioned in the CSP, will remain the target. Given these uncertainties, target lending level of \$50 million a year and approval of one loan per year on average are considered reasonable for planning purposes.

B. Nonlending Program

26. The nonlending program will continue to be the main instrument for ADB operations in Kazakhstan. ADB will maintain the current annual level of \$1.9 million for the TA program. The Government will increase TA cost-sharing to maximize the development impact. TA cost sharing will (i) remain as 30% Government and 70% ADB for ADB processing of TAs in 2004–2005, (ii) be 40% Government and 60% ADB in 2006, and (iii) be 50% each for the Government and ADB in 2007. The TA program for 2005–2007 includes 13 TAs totaling \$4.8 million (Appendix 1, Table A1.11). They include project preparatory and advisory TAs, as well as economic, thematic, and sector work.

C. Summary of Changes to Lending and Nonlending Program

27. Changes from the CSP are mainly adjustments of schedule to meet developments since the CSP was finalized.¹¹ Nonlending programs have been adjusted to the revised lending programs. Proposed loans for Regional Rural Development, Second Rural Area Water Supply and Sanitation, and Second Water Resources Management and Land Improvement projects, and associated TAs, are among such cases. Newly added projects include (i) Storm-Water Management (loan), for 2006, with project preparatory TA in 2005; (ii) financial sector governance TAs (three: one each over 2004–2006); and (iii) railroad capacity strengthening advisory TA, planned for 2005. In view of the pending Government decisions on financing plans, the proposed Aktau-Atyrau Road Rehabilitation and Borovoe-Petropavlovsk Road Rehabilitation

¹¹ The years in the proposed program denote years of ADB approvals.

projects (both are loans) are on standby for 2004 and 2005, respectively. Details of the lending and nonlending programs for 2005–2007 are in Appendix 1, Tables A1.10 and A1.11, respectively, while those for 2004 are in Appendix 4, Tables A4.1 and A4.2, respectively. The concept papers for 2005 lending and nonlending products are in Appendixes 2 and 3, respectively.

COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

Table A1.1: Progress Toward the Millennium Development Goals and Targets¹

(Status is based on the 2002 United Nations Development Programme Assessment Report for Millennium Development Goals)

Goals and Targets	Status of Kazakhstan
<p>Goal 1: Eradicate Extreme Poverty and Hunger² Target 1: Halve, between 1996 and 2015, the proportion of people whose income is below officially defined subsistence level</p> <p>Target 2: Halve between 1997 and 2015, the number of people lacking balanced nutrition</p>	<p>Official data show that the proportion of people living below the subsistence minimum decreased from 35% in 1996 to 19.8% in 2003. The Sector Program for Poverty Reduction (2003–2005) targets reducing the number of poor by 2005 to 20% of the total population.³ Status: probably</p> <p>No direct evidence exists of hunger in Kazakhstan, but prevalence of micronutrient deficiencies (hidden hunger) is high. The proportion of people with income below food-basket cost was reduced from 12.7% in 1997 to 5.1% in 2003. Status: probably</p>
<p>Goal 2: Achieve Universal Primary Education Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</p>	<p>Official rates of enrolment remain nearly universal. Equal access is ensured to girls and boys. Status: achieved</p>
<p>Goal 3: Promote Gender Equality and Empower Women Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015</p>	<p>The right to free secondary education in public educational institutions regardless of gender is guaranteed by the Constitution. Secondary education is compulsory. Status: achieved</p>
<p>Goal 4: Reduce Child Mortality Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate</p>	<p>Officially reported infant mortality rate after the 1993 peak of 28 deaths per 1,000 live births fell to 15.8⁴ per 1,000 live births in 2003. However, the child mortality rate in Kazakhstan would be higher if the international definition was used. Status: probably</p>
<p>Goal 5: Improve Maternal Health Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio</p>	<p>Ministry of Health shows that the maternal mortality rate has been declining after 1998, when it dropped from 77.5 per 100,000 live births in 1998 to 40.7 in 2003. Status: probably</p>
<p>Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases Target 7: Have halted by 2015, and begin to reverse, the spread of HIV/AIDS</p>	<p>As of 31 December 2002, the country had 3,257 HIV-positive persons registered, compared with 2,648 by 31 March 2002, and 100 in 1996. Status: unlikely</p>

¹ Based on the assessment prepared by the United Nations in 2002 and staff studies and estimates.

² Targets 1 and 2 have been modified considering data availability and the specific circumstances in Kazakhstan. The modification adopted by the United Nations in the 2002 assessment of the Millennium Development Goals in Kazakhstan has also been adopted in the Country Strategy and Program.

³ The Country Strategy and Program uses the poverty incidence figures consistent with the poverty partnership agreement signed with the Government in July 2003.

⁴ The infant mortality rate in 2003 is already lower than the 2005 target (18.6 per 1,000 live births) determined by the Sector Program for Poverty Reduction for 2003–2005, and is one of the program's main performance indicators.

Goals and Targets	Status of Kazakhstan
Target 8: Have halted by 2015, and begin to reverse, the incidence of malaria and other major diseases	Malaria is not a problem. The reemergence of tuberculosis presents a serious threat, with 59.7 cases per 100,000 population in 1994 and 161.0 in 2003. The Sector Program on Poverty Reduction for 2003–2005 sets the following goals: (i) reduce tuberculosis mortality from 26.4 per 100,000 to 23.2 and (ii) halt the increase in tuberculosis incidence by 2005 to 160 per 100,000. Status: unlikely
<p>Goal 7: Ensure Environmental Sustainability</p> <p>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water</p> <p>Target 11: By 2020, achieve a significant improvement in the lives of the rural population⁶</p>	<p>Eight documents⁹ have been prepared to lay the legal foundation to address environmental challenges. Status: unlikely</p> <p>Proportion of population without sustainable access to improved water source, urban and rural, has decreased from 15% and 27% in 2000 to 10% and 23% in 2003, respectively. Status: potentially</p> <p>Rural housing conditions were improved during 2000–2003. The Government has adopted several programs on rural revival and rural housing, and allocated substantial funds.</p>

Sources: United Nations. 2002. *Millennium Development Goals in Kazakhstan*. New York; State Agency on Statistics, 2003.

⁵ National Environmental Action Plan for Sustainable Development of the Republic of Kazakhstan; Law on Air Protection; National Strategy and Action Plan for Conservation and Sustainable Use of Biological Diversity; National Strategy and Action Plan to Combat Desertification; National Disaster Preparedness Plan; National Environmental Hygiene Action Plan; Energy Development Action Plan; and Sectoral Program "Fresh Water" (2002–2010).

⁶ Target 11 has been modified considering data availability and Kazakhstan's specific circumstances. The modification adopted by the United Nations in the 2002 assessment of the Millennium Development Goals in Kazakhstan has also been adopted in the Country Strategy and Program.

Table A1.2: Country Economic Indicators

Item	1999	2000	2001	2002	2003
A. Income and Growth					
1. GDP per Capita (\$, current)	1,129.1	1,230.2	1,493.7	1,644.1	2,000.0
2. GDP Growth (% in constant prices)	2.7	9.8	13.5	9.5	9.2
a. Agriculture	28.0	(3.2)	17.1	2.7	1.4
b. Industry	2.7	15.5	13.8	9.8	8.8
c. Services	(1.5)	8.5	12.1	9.3	11.1
B. Saving and Investment (current prices, % of GDP)					
1. Gross Fixed Capital Formation	15.5	17.3	24.6	28.6	28.3
2. Gross National Saving	17.1	18.1	27.9	30.1	32.0
C. Money and Inflation					
1. Consumer Prices (annual average; % change)	8.3	13.2	8.4	5.9	6.6
2. Consumer Prices (end of period; % change)	17.8	9.8	6.9	6.4	6.8
3. Liquidity (M3) growth (% change)	84.4	44.9	45.1	33.0	26.8
D. Government Finance					
1. Revenue (% of GDP)	19.8	21.7	25.6	22.6	22.6
2. Expenditure (% of GDP)	23.2	22.5	23.0	21.2	23.5
3. Overall Fiscal Surplus (deficit)	(3.4)	(0.8)	(0.4)	(0.3)	(0.9)
4. Overall Fiscal Surplus incl. National Fund	—	—	2.6	1.5	4.4
E. Balance of Payments					
1. Exports of Goods and Services (\$ million)	6,123	10,599	10,515	11,906	15,006
2. Imports of Goods and Services (\$ million)	5,645	9,004	10,343	11,544	13,169
3. Current Account Balance (% of GDP)	(0.2)	3.2	(3.2)	(1.8)	(0.2)
F. External Payments Indicators					
1. International Official Reserves (\$ million, end of period)	2,003	2,096	2,508	3,141	4,959
Months of Imports of Goods & Services	3.6	2.8	2.9	3.3	4.8
In % of Stock of Short-Term Debt	—	139.2	112.1	128.4	—
2. National Fund of the Republic of Kazakhstan (end of period, \$ million)	—	—	1,270	1,917	3,606
3. Public and Publicly Guaranteed External Debt (% of GDP)	17.0	21.8	17.4	14.3	12.4
G. Memorandum Items					
GDP (current prices, T billion)	2,016.5	2,599.9	3,250.6	3,747.2	4,450.0
Exchange rate (annual average; T per \$)	119.6	142.1	146.9	154.0	149.5
Population (million)	14.9	14.8	14.8	14.8	14.9

— = not available, GDP = gross domestic product, T = tenge.

