

**POVERTY PARTNERSHIP AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF THE  
REPUBLIC OF KAZAKHSTAN**

**AND**

**THE ASIAN DEVELOPMENT BANK**

## I. INTRODUCTION

1. This Poverty Partnership Agreement (PPA) between the Government of the Republic of Kazakhstan and the Asian Development Bank (ADB) lays down their shared vision for reducing poverty in Kazakhstan. The Agreement is based on the findings of the poverty assessment<sup>1</sup> that became the basis for the Poverty Reduction Program 2003–2005, approved by the Government’s Resolution of the Republic of Kazakhstan No. 296 as of 26 March 2003, as well as other Government’s program documents. The goal and strategic directions for poverty reduction are also embodied in the Government’s Development Strategy of Kazakhstan until 2030 Report, and The Strategic Plan of Development of the Republic of Kazakhstan to 2010. The goal and strategic directions are consistent with ADB’s Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy (1999) and the Long-Term Strategic Framework (2001–2015). This PPA defines the long-term targets for poverty reduction and specifies the key strategies to reduce poverty in the short and medium term. It also serves as the framework for the formulation of ADB’s Country Strategy and Program (CSP) for Kazakhstan.

## II. CURRENT SITUATION

2. The challenge of transition from a planned to a market economy on the living standards and welfare of the Kazakh people has been more severe and complex than expected. The sharp and protracted decline in economic output, high unemployment, decline in real wages and delayed wage payments, and decrease in public expenditures in the early post-independence years of the 1990s resulted in increased poverty incidence, from 34.6% in 1996 at a government-defined subsistence minimum of Tenge (T)2,861 per capita per month to 39.0% in 1998 at a subsistence minimum of T3,716 per capita per month.<sup>2</sup> Combined with economic dislocations, there was a decline in public expenditures on the social sector, which reduced access to basic social services especially for the poor and socially vulnerable.<sup>3</sup>

3. With a stabilizing macro-economy between 1999 and 2001, the economy started to recover with growth rates averaging 8.7% per annum, and was accompanied by a decline in poverty incidence—from 34.5% in 1999 to 28.4% in 2001.<sup>4</sup> However, the rate of decline in

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<sup>1</sup> The World Bank, United Nations Development Programme (UNDP), and ADB assisted the Government in carrying out the poverty assessment. ADB provided a technical assistance (TA 3550-KAZ: Preparation of a Comprehensive Medium-Term Poverty Reduction Strategy) to the Government of \$830,000 to undertake a poverty assessment study; conduct the company towns study; prepare development plans for two oblasts; and prepare a comprehensive, medium-term poverty reduction strategy that has broad ownership and support from major stakeholders. A high-level forum on the strategy document was held in April 2002. After incorporating the comments from various sectors and line agencies, the Sector Program for Poverty Reduction of the Republic of Kazakhstan—2003–2005 was signed into a sector program on 26 March 2003.

<sup>2</sup> The subsistence minimum is equivalent to the value of a minimum consumption basket estimated on the basis of a basket of food and nonfood items. The composition of these items was based on data from the Household Budget Survey, which is conducted by the State Statistics Agency of the Republic of Kazakhstan annually. The agency calculates the subsistence minimum on a quarterly basis and by oblast level. Compared to the international poverty line of \$2.15 per person per day (at 1996 Purchasing Power Parity [PPP]), the national subsistence minimum is about \$4.70 per person per day. Using the \$2.15 poverty line, the poverty incidence in 1996 was 5.7%, which is comparable to the middle-income transition economies in Europe (Latvia and Ukraine).

<sup>3</sup> The socially vulnerable include children; families with many children; long-term unemployed; young people who are neither in school nor at work; elderly single people; those who are disabled; and marginal groups including the homeless, ex-convicts, and refugees (Sector Program for Poverty Reduction in the Republic of Kazakhstan—2003–2005).

<sup>4</sup> In 2001, the value of the subsistence minimum was T4,596 per person per month. The Government differentiates the subsistence minimum from the “poverty line” in that the latter, which is also regulated by legislation, is determined every year by Parliament as a fixed percentage of the subsistence minimum. This poverty line is used as a basis for social assistance. In 2001, the poverty line was

poverty incidence has lagged behind the economic growth rate.<sup>5</sup> Poverty remains more pronounced in rural (poverty incidence in 2001 was 38.5%) than in urban (20% in 2001) areas. Overcoming poverty in environmentally challenged areas<sup>6</sup> continues to be a complex challenge with growing water and air pollution and land degradation/desertification. Another spatial feature of poverty in Kazakhstan is the presence of small-sized towns<sup>7</sup> that are characterized by high unemployment, high out-migration, high poverty incidence, and a decline in the availability of basic services.

4. Mixed results in the social indices during 1999–2001 were also noted. Life expectancy and mortality rates improved. Access to primary education is universal, while gender equality in primary and secondary education had been achieved even before the transition (Appendix A). However, disparities in the social indicators across oblasts remained pronounced with high-income and rural oblasts showing worsening trends that are comparable with countries with lower per capita incomes. Education services are less accessible and are substandard in rural and remote areas than in urban areas due to the weaker material and technical resources of rural schools. Access to health facilities and services, especially primary health care, is likewise less favorable in rural and remote areas than in urban centers. Related to the state of health is the limited access to vital infrastructure, particularly water, heating utilities, and the road network.

5. The Government recognizes the need to address the multidimensional features of poverty while attaining high economic growth. With improved budgetary resources of the public sector in recent years, the Government is proactively working on the enabling conditions for sustainable pro-poor growth. Policy and institutional reforms have been enacted to mainstream poverty reduction in the overall growth strategy.<sup>8</sup> Structural changes are being initiated to reduce the economy's dependence on the oil and extractive sectors and to protect the environment.<sup>9</sup>

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38% of the subsistence minimum, or an average T1,746 per person per month. For this PPA, poverty incidence is measured in terms of the subsistence minimum.

<sup>5</sup> This weak relationship between growth and poverty reduction indicates that the sources of growth (largely from the oil and extractive sectors) were not broad-based enough to benefit the majority of the poor. Moreover, the benefits of growth were unevenly distributed across oblasts, and favored the nonpoor over the poor and the urban over the rural residents.

<sup>6</sup> Various oblasts of the country suffer from an array of environmental problems. The available irrigated and pasturelands of Karaganda, Koustanay, and Pavlodar oblasts, for example, have decreased by a third due to poor water management and increased soil erosion and desertification. The land of Mangistau and South Kazakhstan suffer from desertification brought about by water and wind erosion. Underground water pollution has adversely affected the oblasts of Aktyubinsk, Eastern Kazakhstan, Jambyl, Pavlodar, and Taldykorgan. The area of Semipalatinsk suffers from high radioactivity, while the land surrounding the Aral Sea suffer from high salt content and desertification.

<sup>7</sup> Small towns have a population between 10,000 and 50,000 and are economically dependent on a few enterprises for employment and income. There are as many as 60 of these towns. During the 1990s, these towns experienced major hardship and decline in employment and quality of health, education, and transport services. The Government developed The Concept of Small Towns Development (2002), a strategy to rejuvenate these towns. Some concrete steps have been taken to attract investments in these towns, which have helped reduce the level of poverty and unemployment and averted further out-migration.

<sup>8</sup> The long-term framework for development of government is defined in the Development Strategy of Kazakhstan until 2030 where one long-term priority is "health, education and well-being of citizens of Kazakhstan." Details of the medium-term strategy are discussed in the Strategic Plan of Development of the Republic of Kazakhstan to 2010 and the Industrial Policy till 2015. A phased poverty reduction plan has also been developed and is being implemented. The Program on Combating Poverty and Unemployment for 2000–2002 was aimed at addressing income poverty due to lack of jobs. This was subsequently followed by the Sector Program for Poverty Reduction in the Republic of Kazakhstan—2003–2005 that essentially will tackle the different dimensions of poverty.

<sup>9</sup> The State Program on Food and Agriculture together with the National Rural Development Program 2004–2010 that is currently being developed, forms the main development strategy for rejuvenating the rural economy. The Industrial Policy till 2015 provides the framework and strategy for the shift of Kazakhstan economy from an extractive-based dependent economy to a diversified, science-oriented, and technology-intensive industrial and service sector economy.