Sources: Agency on Statistics of the Republic of Kazakhstan, Ministry of Finance, National Bank.

Table A1.3: Country Poverty and Social Indicators

Item	1985	1990	Latest Year	
A. Population Indicators				
1 Total Population (million)	15.7	16.4	14.9	(2003)
2 Rural Population (%)	44.2	43.2	43.4	(2003)
3 Annual Population Growth Rate (% change)	1.2	(0.5)	(0.1)	(2003)
B. Social Indicators				
1 Total Fertility Rate (births per woman)	3.0	3.0	1.9	(2002)
2 Maternal Mortality Rate (per 100,000 live births)	66.6 (1987)	69.4 (1996)	40.7	(2003)
3 Infant Mortality Rate (below 1 year; per '000 live births) ^a	30.1	28 (1993)	15.8	(2003)
4 Life Expectancy at Birth (years)	67.7	68.6	66.6	(2003)
a. Female	73.1 (1987)	73.1 (1991)	72.2	(2003)
b. Male	63.9 (1987)	63.8 (1991)	60.6	(2003)
5 Adult Literacy (%)	99.0	99.5	99.5	(2002)
a. Female		99.5	99.5	(2002)
b. Male		99.5	99.5	(2002)
6 School Enrollment for All Levels (% of children aged 6–24)		65.8 (1994)	80.0	(2002)
7 Child Malnutrition (% below 5 years)		—	4.2	(1999)
Rural Households with Access to Safe Water (%)	92.0	—	67.0	(2003)
Rural Households with Access to Sanitation (%)	90.0	19.0	—	
Public Education Expenditure (% of GDP)	6.6	5.7	3.2	(2003)
Public Health Expenditure (% of GDP)	3.1	3.3	2.0	(2003)
Social Security Expenditure (% of GDP)		0.8 (1994)	5.4	(2003)
Human Development Index	0.848 (1990)	0.742 (1999)	0.780	(2003)
Human Development Ranking	54/173 (1990)	83/173 (1999)	79/173	(2000)
C. Poverty Indicators				
1 Poverty Incidence (%)	—	34.6 (1996)	19.8	(2003)
2 Percent of Poor to Total Population				
a. Akmola		28.9 (2000)	16.4	(2003)
b. Aktobe		18.3 (2000)	19.0	(2003)
c. Almaty		46.2 (2000)	25.3	(2003)
d. Atyrau		49.6 (2000)	32.7	(2003)
e. East-Kazakhstan		15.4 (2000)	16.9	(2003)
f. Jambyl		47.7 (2000)	30.0	(2003)
g. West-Kazakhstan		12.0 (2000)	17.1	(2003)
h. Karaganda		18.6 (2000)	15.1	(2003)
i. Kostanai		22.3 (2000)	21.0	(2003)
j. Kyzylorda		51.6 (2000)	27.1	(2003)
k. Mangistau		59.7 (2000)	26.0	(2003)
l. Pavlodar		14.9 (2000)	17.1	(2003)
m. North-Kazakhstan		11.9 (2000)	11.9	(2003)
n. South-Kazakhstan		52.8 (2000)	26.1	(2003)
o. Astana City		11.6 (2000)	2.1	(2003)
p. Almaty City		4.8 (2000)	3.9	(2003)
3 Poverty Gap		11.4 (1996)	4.6	(2003)
4 Poverty Severity Index		5.2 (1996)	1.6	(2003)
5 Income Inequality (% top decile over bottom decile)		10.2 (1997)	7.4	(2003)
6 Human Poverty Index		31.0 (1998)	23.9	(2001)

— = not available, GDP = gross domestic product, na = not applicable

^a Official data are based on definitions used in the former Soviet Union, and would be much higher using international definitions. According to the 1999 Kazakhstan national demographic survey, the infant mortality rate using international definitions was 62 per 1,000 live compared with 50 per 1,000 immediately before independence.

^b Low weight-for-age (underweight).

Sources: Agency on Statistics of the Republic of Kazakhstan. 2003. *Statistical Yearbook of Kazakhstan, 2000–2003*. Almaty; Ministry of Finance. 2003. *Statistical Bulletin*. Almaty; United Nations. 2002. *United Nations Millennium Development Goals Report for Kazakhstan*. New York; United Nations. 2003. *United Nations Draft Common Country Assessment for Kazakhstan*. New York.

Table A1.4: Country Environment Indicators

Indicator	1985		Latest Year	
A. Energy Efficiency of Emissions				
1. GDP/Unit of Energy Use (PPP\$/kgoe)	—		1.8	[2001]
2. Traditional Fuel Use (% of total energy use)	—		—	[2001]
3. Carbon Dioxide Emissions				
a. Tons	—		123.0	[2001]
b. Tons per Capita	10.50	[1995]	8.0	[1997]
B. Water Pollution: Water and Sanitation				
1. % Urban Population with Access to Safe Water	85.00	[2000]	79.3	[2002]
2. % Rural Population with Access to Safe Water	61.00	[2000]	67.0	[2003]
3. % Urban Population with Access to Sanitation	—		—	
C. Land Use and Deforestation				
1. Forest Area (million hectares)	26.40	[1999]	26.1	[2003]
2. Average Annual Deforestation (km ²)	—		1.4	[2002]
3. Rural Population Density (people/km ² of arable land)	—		28.3	[2003]
4. Arable Land (% of total land)	—		81.7	[2002]
5. Permanent Cropland (% of total land)	—		8.4	[2002]
D. Biodiversity and Protected Areas				
1. Nationally Protected Area				
a. Million Hectares	73.40	[1999]	73.6	[2001]
b. % of Total Land	2.70	[1999]	2.7	[2001]
2. Mammals (number of threatened species)	—		18.0	[2001]
3. Birds (number of threatened species)	—		15.0	[2001]
4. Higher Plants (number of threatened species)	—		—	
5. Reptiles (number of threatened species)	—		—	
6. Amphibians (number of threatened species)	—		—	
E. Urban Areas				
1. Urban Population				
a. Million	8.40	[1997]	8.4	[2003]
b. % of Total Population	55.60	[1997]	56.6	[2003]
2. Per Capita Water Use (liters/day)	—		197.0	[2002]
3. Wastewater Treated (%)	—		—	
4. Solid Waste Generated per Capita (kg/day)	—		—	

— = not available, GDP = gross domestic product, kg = kilogram, kgoe = kilograms of oil equivalent, km² = square kilometer, PPP = purchasing power parity.

Sources: Asian Development Bank. 2002. *Outlook 2002*. Manila; Asian Development Bank. 2002. *Basic Statistics*. Manila; Agency on Statistics of the Republic of Kazakhstan. 2003. *2003 Statistical Yearbook of Kazakhstan*. Almaty; United Nations Development Programme. 2002. *Human Development Report 2001*. New York.