Concrete measures to address poverty have been taken,<sup>10</sup> and efforts are underway to increase public spending in social services.<sup>11</sup>

6. The international aid community has responded positively to the poverty reduction initiatives of the Government. Working in a coordinated and concerted fashion, the World Bank, UNDP, and ADB provided technical support to the Government in developing a national poverty reduction strategy for 2003–2005 wherein major stakeholders participated in the formulation process. There is an effort by aid partners toward focusing their strategic assistance on poverty reduction, based on their respective comparative advantage in terms of experience and expertise.<sup>12</sup> With the reduced need for external financing by the Government, the international aid community in partnership with the Government is exploring ways to design innovative poverty reduction investment measures and to identify the strategic areas for technical assistance.

7. Both the Government and the international aid community recognize that the agenda for poverty reduction remains large. While progress has been achieved in the primary education and gender-related targets specified in the Millennium Development Goals (MDGs), much action will need to be done in addressing income poverty, health concerns, and environmental management (Appendix A). The key challenge to sustainable poverty reduction is the limited economic and job opportunities due largely to the narrow productive base in the non-oil sectors especially in the rural areas. The situation is exacerbated by environmental degradation and deteriorating support infrastructure. Other challenges to poverty reduction are: (i) further enhancement of the enabling environment for private sector, particularly small and medium enterprises (SMEs); (ii) the need to address structural issues affecting the provision and delivery of basic social services particularly education, health, and social protection; (iii) low public and private investments and inefficient use of funds for social services; and (iv) weak governance and low development management capacity of national and local executives to effectively and efficiently implement poverty reduction activities.

### III. LONG-TERM GOAL AND STRATEGY (2003-2015)

8. The Government has set poverty reduction as its long-term goal. Consistent with the goals of the MDGs, the main objectives are to reduce poverty incidence from 28.4% in 2001 to 7% by 2015 and to eradicate extreme poverty. The key development targets in support of this goal are that by 2015 (i) infant mortality compared to the 2002 level would be reduced by 15%; (ii) the maternal mortality level based on the 2002 level would be reduced by 50%; (iii) the spread of the incidence of tuberculosis would be halted and reversed; (iv) the spread of HIV/AIDS would be halted and reversed; (v) full access to potable drinking water for the whole population would be ensured; and (vi) the problems of Aral territories would be resolved and environmental protection policies that prevent the irrational use of natural resources are implemented. Appendix B relates the MDGs to the short- and long-term commitments of the Government.

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<sup>10</sup> The Government has developed about 45 sectoral and action plans to address the different poverty dimensions. The key measures are specified in the State Programs for education and health, The National Plan of Actions on Improving Women's Position, the Program on Counteracting HIV/AIDS Epidemics in Kazakhstan for 2001–2005, and the State Targeted Social Assistance.

<sup>11</sup> The 2003 budget showed an increase in the share of education, health, agriculture, water environment, and transport to total public expenditures.

<sup>12</sup> For example, the World Bank's lending and nonlending assistance in the social sector has focused on health and social protection issues, while ADB focused on education.

9. To achieve these long-term objectives and development targets, the Government's poverty reduction strategy hinges on a three-pronged approach: first, an accelerated pro-poor and environmentally sustainable economic growth; second, human resource development; and third, effective and efficient public governance at the national and local levels.<sup>13</sup>

10. ADB supports the Government's goal of reducing poverty in Kazakhstan and will actively assist in achieving the long-term objective and development targets that it has set for 2015. This PPA will serve as the framework for the joint efforts of the Government and ADB on attaining the long-term targets. The CSP will provide the operational guide for mainstreaming the poverty reduction actions in the short- and medium-term to meet the long-term targets. The CSP will specify the modalities of poverty reduction intervention measures that include the conduct of economic and sector work, dialogue with the Government on policy and institutional reforms affecting poverty, development of physical and institutional capacity, and the design of projects and programs to better target poverty.