Table A1.5: Development Coordination Matrix

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Agriculture	<ul style="list-style-type: none"> Support agriculture reforms for the transition to a market economy, including improving land tenure, privatizing state-owned farms, reducing state interventions in markets, dismantling state-owned monopoly trading companies, and improving water resources management. Support the Government's program for rural development, including diversification of rural industry, creation of jobs, and enhancement of social service provision. 	<ul style="list-style-type: none"> European Bank for Reconstruction and Development (EBRD): Provide credit to farmers for warehouse grain receipts using credit lines through commercial banks covered by a private sector indemnity fund. World Bank: Support (i) privatization of state-owned farms, including improving managerial capacity, providing agricultural support services and equipment, creating off-farm jobs, and providing rural credit; and (ii) improvement of water resources management. Under the joint economic research program, a livestock sector study is close to completion.
Energy	<ul style="list-style-type: none"> Under Asian Development Bank's (ADB) regional cooperation initiatives, rehabilitate (i) the regional power interconnector to facilitate regional power trade, and (ii) the regional gas transmission system. 	<ul style="list-style-type: none"> EBRD: Support rehabilitation of the national power transmission system. Support implementation of the long-term tariff methodology for power distribution companies. World Bank: Support market reforms, enhanced role of the private sector, and rehabilitation of oil fields and national power transmission systems.
Transport	<ul style="list-style-type: none"> Focusing on road and rail transport systems, support rehabilitation and maintenance of national networks that are critical links in the regional transport network to (i) reduce physical and nonphysical barriers to regional trade and movement of goods and people; (ii) improve managerial and strategic planning capacity; (iii) promote market reforms; (iv) enhance safety, construction, and maintenance standards; and (v) privatize, corporatize, or commercialize state-owned transport enterprises. 	<ul style="list-style-type: none"> EBRD: Support (i) rehabilitation and maintenance of national highways that are key regional trade and transportation routes (Almaty-Astana, Almaty-Bishkek, Aktau- Atyrau), and development of a national road maintenance program; (ii) promotion of market reforms and support for restructuring and commercializing the railway corporation, rehabilitating the track network; (iii) renovation and modernization of Aktau seaport; and (iv) construction of a new runway and institutional strengthening of the Atyrau International Airport. Islamic Development Bank (IsDB): Support rehabilitation of the Almaty-Astana road in collaboration with ADB, and propose similar collaboration on the Borovoe-Petropavlovsk road linking Astana with the border to the Russian Federation. Japan Bank for International Cooperation (JBIC): Support (i) rehabilitation of highway segments in west Kazakhstan, and (ii) determination of tariffs for aviation and railway transport. World Bank: Support rehabilitation and maintenance of national highways and rural roads (Almaty-Astana) in collaboration with other international financial institutions. Prepare to undertake a regional trade facilitation and transportation study for Central Asia, including cross-border issues.

Continued on next page

Table A1.5—Continued

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Information and Communications Technology (ICT)	<ul style="list-style-type: none"> Significant ADB involvement in ICT is not envisaged. It will be considered based on the Government's ICT strategy, which is being prepared with EBRD support. 	<ul style="list-style-type: none"> EBRD: Provide technical assistance (TA) to develop ICT policy and strategy, including promotion of market reforms, deregulation, dismantling of monopolies, and private sector participation. A lending operation is the expected outcome of the dialogue with Government based on the strategy work.
Water Resources	<ul style="list-style-type: none"> Rehabilitate irrigation infrastructure, including improving national and local managerial capacity to ensure continued operation and maintenance in the long term. Collaborate closely with the World Bank. 	<ul style="list-style-type: none"> World Bank: In collaboration with ADB, support rehabilitation of irrigation infrastructure in other areas of southern Kazakhstan, including promoting a common reform agenda and strategic approach. In collaboration with the European Union TA to the Commonwealth of Independent States, helped draft the water code.
Rural Water Supply and Sanitation	<ul style="list-style-type: none"> Provide water and sanitation services to rural areas, including rehabilitating existing systems or developing new ones, enhancing national and local government strategic planning and managerial capacity, and establishing decentralized community operation and maintenance capabilities 	<ul style="list-style-type: none"> IsDB: In collaboration with ADB, help provide water to rural Karagandy, promoting a common strategic approach Japan International Cooperation (JICA): Provide materials and equipment for rural water supply in north Kazakhstan.
Urban /Municipal Services	<ul style="list-style-type: none"> The ADB strategy does not as yet envisage active involvement in the municipal services sector. 	<ul style="list-style-type: none"> EBRD: Provide TA to the central Government for changes in interbudgetary relations. Work jointly with the central Government to support lending to local governments for rehabilitation of municipal infrastructure and provide urban transport infrastructure upgrades in Astana. JBIC: Rehabilitate water supply and sanitation systems in Astana World Bank: Lend directly to local governments with central Government guarantee for rehabilitation of urban water supply and sanitation systems in selected small cities
Education	<ul style="list-style-type: none"> As the lead external development partner in the sector, restore quality education services and support the deepening of sector reforms to meet the needs of a market economy. This includes improving resource utilization, developing skills for new labor markets, use of ICT, teacher training, encouraging private education, and enhancing strategic planning capacity. Further ADB support is being considered based on the 2003 update of the education sector strategy. 	<ul style="list-style-type: none"> World Bank: Under the Joint Economic Research Program, the World Bank will prepare the policy paper on Education Strategy.

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Table A1.5—Continued

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Health	<ul style="list-style-type: none"> Through a regional Japanese Fund for Poverty Reduction grant address micronutrient deficiencies in children and mothers through wheat fortification and salt iodization. 	<ul style="list-style-type: none"> JICA: (i) Improve the health care system in Semipalatinsk, east Kazakhstan, which has heavy radiation pollution, by providing training equipment; and (ii) provide medical equipment to Kyzylorda region and Astana city
Social Protection	<ul style="list-style-type: none"> ADB does not yet envisage active involvement in social protection. Assistance may be considered in future based on the Sector Program for Poverty Reduction, 2003–2005. 	<ul style="list-style-type: none"> World Bank: Extensive support for reform of Kazakhstan's social protection system to ensure effective delivery and management. Under the technical cooperation agreement for the joint economic research program, the World Bank has started preparing health and pension policy notes.
Private Sector Development	<ul style="list-style-type: none"> ADB public sector operations supported private sector development through infrastructure improvements and institutional reforms (for example, pension system). Support under the forward program will focus on infrastructure, rural development, and policy and institutional reforms to foster private sector development; promote small- and medium-sized enterprise (SME) development, including providing credit; and support capital market development. However, ADB's nonsovereign guaranteed lending operations can only begin once the private sector operations framework agreement is signed with the Government. 	<ul style="list-style-type: none"> EBRD: Support the transition to a market economy, with a focus on the private sector and enterprises. Assistance includes EBRD's flagship SME development program and strengthening of the financial sector. Medium-term syndicated loans were approved to Kazakhstan's two largest banks. EBRD held its first equity investment in a Kazakh insurance company. International Finance Corporation: Approved 34 nonsovereign guaranteed operations totaling \$241 million in energy, finance, manufacturing, mining, tourism, and trade, including support to SME development. World Bank: Offered broad range of assistance: (i) management of state assets, including privatization; (ii) measures to improve the business environment, through regulatory reforms and delicensing; (iii) policy studies on impediments to private sector development and growth of the mining sector; (iv) financial services for rural enterprises; and (v) support for SME development, including business advisory services, information technology, and linkages with large enterprises.
Finance and Banking	<ul style="list-style-type: none"> Regional TA is being provided to harmonize customs procedures and reduce barriers at border crossings to facilitate crossborder trade and movement of goods. ADB is considering collaboration with the Development Bank of Kazakhstan, and extending credit lines to SMEs, on a nonsovereign guaranteed basis. Regional TA on financial sector development is being implemented; the second phase is expected in 2005. 	<ul style="list-style-type: none"> EBRD: (See Private Sector Development) World Bank: (See Private Sector Development)

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Table A1.5—Continued

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Poverty Reduction	<ul style="list-style-type: none"> TA has been provided to prepare a comprehensive medium-term poverty reduction strategy, including a poverty assessment and high-level forum, involving close collaboration with UNDP and the World Bank. ADB is helping to improve monitoring of poverty reduction projects. This assistance will intensify during Country Strategy and Program implementation. ADB and the Government signed the poverty partnership agreement. 	<ul style="list-style-type: none"> UNDP: UNDP is actively engaged in poverty work. It has two ongoing projects: (i) Poverty Outreach helping government agencies and nongovernment organizations to understand poverty-related issues, and (ii) Linking Poverty and the Millennium Development Goals to monitor performance of poverty indicators. UNDP has prepared a number of reports including Poverty in Kazakhstan: Causes and Cures and Monitoring Poverty Indicators in Kazakhstan. World Bank: Prepared the draft report on dimensions of poverty in Kazakhstan.
Environment	<ul style="list-style-type: none"> Strategy includes TA to improve management and strategic planning capacity in the Ministry of Environment and Natural Resources (see also Water Resources). 	<ul style="list-style-type: none"> JICA: Support (i) environmental monitoring of Balkash Lake and watershed, and (ii) water quality analysis and monitoring. Swiss Agency for Development and Cooperation: Support a program for sustainable mountain development in Central Asia including Kazakhstan. United Nations Environmental Programme and United Nations Development Programme: Support the Government to prepare for the Environment Summit, Johannesburg, August 2002. With the World Bank, helped the Government prepare the national environmental action plan. Thirty-two projects were implemented; several are in the pipeline United States Agency for International Development: Includes consideration of environmental issues in all projects in the area of energy and water management. World Bank: The environment is among the main strategic priorities. Primary focus is on water resources, including irrigation management, pollution cleanup, and the Aral Sea problem. With United Nations Environmental Program, the World Bank has helped the Government prepare and implement the national environmental action plan. The World Bank completed a study of Kazakhstan's major river basins in April 2003, helped develop a forestry code, and made investment project proposals under the United Nations' Caspian environmental program. The World Bank is implementing (i) an investment project (\$5.3 million) to improve the use and sustainability of rangelands and protect biodiversity; and (ii) a project (\$40 million) to clean up mercury pollution and improve water quality and management of <i>Nura River</i> ecosystem.