#### IV. MEDIUM-TERM STRATEGY (2003–2010)

11. Over the medium-term, the joint strategy for addressing poverty will focus on three key interventions: (i) enabling conditions for diversification and increased competitiveness of the productive non-oil sectors that (a) is private sector driven,<sup>14</sup> (b) promotes income and job opportunities for the poor and socially vulnerable, and (c) ensures sustainable management of the environment, particularly water and land resources; (ii) human development through the buildup and improvement of social infrastructure and services; and (iii) good governance that will ensure efficient and effective implementation of the poverty reduction strategy and broaden the participation of civil society in the development process. ADB will work with the Government on identifying multisectoral and integrated approaches to poverty reduction in poor oblasts and those that are environmentally challenged.

12. The Government and ADB's efforts in pro-poor growth will seek to maximize horizontal and vertical linkages of the productive sectors, increase employment, harness rural-urban synergies at the intra- and inter-oblast levels, and promote domestic and foreign trade. Our dialogue and, as appropriate, interventions will focus on

- (i) Policy, regulatory, and institutional reforms that broaden the enabling conditions for private sector development in both rural and urban areas, including easing regulatory and administrative bottlenecks that burden entrepreneurs when investing and operating business; sector-wide measures that will encourage the private sector to increase geographic mobility and skills re-tooling of labor; comprehensive water sector reform; trade and tariff policies that reduce transaction costs and facilitate market exchange, and remove barriers to entry and encourage competition; further privatization and restructuring programs for failing enterprises that affect small towns; corporate governance, as well as selective direct and indirect investment activities linked to higher growth;

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<sup>13</sup> The Government has set time frames for its planned stages of economic growth. Specifically, 2003–2005 have been declared as the years of rural revival wherein the Government will focus on improving the competitiveness of and diversifying the activities in the agriculture sector. At the same time, for 2003–2015, it has developed an industrial development policy for sustainable economic growth through diversification of the agro-industrial, industrial, and service sectors from its present extraction-based development. With a diversified and private sector-led economic base, the conditions for a technology intensive and service-oriented economy in the long term will be established.

<sup>14</sup> ADB is currently completing a Private Sector Assessment wherein the constraints and bottlenecks to entrepreneurship are identified and the agenda to broadening private sector involvement particularly through the SMEs is proposed.

- (ii) Creation of market-competitive farming and agriculture activities and diversification of the rural economy in the agriculture and non-agriculture sectors. This will encompass (a) improving farm and rural enterprise access to domestic and international market; (b) rural infrastructure development; (c) upgrading farm technologies, research and extension services with greater private sector involvement; (d) deepening sector reforms at local levels; and (e) capacity building for local and national executives, and producers' and community-based associations involved in agriculture and rural development;
- (iii) Promoting the development of viable economic activity in small towns through (a) support infrastructure development, including financial and business development services, as well as skills training of SMEs and local government executives on managerial, accounting, financial and business skills; and (b) scientific research and technology development accessible to SMEs and the informal sector;
- (iv) Supporting road transport development that improve and maintain existing infrastructure, facilitate improvements to transport services through support for intermodal project development and creation of competitive transport markets;
- (v) Managing the environment by supporting initiatives in environmental policy and legislation; strengthening capacity in environmental management across line ministries and local governments; promoting integration of environmental considerations in rural and urban development policies, plans and programs; addressing key environmental problems on water quality, land degradation, and industrial and urban pollution; and integrating environmental sustainability considerations in the construction and rehabilitation of physical infrastructure; and
- (vi) Ensuring greater regional economic linkages by improving regional trade links through harmonization of trade policies and strengthening regional management of shared resources.

13. The Government and ADB will consider the opportunity of investing jointly in human development for the poor and socially vulnerable that will

- (i) Improve access to quality education services of primary and general secondary education and improve net enrolment and completion rates in secondary education especially in the rural areas;
- (ii) Advance education sector reforms in support of (a) education standards adequate to international requirements and the development of a diversified, productive, and competitive economy; (b) improved access of the poor and socially vulnerable to technical and vocational education that are responsive to the market and exploit the potential contribution of information and communication technologies; and (c) community participation in the development of schooling initiatives;
- (iii) Increase the availability and accessibility of safe drinking water and sanitation services, health service, education, and social protection programs especially in rural areas;
- (iv) Increase public and private investments in the social sector; and

- (v) Improve public expenditure management for social services and delivery of social services by the local executive authorities.