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Table A1.5—Continued

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Governance	<ul style="list-style-type: none"> ADB Strategy has focused on sectoral governance issues (such as policy and institutional reforms and capacity building) through lending and TA, and investment project programming and aid coordination. On the basis of recommendations of the country, a governance assessment was completed in 2003, and TAs for Supporting Local Government Reform and Strengthening Government Program Performance were processed and approved in 2003. Follow-up TAs have been proposed in the forward program. A TA is envisaged to strengthen financial sector governance. 	<ul style="list-style-type: none"> European Union-Technical Assistance to Commonwealth of Independent States: Assistance to implement the civil service law, establish a regional civil service training center, promote decentralization, and encourage civil-society participation. International Monetary Fund: Assistance with formulating tax policy, and, at the local level, reforms for the customs agency; and modernize the treasury, (this in collaboration with the World Bank). JICA: Assistance to enhance strategic planning capacity, specifically in economic and industrial policy formulation UNDP: A broad range of support, including to strengthen strategic planning capacity, train parliamentarians in drafting laws, introduce international accounting standards, advise on decentralization and functional reviews of ministries and local authorities, and empower nongovernment organizations. USAID: Support, primarily at the local level, introduction of democratic practices and empowerment of civil society; and at the central and local levels, public sector fiscal reform, including intergovernmental fiscal transfers and capacity building to improve budget formulation World Bank: Its strategy for public sector reform aims to ensure efficient public resource management and improve public service efficiency and effectiveness. Support has included a functional analysis to decentralize responsibilities, and to facilitate public expenditure management (budget formulation and monitoring, intergovernmental finances, public procurement); audit and accounting standards; SME support; tax and customs reform; and a survey of the social service delivery system. The World Bank completed a diagnostic study on service delivery in 2002 and is closely working with USAID to develop the new budget code.

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Table A1.5—Continued

Sector/ Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Gender	<ul style="list-style-type: none"> In 1997 ADB prepared a report: Women and Gender Relations in Kazakhstan—The Social Cost. Limited ADB lending since this report narrowed opportunities to mainstream gender and development in loan projects. Regional TA on Improving Nutrition for Poor Mothers and Children in Central Asian Republics was funded by a grant from the Japan Fund for Poverty Reduction and focused on gender and development. The ongoing first and proposed second Rural Water Supply and Sanitation projects address gender and development issues. Regional TA is being processed to study gender issues anew. 	<ul style="list-style-type: none"> See Appendix 3 of the CSP 2004–2006 for the focus of other development partners.

Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2003)

Sector	Net Loan Amount		Rating ^a													
			Total		Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		Potential Problem ^b		At Risk ^c	
	\$ million	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	(%)
Agriculture and Natural Resources	35.4	22.7	2	33.3	—	—	2	100.0	—	—	—	—	—	—	—	—
Energy	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Nonfuel	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Minerals	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	0	—	—	—	—	—	—	—	—	—	—	—	—	—
Social Infrastructure	68.8	44.0	3	50.0	—	—	3	100.0	—	—	—	—	—	—	—	—
Transport and Communications	52.0	33.3	1	16.7	—	—	1	100.0	—	—	—	—	1	100.0	1	100.0
Total	156.2	100.0	6	100.0	—	—	6	100.0	—	—	—	—	1	16.7	1	16.7

— = not available, % = percent, No. = number.

^a One rating for implementation progress and development objectives, based on the lower rating of either.

^b Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank estimates.

Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources
(public sector loans, as of 31 December 2003)

Disbursements and Transfers	OCR	ADF	Total
Disbursements^a			
Total Funds Available for Withdrawal (\$ million)	102.5	19.1	121.6
Disbursed Amount (\$ million, cumulative)	41.7	14.3	56.0
Percentage Disbursed (disbursed amount/total available)	40.7	74.8	46.0
Disbursements (\$ million, 2002)	12.8	0.7	13.5
Disbursement Ratio (%) ^b	17.4	13.1	17.1
Net Transfer of Resources (\$ million)			
1999	(11.0)	6.3	(4.8)
2000	0.7	3.9	4.7
2001	(17.3)	2.2	(15.1)
2002	(27.0)	0.5	(26.5)
2003	(19.7)	0.2	(19.6)

ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Includes one ongoing loan.

^b Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank estimates.

Table A1.8: Portfolio Indicators—Evaluation Rating by Sector
(1996–2004)^a

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	—	—	1	100	—	—	—	—	—	—	1	100
Energy	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	1	100	—	—	—	—	—	—	1	100
Industry and Nonfuel Minerals	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	1	100	—	—	—	—	—	—	1	100
Others	—	—	—	—	—	—	—	—	—	—	—	—
Social Infrastructure	—	—	—	—	—	—	—	—	—	—	—	—
Transport and Communications	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	—	3	100	—	—	—	—	—	—	3	100

— = not available, No. = number.

^a As of 31 March 2004.

Source: Asian Development Bank project (program) audit reports.

Table A1.9: Portfolio Implementation Status
(public sector loans, as of 31 December 2003)

No.	Sector	Loan No.	Seg	Title	Net Loan Amount		Approval Date (dd/mm/yy)	Effective Date (dd/mm/yy)	Closing Date		Progress (% complete)
					OCR (\$ million)	ADF (\$ million)			Original (dd/mm/yy)	Revised (dd/mm/yy)	
1	AGR	1592		Water Resources Management and Land Improvement	25.8	—	17 Dec 97	11 Aug 98	30 Jun 03	30 Jun 05	53%
2	AGR	1593		Water Resources Management and Land Improvement	—	9.6	17 Dec 97	11 Aug 98	30 Jun 03	30 Jun 05	53%
3	SOC	1541		Basic Education	24.7	—	24 Sep 97	05 Aug 98	30 Jun 03	—	100%
4	SOC	1542		Basic Education	—	9.5	24 Sep 97	05 Aug 98	30 Jun 03	—	100%
5	T&C	1774		Almaty–Bishkek Regional Road Rehabilitation	52.0	—	31 Oct 00	31 May 02	30 Jun 05	—	8%
6	SOC	2006		Rural Area Water Supply and Sanitation Project	34.6	—	29 Sep 03	—	30 Jun 10	—	0.0
Total					137.1	19.1					

— = not available, ADF = Asian Development Fund, AGR = agriculture and natural resources, dd = day, mm = month, yy = year, OCR = ordinary capital resources, Seg = segment (pertaining to loans with more than one withdrawal authority), SOC = social infrastructure, T&C = transport and communications.

Note: Loans 1541/1542 were closed on 19 September 2003 and 30 January 2004 respectively upon closing of loan accounts.

Source: Asian Development Bank estimates.

Continued on next page

Table A1.9—Continued

No.	Sector	Loan No.	Seg	Title	Cumulative Contracts/ Commitments (\$ million)	Cumulative Disbursements (\$ million)	Rating		Potential Problem ^a	At Risk ^b
							IP	DO		
1	AGR	1592		Water Resources Management and Land Improvement	26.25	9.96	S	S	No	No
2	AGR	1593		Water Resources Management and Land Improvement	5.5	4.8	S	S	No	No
3	SOC	1541		Basic Education	23.0	24.7	S	S	No	No
4	SOC	1542		Basic Education	9.4	9.5	S	S	No	No
5	T&C	1774		Almaty–Bishkek Regional Road Rehabilitation	41.8	7.0	S	S	Yes	Yes
6	SOC	2006		Rural Area Water Supply and Sanitation Project	—	—	S	HS	No	No
Total					105.9	56.0				

— = not available; ADF = Asian Development Fund, AGR = agriculture and natural resources, DO = development objectives, ENE = energy, FIN = finance, HS = highly satisfactory, IND = industry and nonfuel minerals, IP = implementation progress, MUL = multisector, No. = number, OCR = ordinary capital resources, OTH = others, PS = partly satisfactory, S = satisfactory, Seg = segment (pertaining to loans with more than one withdrawal authority), SOC = social infrastructure, T&C = transport and communications, U = unsatisfactory.

^a “Yes” for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^b A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank estimates.

Table A1.10: Assistance Pipeline for Lending Products, 2005–2007

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				
						ADB			Gov't ^a	Cofi- nancing
						OCR	ADF	Total		
2005 Firm Loan										
Agriculture and Natural Resources										
1. Regional Rural Development	PI	ECG/PSD	ECAE	2004	tbd	50.0	0.0	50.0	tbd	tbd
Subtotal					tbd	50.0	0.0	50.0	tbd	tbd
Total					tbd	50.0	0.0	50.0	tbd	tbd
2005 Standby Loan										
Transport and Communication										
1. Borovoe-Kokshetau-Petropavlovsk Road Rehabilitation	OTH	ECG/REG	ECTC	2003	tbd	40.0	0.0	40.0	tbd	10.0
Subtotal					tbd	40.0	0.0	40.0	tbd	10.0
Total						40.0	0.0	40.0	tbd	tbd
2006 Firm Loans										
Water Supply, Sanitation, and Waste Management										
1. Second Rural Water Supply and Sanitation Sector	PI	ISD/GAD	ECSS	2005	tbd	50.0	0.0	50.0	tbd	10.0
2. Stormwater Management Project	OTH	ECG/ENV	ECSS	2005	tbd	50.0	0.0	50.0	tbd	tbd
Subtotal						100.0	0.0	100.0	tbd	tbd
Total						100.0	0.0	100.0	tbd	tbd
2007 Firm Loans										
Agriculture and Rural Development										
1. Second Water Resources Management and Land Improvement	OTH	ECG/ENV	ECAE	2006	tbd	50.0	0.0	50.0	tbd	tbd
Subtotal					tbd	50.0	0.0	50.0	tbd	tbd
Total						50.0	0.0	50.0	tbd	Tbd

ECAE = Agriculture, Environment and Natural Resources, ECG = sustainable economic growth, ECSS = Social Sectors Division East, ECTC = Transport and Communications Division, ENV = environmental sustainability, GAD = gender and development, ISD = inclusive social development, OCR = ordinary capital resources, OTH = others, PI = poverty intervention, PSD = Private Sector Development, REG = regional, tbd = to be determined.

Note: The years in the proposed program denote years of ADB approvals. Classification of loans for “firm” and “standby” is for ADB’s resource management purposes.

Source: Memorandum of Understanding of the Country Programming Mission signed on 16 July 2004.

Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2005–2007

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2005							
Agriculture and Natural Resources							
1. Strengthening Rural/Regional Planning (attached to Regional Rural Development)	ECAE	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Water Supply, Sanitation, and Waste Management							
2. Second Rural Water Supply and Sanitation Sector	ECSS	PP	TASF	600.0		0.0	600.0
3. Stormwater Management Project	ECSS	PP		0.0	tbd	600.0	600.0
Subtotal				600.0		600.0	1,200.0
Transport and Communications							
4. Capacity Building in the Transport Sector (attached to Borovoe-Kokshetau-Petropavlovsk Road Rehabilitation)	ECTC	ID	TASF	300.0		0.0	300.0
5. Capacity Expansion of Railway Station on Border with the PRC	ECTC	ID	TASF	0.0	tbd	150.0	150.0
Subtotal				300.0		150.0	450.0
Education							
6. Study on Rural Education through Distance Learning	ECSS	ID	Staff/ IAE				
Subtotal							
Finance							
7. Financial Sector Governance, Phase II (previously Strengthening Core Government Capacity for Policy Development and Implementation in Kazakhstan)	ECGF	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Total				1,900.0		750.0	2,650.0
2006							
Agriculture and Natural Resources							
1. Second Water Resources Management and Land Improvement	ECAE	PP	TASF	600.0		0.0	600.0
Subtotal				600.0		0.0	600.0

Continued on next page

Table A1.11—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Water Supply, Sanitation, and Waste Management							
2. Institutional Strengthening for Rural Water Supply and Sanitation Sector, Phase II (attached to the Second Rural Water Supply and Sanitation Sector Project)	ECSS	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Agriculture and Natural Resources							
3. Capacity Building of National and Local Governments to Implement the Poverty Reduction Strategy, Phase II	ECAE	ID	TASF	300.0		0.0	300.0
Subtotal				300.0		0.0	300.0
Finance							
4. Financial Sector Governance, Phase III (previously Supporting the Shift from Local State Government to Local Self-Government in Kazakhstan)	ECGF	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Total				1,900.0		0.0	1,900.0
2007							
Agriculture and Natural Resources							
1. Institutional and Technological Strengthening for Water Resources Management and Land Improvement (attached to the Second Water Resources Management and Land Improvement Project)	ECAE	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Law and Public Sector Management							
2. Local Government Reforms, Phase II	ECGF	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Total				1,000.0		0.0	1,000.0

Continued on next page

Table A1.11—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Regional Technical Assistance (amounts cover two to eight DMCs)							
2004							
Industry and Trade							
1. Regional Tourism Development	ECOC	RETA	TASF	800			800
2. Trade Facilitation and Customs Cooperation Program, Phase II	ECGF	RETA	TASF	600			600
Subtotal				1,400.0			1,400
Law, Economic Management, and Public Policy							
1. Support for Greater Silk Road Initiative, 2004	ECOC	RETA	TASF	900			900
2. Mainstreaming Gender into Poverty Reduction Strategies in the CARs	ECSS	RETA				350	350
Subtotal				900		350	1,250
Agriculture and Natural Resources							
1. Central Asian Republics Initiative for Land Management	ECAE	RETA	TASF	500			500
Subtotal				500			500
Multisector							
1. Central Asia Regional Cooperation in Trade and Transit	ECOC	RETA	TASF	350			350
Subtotal				350			350
Standby Education							
1. Regional Cooperation in Education (curriculum and testing)	ECSS	RETA	TASF	600			600
Subtotal				600			600
Total				600			600
2005							
Transport and Communications							
1. Regional Road Development, Phase I	ECTC	RETA	TASF	600			600
2. Regional Traffic Enhancement Project	ECTC	RETA	TASF	600			600
3. Capacity Building in the Transport Sector	ECTC	AOTA	TASF	300			300
Subtotal				1,500			1,500
Industry and Trade							
1. Regional Financial Sector Development, Phase II	ECGF	RETA	TASF	500			500
2. Trade Facilitation and Customs Cooperation Program, Phase II	ECGF	RETA	TASF	500			500
Subtotal				1,000			1,000

Continued on next page

Table A1.11—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Energy							
1. Regional Gas Transmission Improvement Project in the CARs, Phase II	ECEN	RETA	TASF	800			800
2. Regional Power Transmission Modernization in the CARs, Phase II	ECEN	RETA	TASF	800			800
Subtotal				1,600.0			1,600
Water, Supply, Sanitation and Waste Management							
1. Capacity Building for Regional Water Management Organizations in Central Asia	ECAE	RETA	JSF	800			800
Subtotal				800			800
Law, Economic Management, and Public Policy							
1. Support for Greater Silk Road Initiative, 2005	ECOC	RETA	TASF	900			900
Subtotal				900			900
Agriculture and Natural Resources							
1. Central Asian Republics: Monitoring and Evaluation of CARILM Implementation	ECAE	RETA	TASF	300			300
Subtotal				300			300
Total				6,100			6,100
2006							
Transport and Communications							
1. Regional Railway Development, Phase I	ECTC	RETA	TASF	850			850
2. Harmonization of Cross Border Initiatives for Transport	ECTC	RETA	TASF	850			850
Subtotal				1,700			1,700
Law, Economic Management, and Public Policy							
1. Support for Regional Economic Cooperation in Central Asia	ECOC	RETA	TASF	950			950
Subtotal				950			950
Total				2,650			2,650

ADB = Asian Development Bank, CARs = Central Asian Republics, CARILM = Central Asian Republics Initiative for Land Management, ECAE = Agriculture Environment and Natural Resources Division, ECGF = Governance, Finance, and Trade Division; ECSS = Social Sectors Division, ECOC = , ECTC = Transport and Communications Division, IAE = internal administrative expenses, ID = institutional development, PPTA = project preparatory technical assistance, PRC = People's Republic of China, RETA = Regional Technical Assistance, TASF = technical assistance special fund, tbd = to be determined.