14. Good governance is key to the efficient and effective implementation of poverty reduction measures. In pursuit of good governance, the Government and ADB support will focus on

- (i) Institutional and regulatory reforms that will improve local and central governments' interaction and relation with business such as the regularization of administrative procedures for decision-making and development of administrative procedures code that ensure transparency and accountability, monitoring and improvement of local government regulatory performance, and effective legal dispute resolutions for businesses at local levels;
- (ii) Improvement of legal norms for more effective management of central and local executive authorities for the preparation and implementation of sectoral programs, ensuring efficient differentiation of authorities between levels of public administration, and enhancement of inter-budgetary relations for the purpose of effective and efficient provision and delivery of social services;
- (iii) Capacity building of national and local government executives in development management that enhance accountability, transparency, and efficiency in the delivery and targeting of poverty reduction measures;
- (iv) Institutionalization of civil society participation in the planning, decision making, and monitoring and evaluation process of poverty reduction measures; and
- (v) Capacity development of nongovernmental organizations in building the social capital of the poor and socially vulnerable in monitoring and evaluating the progress on governance reforms for effective implementation of the poverty reduction strategy.

15. The strategy of pro-poor and environmentally sustainable growth, human development, and good governance will enhance women's participation in pro-poor growth measures and will integrate gender considerations in the poverty reduction measures.

## **V. SHORT-TERM STRATEGY (2003–2005)**

16. In the near term, the Government has placed high priority on the revival of the rural sector and the rehabilitation and construction of rural infrastructure. The emphasis on human development will be on maintaining universal access to secondary education, and improving the quality of education services. Governance reforms will focus on the fight against corruption, strengthening development skills, and improving the targeting and delivery of social services to the poor and vulnerable.

17. The strategic focus of ADB's partnership with Government on poverty reduction in the short term will be in the following areas:

- (i) Promoting economic diversification through policy dialogue, economic sector work, investments and technical assistance that will facilitate private sector-driven and pro-poor growth, leading to a competitive and diversified rural sector. This will be done through technical assistance in rural development planning and investment programming at local levels, SME development, rehabilitation and development of roads, rural financial institutions, water infrastructure, private sector investments in

financial sector and capital markets, and policy, administrative, and institutional reforms that address the high transaction costs of doing business in local areas;

- (ii) Improving human development by increasing the provision of and access by the poor to potable drinking facilities and through technical assistance that enhances the efficiency of the Government and local state executive bodies in the provision and delivery of social services;
- (iii) Improving governance of the public sector through technical assistance for strengthening the capacity of national and local governments in the implementation of the Sector Poverty Reduction Strategy for 2003–2005;
- (iv) Supporting the Government's efforts in environmentally sustainable development through advisory and regional technical assistance in environment management. Support for improved management of water resources will help this focal area as well as being pro-poor; and
- (v) Providing regional cooperation that will increase the flow of cross-border trade, promote integrated river basin management and regional financial sector development, and enhance tourism development and physical infrastructure (road and gas transmission).

18. Together with the international aid community, ADB will continually engage the Government through dialogue on the efficacy of poverty reduction approaches and propose modalities for non-lending investments that can serve as a basis for pilot testing innovative poverty reduction approaches and if successful, can serve as a basis for lending investments and knowledge transfer.

## **VI. MONITORING AND EVALUATION**

19. The Government has set 17 performance indicators in its Sector Program for Poverty Reduction in the Republic of Kazakhstan—2003–2005 as the basis for monitoring its progress in reducing poverty. A Living Standards Analysis Unit has been established in the Ministry of Economy and Budget Planning to oversee the monitoring and evaluation process. In this regard, an advisory technical assistance (TA No. 4072-KAZ: Capacity Building of National and Local Governments on the Implementation of the Poverty Reduction Strategy Program, approved on 19 December 2002 for US\$676,000) from ADB will assist the Government in refining the indicators to include the inputs and outputs necessary for producing the outcomes, and in providing a feedback mechanism to policymakers with participation of civil society. The results of this activity will be evaluated during the first annual review of the PPA as a way of validating and improving the poverty indicators.

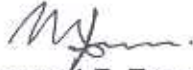
20. Appendix B shows the Government commitments to the attainment of the MDGs. From these targets, a set of specific targets, indicators and action has been developed, and will serve as the commitments of the Government and ADB under the PPA. The two parties in consultation with representatives from civil society and the international community will review annually the progress in attaining these targets. Where necessary, adjustments to the commitments and indicators will be carried out. The Agreement shall be changed and amended at mutual consent of the parties by separate protocols being an integral part of the Agreement.

21. The Government and ADB will publish a report annually on the results of implementation of this Agreement.

22. The Agreement shall become effective on the date of signing and shall be valid until 1 January 2016.

Executed in Astana on 24 July 2003 in Kazakh, Russian and English in two copies each having equal status. In case of different interpretation of the provisions of the Agreement, the English version shall prevail.

On behalf of the Asian  
Development Bank



Muhammad E. Tusneem  
Director General  
East and Central Asia Department

On behalf of the Government of  
the Republic of Kazakhstan



Alexander Pavlov  
First Deputy Prime Minister  
of the Republic of Kazakhstan

## Appendix A

County Status on the Millennium Development Goals and Targets<sup>1</sup>

Goals and Targets <sup>2</sup>	Country Status
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>	
<p>Target 1: Halved, between 1996 and 2015, the proportion of people whose income is below the officially defined subsistence level.<sup>3</sup></p> <p>Target 2: Halved between 1997 and 2015, the number of people lacking balanced nutrition.</p>	<p>Using the officially defined subsistence minimum, poverty incidence between 1996 and 1998 increased at an average of 4.4% per annum. It peaked in 1998 at 39%. From 1998 to 2001, poverty incidence declined by 10%. In 2001, poverty incidence was 28.4%. Poverty incidence varies across oblasts and is higher in rural areas. Income inequality measured in terms of the Gini coefficient has increased from 0.319 in 1996 to 0.348 in 2001.</p> <p>The share of the population with incomes below the food basket cost was 12.7% in 1997. This decreased to 11.3% in 2001.</p>
<b>Goal 2: Achieve Universal Primary Education</b>	
<p>Target 3: Ensure that, by 2015, children everywhere, boys and girls, will be able to complete a full course of primary schooling.</p>	<p>Official rates of net enrollment in primary education are nearly universal, averaging at 99.3% from 1991 to 1998. The rate of enrollment in secondary education, inclusive of primary education, is slightly lower at 94.2% for 1991–1999. The challenge to the Government is how to sustain these achievements while improving the quality and access of education services for primary and secondary levels especially in the rural areas. Another equally daunting challenge is how to revert the steep downward trend in the 1990s in the number of preschool institutions and preschool children who attend kindergartens and day care nurseries.</p>
<b>Goal 3: Promote Gender Equality and Empower Women</b>	
<p>Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.</p>	<p>Official figures of gross enrollment rates by gender and for different education levels show equal access for both boys and girls. Gender disparity occurs, however, after the education life cycle and in the labor market. Women are generally engaged in low-wage sectors, find it more difficult to find work, and receive lower remuneration than their male counterparts engaged in similar jobs.</p>
<b>Goal 4: Reduce Child Mortality</b>	
<p>Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.</p>	<p>Official data on under-5 mortality showed a declining trend—from 35 per 1,000 live births in 1991 to 22.8 per 1,000 live births in 2001. Infant (under 1-year old) mortality rate (IMR) also showed a downward trend—from 27.4 per 1,000 live births in 1991 to 19.4 per 1,000 live births by 2001. These data however, are different from those generated from the Demographic and Health Survey, which were double the official statistics and showed an increasing trend from 49.7 IMR in 1989–1994 to 61.9 in 1994–1999. The main causes of child mortality are perinatal pathology, in-born pathology of development, respiratory infections, diarrhea, and poor prenatal conditions, all of which highlight the lack of access to primary health care services.</p>