Note: The years in the proposed program denote years of ADB approvals.

Source: Memorandum of Understanding of the Country Programming Mission signed on 16 July 2004.

CONCEPT PAPERS FOR 2005 LENDING PRODUCTS

This appendix contains the concept papers for the following lending products:

- (i) Table A2.1: Regional Rural Development Project
- (ii) Table A2.2: Borovoe-Kokshetau-Petropavlovsk Road Rehabilitation

**Table A2.1: Regional Rural Development Project
Concept Paper**

Date: 1 June 2004

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Agriculture and natural resources Subsector(s): Rural development</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p> <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p>4. Responsible division/department: Agriculture, Environment, and Natural Resources Division, East and Central Asia Department</p>								
<p>5. Responsible ADB officer(s): J. Whittle</p>								
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Since 1991, progress in agriculture reform has been substantial, encompassing price liberalization, reduction in trade distortions, and privatization of farms. Reform has been accompanied by a relatively stable macroeconomic environment at least in the past 3 years. However, little evidence exists of economic recovery in the sector, which has suffered more than 50% decline in output due to transitional adjustments. Rural unemployment is widespread and families continue to vacate rural settlements and company towns. Improved policy environment has not significantly raised investment in agriculture, which is estimated at a low level of 0.5% of GDP in 1999–2001.</p> <p>The Government knows that the rural economy should be revived, since the rural population accounts for 6.5 million of the 14.8 million total population. Current policy, as reflected in the Development Plan up to 2010 (Strategy 2010), calls on the state to actively help the rural sector. This message was amplified by a presidential announcement on 29 April 2002, that the upcoming 3-year budget cycle (2003–2005) should be devoted to reviving rural areas. To fully realize the Government's goal of rural economic recovery, the following are urgently required: (i) assess regional and rural planning and intergovernmental relations requirements and capacity, (ii) develop appropriate regional and rural development plans at the district and provincial levels, and (iii) identify priority public investments and desired private sector investments. A pilot exercise in one or two oblasts is needed to explore appropriate ways of planning that will maximize the value of investments and the potential</p>								

growth of rural areas.

b. Goal and purpose: The project aims to enable oblasts and districts to plan and implement integrated development measures in accordance with their roles and functions.

c. Components and outputs: The project components will include (i) capacity building of local and central governments for regional planning; (ii) rehabilitation and construction of rural infrastructure (irrigation and drainage, farm access roads, village markets, and public facilities) in regions with economic growth potential; and (iii) assistance to environmentally unsafe or economically depressed areas. These are to be combined with deepening of reforms to promote rural private investment. The scope is tentative and to be refined during the project preparatory TA assessment.

d. Expected results and deliverables: (i) Improved regional framework to guide oblast and district planning, based on natural regions affording market opportunities; (ii) improved regional plans in selected areas; reflecting market potential for key commodities, other investment opportunities, and service provision needs; (iii) improved regional planning practices, including stakeholder participation; and (iv) sustainable investments in selected areas

e. Social or environmental issues or concerns: To be determined during the project preparatory TA

f. Plans for disseminating results/deliverables: To be determined during the project preparatory TA

7. Proposed executing/implementing agencies: Ministry of Agriculture

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The project concept and tentative scope were determined through consultative dialogue between ADB and the ministries of agriculture, economy, and budget planning; farmers associations; local institutes; and the private sector during TA 3898-KAZ: Participatory Rural Planning and Development.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval

Lending: 2005

Nonlending (project preparatory): 2003

Nonlending (other than project preparatory): 2004 (for attached advisory TA)

c. Period and duration of assistance{s}

Lending: 2005–2010

Nonlending: 2006–2007 (for attached advisory TA)

10. Financing Plan

a. For lending

Ordinary capital resources: \$50 million

Asian Development Fund:

Other:

Source	Amount (\$ million)
ADB Financing	50
Government Financing	
Other Financing	
Total Cost	

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget:

Grant TA funds

Other:

Source	Amount (\$)
ADB Financing	500,000 (for attached advisory TA)
Government Financing	
Other Financing	
Total Cost	

ADB = Asian Development Bank, CSP = country strategy and program, GDP = gross domestic product, SCSP = subregional cooperation strategy and program, TA = technical assistance.

Table A2.2: Borovoe-Kokshetau-Petropavlovsk Road Rehabilitation Project**Date: 17 August 2004**

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other: {specify}</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Transport and communications Subsector(s): Roads</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p>4. Responsible division/department: Transport and Communications Division, East and Central Asia Department</p>								
<p>5. Responsible ADB officer(s): H. Masood</p>								
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The first internationally financed road development project in Kazakhstan, which was part of the principal north-south road from Almaty to Petropavlovsk on the Russian border, was prepared and financed by ADB in 1996. The project paved the way for more development agency involvement in the road transportation sector and interest in completing the link as it is also a major thoroughfare for trade between East and Southeast Asia and Europe. Rehabilitation of many sections between Almaty and Borovoe are either complete or under way. The Government is now seeking to rehabilitate the remaining section from Borovoe to Petropavlovsk.</p> <p>b. Goal and purpose: Complete upgrading of the main north-south road corridor. Once completed, it will facilitate fast, reliable, and safe domestic and international passenger and freight transportation.</p> <p>c. Components and outputs: Upgrading and repairing about 233 km of road and related infrastructure, and providing TA to reduce nontariff barriers such as vehicle standards, access to traffic, and investment restrictions.</p> <p>d. Expected results and deliverables: Rehabilitation of the road will lower travel time and vehicle operating costs, and increase safety and security of travel. Approximately 233 km of road will be upgraded to international standards with uniform traffic control devices.</p>								

<p>e. Social or environmental issues or concerns: None</p> <p>f. Plans for disseminating results/deliverables: Not applicable</p>																				
<p>7. Proposed executing/implementing agencies: Ministry of Transport and Communications (MOTC), Committee of Roads (COR)</p>																				
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: CSP Mission's discussions with Committee of Roads of the Ministry of Transport and Communications , and Ministry of Finance.</p>																				
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s} Lending: 2004–2006 Nonlending:</p>																				
<p>10. Financing Plan</p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$40 million</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other:</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$ million)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>40</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> </tr> </tbody> </table> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input checked="" type="checkbox"/> Grant TA funds</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.</p> <p>If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>500,000 (attached advisory TA)</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> </tr> </tbody> </table>	Source	Amount (\$ million)	ADB Financing	40	Government Financing		Other Financing		Total Cost		Source	Amount (\$)	ADB Financing	500,000 (attached advisory TA)	Government Financing		Other Financing		Total Cost	
Source	Amount (\$ million)																			
ADB Financing	40																			
Government Financing																				
Other Financing																				
Total Cost																				
Source	Amount (\$)																			
ADB Financing	500,000 (attached advisory TA)																			
Government Financing																				
Other Financing																				
Total Cost																				

ADB = Asian Development Bank, CSP = country strategy and program, GDP = gross domestic product, JFICT = Japanese Fund for Information. Communication and Technology, JFPR = Japanese Fund for Poverty Reduction, SCSP = subregional cooperation strategy and program, TA = technical assistance.