Goals and Targets <sup>2</sup>	Country Status
	Access to these services is more constrained with infants and children from low-income and rural-based households; it is also varied across oblasts.
<b>Goal 5: Improve Maternal Health</b>	
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	Different data sources on maternal mortality showed varied findings. Using the Ministry of Health data, maternal mortality rates have declined from 77.5 per 100,000 live births in 1998 to 48.6 in 2001. UNICEF data also showed a downward trend for these years but had higher figures of 79.1 per 100,000 in 1998 down to 61.6 in 2000. However, there are some disturbing trends. About a quarter of maternal deaths was among young women from 21 to 24 years old; 24.7% of maternal mortality was due to complications of pregnancies and child delivery; and 36% of women suffer from anemia. Several factors caused these trends: (i) health facilities have decreased (e.g., from 4,980 emergency/obstetric stations in 1994 to 4,270 in 2002 Rural Development in Kazakhstan, Human Development Report [2002]) and the quality of service delivery especially in rural areas has deteriorated (19% of respondents in the governance and service survey of the World Bank (2002) said that the quality of health services was good); (ii) access to these facilities has been constrained by lack of reliable transport services (e.g., 31% of sick people who participated in the household budget survey claimed that they had to travel over 4 km to the nearest emergency aid station); and (iii) medical care became less affordable with more than half of rural respondents in the budget survey used self-medication, and the number who sought consultation in primary health centers has decreased.
<b>Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases</b>	
Target 7: Have halted by 2015, and begun to reverse the spread of HIV/AIDS.	While there is a relatively low incidence of HIV cases, the rate of increase is quite high with 3,257 HIV-cases registered by 1 January 2003 compared to 735 cases in 2002 and 430 cases in 1997. The estimated number is, however, much higher at 23,000 cases (UN [2002], MDGs in Kazakhstan).
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.	During the last 10 years the TB incidence increased more than twofold, from 64.4 in 1991 to 165.1 per 100,000 cases in 2002. Stabilization of the TB situation in the country is expected by 2006.
<b>Goal 7: Ensure Environmental Sustainability</b>	
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.	The Government has laid the legal and policy framework for the sustainable use and management of its environmental resources. The principles of sustainable development are integrated in the long-term development programs (Development Strategy of Kazakhstan until 2030, and The Strategic Plan of Development of the Republic of Kazakhstan to 2010), and key short-term programs such as the Sector Program for Poverty Reduction of the Republic of Kazakhstan—2003–2005. Environmental problems are daunting and have resulted in huge economic and social losses. Estimates of actual and prospective economic loss may be as much as 20–30% of gross domestic product (National Environmental Action Plan for Sustainable Development of the Republic of Kazakhstan) and about a fifth of the mortality incidence is due to poor ecological conditions (Development Strategy of Kazakhstan until 2030).

<b>Goals and Targets<sup>2</sup></b>	<b>Country Status</b>
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.	Access to safe drinking water remains to be a major challenge especially in rural areas. In 2001, 27% of rural households had no access to potable water and about a million rural residents used untreated water from rivers and ponds for drinking and household purposes. In the urban centers, 14% of urban households had no access to safe drinking water.
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	A unique feature of Kazakhstan is the existence of “company towns.” These are towns whose workforce is dependent on one or two industries; as a consequence of the collapse of these enterprises in the past decade, a majority of the labor force is either unemployed or is underemployed. In an ADB study (Company Towns Study, 2002), it was found that the population in these towns has declined dramatically due to out-migration. A majority of those who remain want to leave the towns but have no means to finance their migration. Unemployment is high; and provision of and access to basic social services is also highly constrained.

<sup>1</sup> The Government of Kazakhstan has adopted a majority of the Millennium Development Goals (MDGs) as its goal and targets in its Sector Program for Poverty Reduction—2003–2005. The MDGs are a set of 8 global goals (with 18 targets and 48 indicators to be achieved between 1990 and 2015) that the world leaders agreed upon during the Millennium Summit of the United Nations held in New York during 5–8 September 2000.

<sup>2</sup> United Nations, Millennium Development Goals in Kazakhstan, 2002.

<sup>3</sup> The poverty incidence is based on the Government’s definition of a subsistence minimum, which is equivalent to the value of a minimum consumption basket estimated on the basis of a basket of food and nonfood items. The composition of these items was based on data from the Household Budget Survey, which is conducted by the State Statistics Agency of the Republic of Kazakhstan annually. The agency calculates the subsistence minimum on a quarterly basis and by oblast level. In 2001, the value of the subsistence minimum was T4,596 per person per month. The Government differentiates the subsistence minimum from the “poverty line” in that the latter, which is also regulated by legislation, is determined every year by Parliament as a fixed percentage of the subsistence minimum. This poverty line is used as a basis for social assistance. In 2001, the poverty line was 38% of the subsistence minimum, or an average of T1,746 per person per month.