CONCEPT PAPERS FOR 2005 NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products:

- (i) Table A3.1: Second Rural Water Supply and Sanitation Sector (project preparatory technical assistance)
- (ii) Table A3.2: Financial Sector Governance, Phase II
- (iii) Table A3.3: Stormwater Management Project
- (iv) Table A3.4: Capacity Expansion of Railway Station on Border with the People's Republic of China

Table A3.1: Second Rural Water Supply and Sanitation Sector Concept Paper

Date: 21 June 2004

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Lending <ul style="list-style-type: none"> <input type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input checked="" type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other: <input checked="" type="checkbox"/> Nonlending <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other: 		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Social Sector Subsector(s): Water Supply Sector</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <input type="checkbox"/> Core poverty intervention <input checked="" type="checkbox"/> Poverty intervention <input type="checkbox"/> Other <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input checked="" type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development </td> </tr> </table>	<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input checked="" type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development
<ul style="list-style-type: none"> <input type="checkbox"/> Sustainable economic growth <input checked="" type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development 	
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>		
<p>5. Responsible ADB officer(s): Peter Wallum</p>		
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Inadequate delivery of rural water supply and sanitation (WSS) services, due to aging infrastructure, institutional constraints, and fiscal difficulties is inhibiting communities from accessing basic WSS infrastructure services. Second loan in the same sector.</p> <p>b. Goal and purpose: The Project will improve the living and health conditions of selected rural communities, in particular for the poor, by providing basic WSS infrastructure services.</p> <p>c. Components and outputs: The Project will consist of physical infrastructure and institutional development. The subprojects will include developing and rehabilitating WSS services.</p> <p>d. Expected results and deliverables: The Project will benefit an estimated 500 villages through the provision of potable quality piped water supply facilities, improved wastewater drainage facilities, school and private latrines, and public bathhouses.</p> <p>e. Social or environmental issues or concerns: The impact of the Project is expected to be positive. The</p>		

poor, female-headed households, elderly and the disabled will have equal access to potable water. Also the provision of safe drinking water and proper sanitation facilities will contribute significantly to improving the environment in rural areas.

f. Plans for disseminating results/deliverables: The support for decentralized community management and capacity building will enhance the efficiency and sustainability of rural WSS services. Water user groups will be trained.

7. Proposed executing/implementing agency or agencies: Water Resources Committee, Ministry of Agriculture

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The proposed Executing Agency will involve at least two community-based organizations (women's committee, and elders' councils) to be associated with the project consulting services for (i) community consultation and development in subproject planning, and (ii) monitoring subproject implementation.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: PPTA – 2005; Loan - 2006.
- b. Expected date of submission for approval
 - Lending: 2006
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance(s)
 - Lending: 2005/2006 – 2010/2011
 - Nonlending:

10. Financing Plan {Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements.}

- a. For lending
 - Ordinary capital resources: \$50.0
 - Asian Development Fund: \$
 - Other: Islamic Development Bank (IDB) \$10 million

If cofinancing is required, indicate amount and sources sought: \$10 million, from IDB

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \${amount}
 - Grant TA funds \$600,000
 - Other: {specify}

If cofinancing is required, indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Other Financing	
Total Cost	

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.2: Financial Sector Governance Phase II
Concept Paper**

Date: 26 June 2004

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Governance and capacity building Subsector(s): Policy development and coordination</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p> <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p>4. Responsible division/department: Governance, Finance and Trade Division/East and Central Asia Department</p>								
<p>5. Responsible ADB officer(s): Jurgen Conrad</p>								
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Kazakhstan is in the process of strengthening its financial sector governance to ensure sound development of the quickly developing financial and real sector of the country. In January 2004, the Agency for Supervision of Financial Organizations and Financial Markets in Kazakhstan (FSAK) was established as an independent and integrated financial sector regulator to regulate and supervise both banking and nonbanking financial sector activities. The National Bank of Kazakhstan (NBK) has been mandated to focus on price stability and managing official reserves and the rapidly growing National Fund, established in early 2001 to absorb excess oil revenues. FSAK and NBK still share a significant part of their infrastructure, have a joint budget, and are supervised by a joint supervisory board.</p> <p>Both FSAK and NBK have identified key challenges of implementing the new approach to financial sector governance, and repeatedly requested ADB technical assistance (TA) in 2003 and 2004 in this area. The initial assessment of remaining weaknesses and development objectives has been reconfirmed by a financial sector assessment study, which was undertaken in early 2004, supported by IMF and World Bank under their joint</p>								

Financial Sector Assessment Program (FSAP). In June 2004, the Prime Minister established an interministerial working group, chaired by the Ministry of Finance, to draft a financial sector development strategy. The strategy is expected to define suitable approaches to increasing the competitiveness of the banking subsector; help further develop nonbank financial institutions, including insurance companies and pension funds; and facilitate the development of domestic bond and equity markets.

ADB will provide assistance through a cluster approach. TA will be provided through three projects from 2004 to 2007, which build upon each other. The sequential implementation approach will ensure a high degree of flexibility in addressing issues. To pool the amount of resources needed to reach the objectives, NBK and FSAK committed to contribute an increasing amount of counterpart funds to the joint program. The first TA will start in 2004 and focus on technical issues in the area of inflation-targeting, risk-management within NBK, and integrated supervision of financial markets. The second TA will be processed in 2005 to carry forward the activities in these areas, while taking into account the outcomes of the interministerial working group on financial sector development.

b. Goal and purpose: To ensure sound development of the financial sector and strengthen the management of national wealth by (i) supporting FSAK to strengthening the regulatory framework for and supervision of financial markets, (ii) assisting NBK to adopt inflation targeting monetary policy and implement risk-management in line with international best practices, and (iii) helping the Government to implement its financial sector development strategy.

c. Components and outputs: (i) Strengthening financial sector regulation and supervision; (ii) implementing inflation targeting monetary policy and internal risk-management within NBK; (iii) increasing competitiveness of commercial banks, and (iv) increasing the role of nonbank financial institutions.

d. Expected results and deliverables: Based on the findings of phase I of the TA cluster (i) implement measures to strengthen regulation and supervision for both banking and nonbank financial activities in line with international standards and best practices; (ii) transfer knowledge and experience of experienced integrated financial sector supervisors; (iii) implement procedures for information sharing and cooperation between FSAK, NBK and other related financial bodies; (iv) implement operating and administrative procedures relating to employment conditions, funding, and training; (v) develop a monetary policy framework in line with the structure of the economy and financial sector development under the inflation targeting framework; (vi) improve management of national wealth to achieve the optimum objective as established by NBK; (vii) increase competition in the banking subsector; (viii) develop an implementation framework for the Government's financial sector development strategy.

e. Social or environmental issues or concerns: There are no concerns related to the output of this TA.

f. Plans for disseminating results/deliverables: Diagnostic studies undertaken under the TA and policy recommendations will be disseminated to the Government, FSAK, and NBK on a confidential basis.

7. Proposed executing/implementing agencies: Agency for Supervision of Financial Organizations and Financial Markets in Kazakhstan (FSAK), National Bank of Kazakhstan (NBK), and Ministry of Finance (MOF)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Government, FSAK and National Bank have requested TA in all areas covered by this TA. FSAK and NBK have actively participated in the Financial Sector Assessment Program, supported by IMF and World Bank in early 2004, and identified the weaknesses and development objectives mentioned above. MOF is the working organ of the interministerial working group established to elaborate a strategy for the further development of the financial sector.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2004

b. Expected date of submission for approval
 Lending:
 Nonlending (project preparatory):
 Nonlending (other than project preparatory): 2005

c. Period and duration of assistance{s}
 Lending:
 Nonlending: 2005–2006

10. Financing Plan {Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements.}

- a. For lending
- Ordinary capital resources: \${amount}
 - Asian Development Fund: \${amount}
 - Other: {specify} \${amount}

If cofinancing is required, indicate amount and sources sought: \$ ____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \${amount}
 - Grant TA funds \$500,000
 - Other: {specify}

If cofinancing is required, indicate amount and sources sought: \$ ____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	\$500,000
Government Financing	
Other Financing	
Total Cost	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

Astana was designated the new capital of Kazakhstan in 1997. The development program for the city envisages a population of approximately 1.5 million by 2010 compared with the current 0.5 million. To support this rapid expansion, the Government is implementing a range of infrastructure development programs. The priority area is water resources management. Water supply and sewerage water disposal systems are being improved with Japanese Government assistance. A further requirement is the need to control ground-water levels that are naturally high within this locality and represent a potential hazard to new infrastructure. A significant factor in controlling ground-water levels is the ability to ensure rapid diversion and collection of surface water, especially storm water. Astana regularly suffers from flooding due to melting snow (about 100 mm out of 315 mm annual rainfall) and from short but intense summer rain storms that result in significant increase of surface water. The rapid growth of city infrastructure is increasing the risk of substantial damage from the inability to divert surface water quickly enough and thereby prevent rising groundwater levels.

An important part of the Astana City Development Program to 2010 is the PRDD. The Maslikhat of Astana approved the PRDD by Resolution No. 157130-11 (2 May 2002). The RRDP is intended to be implemented in three stages, with the first stage until 2010. The first stage involves the development of effective storm-water diversion infrastructure covering 60–70% of the city. The Astana City Akimat (Department of City Development Programs) sponsored a feasibility study for the concerned area, which was prepared by the Institute of Design Engineering. The feasibility study defines 16 primary basins of surface-water diversion. Up to 2010 the plan is to cover 10 basins.

The specific objectives of the program support the provisions of the Law of the Republic of Kazakhstan on environmental protection. These include

- (i) ensuring sustainable use of water resources in Ishym River basin;
- (ii) ensuring environmentally sustainable urban infrastructure in the new capital;
- (iii) controlling groundwater tables to prevent flooding of buildings and subterranean installations;
- (iv) diverting rain and melted snow to prevent swamping of city infrastructure;
- (v) removing environments conducive to gnat and mosquito reproduction; and
- (vi) developing environmental models for replication in other big cities, such as Shymkent, Karaganda, and Almaty.

b. Goal and purpose: To prepare a project that will support the implementation of PRDD through construction and rehabilitation of effective diversion, collection, and treatment of storm-water infrastructure in selected areas of Astana.

c. Components and outputs: The Project will have 4 main components:

- (i) improvement of storm-water collector network;
- (ii) treatment and disposal of storm water; and
- (iii) software component (training of staff in new water treatment technologies).

d. Expected results and deliverables: The output of the Project will be improved diversion, collection, and treatment of storm water in 10 basins (5 fully and 5 partially) that will result in (i) elimination of flooding of city infrastructure; (ii) greater control of groundwater levels; and (iii) improved quality of surface water discharges into Ishym River.

g. Social or environmental issues or concerns: The Project will address a major environmental issue—adverse impacts of the inability to manage storm water. By enhancing the ability to manage storm-water flows, the Project will help control flooding and the quality of water discharged into the Ishym River. The concern will be that water quality after treatment is adequately monitored and meets required standards.

h. Plans for disseminating results/deliverables: This PRDD is expected to become a model for similar developments in other cities of Kazakhstan, such as Shymkent, Karaganda, and Almaty.

7. Proposed executing/implementing agencies: Astana City Akimat

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Astana city Akimat initiated the PRDD, which was approved by the city Maslikhat. The feasibility study was sponsored by Akimat.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2004
- b. Expected date of submission for approval
Lending:

Nonlending (project preparatory): 2004
 Nonlending (other than project preparatory):

- c. Period and duration of assistance
 Lending:
 Nonlending: September-December 2004

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 Ordinary capital resources:
 Asian Development Fund:
 Other:

If cofinancing is required, indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangement.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

- b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget:
 Grant TA funds: \$600,000
 Other: {specify}

If cofinancing is required, indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangement.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

Table A3.4: Capacity Expansion of Railway Station on Border with the People's Republic of China

Date: 1 September 2004

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input checked="" type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>									
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communication Subsector(s):</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p> <input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>		<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability								
<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation								
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development								
<input type="checkbox"/> Gender and development									
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>									
<p>4. Responsible division/department: Transport and Communications Division, East and Central Asia Department</p>									
<p>5. Responsible ADB officer(s): M. Parkash</p>									
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Kazakhstan, a country with strategic location and abundant resources, is flanked by the Russian Federation in the north, the People's Republic of China (PRC) in the east, Europe on the west, and Uzbekistan and Kyrgyzstan in the south. The region is a historical land bridge between the east and the west (the PRC to Europe), and railways carry the bulk of the traffic in the region. To facilitate seamless flow of regional traffic, the railway infrastructure needs to be upgraded. Standardization and upgrading the infrastructure would greatly enhance the transportation and trade both within the region and beyond. Such initiatives would provide an opportunity for sustainable economic and social development, promote economic diversification, and strengthen regional cooperation and collaboration.</p> <p>b. Goal and purpose: The objectives of the technical assistance are to study and critically evaluate the existing railway infrastructure and identify the potential investments required to develop the Trans-Kazakhstan Trunk Railroad Construction Project (TKTR), which will attract new transit freight flows on the South-East Asia–Europe and Europe–Middle East connections.</p> <p>c. Components and outputs: The components of the TA include (i) comprehensive analysis of the current status of the railway infrastructure; (ii) conduct of marketing research on potential freight flows along the TKTR (volume, cargo structure); (iii) analysis of the tariff methodology and tariff policy of the PRC in connection with the border railway station Dostyk, and analysis of the tariff policy of other countries where</p>									

<p>the TKTR construction is planned; (iii) preparation of an investment plan for the development of infrastructure and facilities; and (iv) recommendations for policy support to ensure growth in regional traffic.</p> <p>d. Expected results and deliverables: At the end of the TA, the Asian Development Bank (ADB) would have a comprehensive plan for railway development for the TKTR. The study would also identify the potential investments needing support in the region and relate them to the potential economic benefits. The study would also identify the opportunities for various stakeholders including the private sector.</p> <p>e. Social or environmental issues or concerns: To be determined</p> <p>f. Plans for disseminating results/deliverables: To be discussed with Government and the stakeholders.</p>																				
<p>7. Proposed executing/implementing agency or agencies: Kazakhstan Temir Zholy (KTZ)</p>																				
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p>																				
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): {date} Nonlending (other than project preparatory): 2005</p> <p>c. Period and duration of assistance{s} Lending: Nonlending: {insert period and duration}</p>																				
<p>10. Financing Plan {Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements.}</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: \${amount} <input type="checkbox"/> Asian Development Fund: \${amount} <input type="checkbox"/> Other: {specify} \${amount}</p> <p>If cofinancing is required, indicate amount and sources sought: If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td></td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> </tr> </tbody> </table> <p>Source:</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \${amount} <input checked="" type="checkbox"/> Grant TA funds \$150,000 <input type="checkbox"/> Other: {specify}</p> <p>If cofinancing is required, indicate amount and sources sought: \$ ____, from _____. If known, provide cost estimates and financing arrangements.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>\$150,000</td> </tr> <tr> <td>Government Financing</td> <td></td> </tr> <tr> <td>Other Financing</td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> </tr> </tbody> </table> <p>Source:</p>	Source	Amount (\$)	ADB Financing		Government Financing		Other Financing		Total Cost		Source	Amount (\$)	ADB Financing	\$150,000	Government Financing		Other Financing		Total Cost	
Source	Amount (\$)																			
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Other Financing																				
Total Cost																				

CSP = country strategy and program, RCSP = regional cooperation strategy and program.

ASSISTANCE PROGRAM FOR 2004

Table A4.1: Assistance Pipeline for Lending Products, 2004

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				Cofi- nancing
						ADB			Gov't ^a	
						OCR	ADF	Total		
2004 Standby Loan										
Transport and Communications										
1. Aktau-Atyrau Road Rehabilitation	OTH	ECG/REG	ECTC	2003	tbd	55.0	0.0	55.0	tbd	10.0
Subtotal					tbd	55.0	0.0	55.0	tbd	10.0
Total					tbd	55.0	0.0	55.0	tbd	10.0

ADB = Asian Development Bank, , ECG = sustainable economic growth, ECTC = Transport and Communications Division, OCR = ordinary capital resources, OTH = others, REG = regional, . tbd = to be determined.

Note: Classification of loans for "firm" and "standby" is for ADB's resource management purposes.

Source: Memorandum of Understanding of the Country Programming Mission signed on 16 July 2004.

Table A4.2: Assistance Pipeline for Nonlending Products and Services, 2004

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2004							
Finance							
1. Financial Sector Governance, Phase I (previously Support for Increasing Competitiveness of Domestic Enterprises)	ECGF	ID	TASF	600.0		0.0	600.0
Subtotal				600.0		0.0	600.0
Water Supply, Sanitation, and Waste Management							
2. Strengthening Water Resources Management and Water Supply and Sanitation Facilities Legislation of Kazakhstan	ECAE/KARM	ID	TASF	150.0		0.0	150.0
3. Institutional Strengthening for the Committee of Water Resources	ECSS	ID	TASF	150.0		0.0	150.0
Subtotal				300.0		0.0	300.0
Multisector							
4. Development of a Comprehensive Database for State External Borrowing and Official Development Assistance	tbd	ID	TASF	500.0		0.0	500.0
Subtotal				500.0		0.0	500.0
Total				1,400.0		0.0	1,400.0
2004 Standby							
Multisector							
5. Urban Environmental Sustainable Development in Astana	ECSS	ID	TASF				
Subtotal							
Total							

ADB = Asian Development Bank, ECAE = Agriculture Environment and Natural Resources Division, ECSS = Social Sectors Division, ECTC = Transport and Communications Division, ID = institutional development, KARM = Kazakhstan Resident Mission, TASF = technical assistance special fund, tbd = to be determined.

Source: Memorandum of Understanding of the Country Programming Mission signed on 16 July 2004.