**Millennium Development Goals and the Republic of Kazakhstan's  
Poverty Reduction Goals, Targets, and Commitments  
under the Poverty Partnership Agreement  
with Asian Development Bank**

Millennium Development Goals (until 2015)	MDG Commitments of the Republic of Kazakhstan and PPA Commitments (Republic of Kazakhstan and ADB)		
	Goal	Long-Term Targets <sup>1</sup> (2003–2015)	Short-Term Targets (2003–2005)
<p>G1. Eradicate extreme poverty and hunger</p> <ul style="list-style-type: none"> <li>• Halved, between 1996 and 2015, the proportion of people whose income is below the officially defined subsistence level</li> <li>• Halved between 1997 and 2015 the number of people with income below the food basket cost</li> </ul>	<p>Improve the living standard of the Kazakh people by reducing income poverty</p>	<ul style="list-style-type: none"> <li>• Reduce the proportion of population with income below the subsistence minimum from 28.4% in 2001 to 7% by 2015.</li> <li>• Eradicate the number of people with income below the food basket cost</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the proportion of population with income below the subsistence minimum from 28.4% in 2001 to 20% by 2005</li> <li>• Reduce the proportion of people with incomes below the food basket cost to 5% by 2005.</li> </ul>
<p>G2. Achieve universal primary education</p> <ul style="list-style-type: none"> <li>• Ensure that children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</li> </ul>	<p>Improve the living standard of the Kazakh people by reducing nonincome poverty</p>	<ul style="list-style-type: none"> <li>• Ensure full coverage for children with general secondary education</li> <li>• Sustain universal coverage and ensure quality education for children in primary and general secondary education</li> </ul>	<ul style="list-style-type: none"> <li>• Sustain universal coverage and improve quality education for children in primary education</li> </ul>

Millennium Development Goals (until 2015)	MDG Commitments of the Republic of Kazakhstan and PPA Commitments (Republic of Kazakhstan and ADB)		
	Goal	Long-Term Targets <sup>1</sup> (2003–2015)	Short-Term Targets (2003–2005)
<p>G3. Promote gender equality and empower women<sup>2</sup></p> <ul style="list-style-type: none"> <li>• Eliminate gender disparity in primary and secondary education and to all levels of education no later than 2015</li> </ul>		<ul style="list-style-type: none"> <li>• Sustained</li> </ul>	<ul style="list-style-type: none"> <li>• Sustained</li> <li>• Technical assistance will focus in enhancing the efficiency in the use and allocation of local public funds for education especially in rural areas and for sustaining equal access for girls</li> </ul>
<p>G4. Reduce child mortality</p> <ul style="list-style-type: none"> <li>• Reduce by two thirds the under-5 mortality</li> </ul>		<ul style="list-style-type: none"> <li>• Reduce proportion of infant mortality compared to 2002 level by 15%</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce infant mortality from 19.4 cases per 1,000 born alive in 2001 to 18.6 cases by 2005</li> </ul>
<p>G5. Improve maternal health</p> <ul style="list-style-type: none"> <li>• Reduce by three quarters the maternal mortality ratio</li> </ul>		<ul style="list-style-type: none"> <li>• Reduce maternal mortality level by 50%.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce maternal mortality from 66.4 cases per 100,000 in 2002 to 50.6 cases by 2005</li> </ul>

Millennium Development Goals (until 2015)	MDG Commitments of the Republic of Kazakhstan and PPA Commitments (Republic of Kazakhstan and ADB)		
	Goal	Long-Term Targets <sup>1</sup> (2003–2015)	Short-Term Targets (2003–2005)
<p>G6. Combat HIV/AIDS, malaria and other diseases</p> <ul style="list-style-type: none"> <li>• Have halted by 2015, and begun to reverse the spread of HIV/AIDS</li> <li>• Have halted by 2015, and begun to reverse, the incidence of tuberculosis (TB)</li> </ul>		<ul style="list-style-type: none"> <li>• Have halted by 2015 and begin to reverse the spread of HIV/AIDS</li> <li>• Have halted by 2015 the spread of TB and ensured triple reduction of the incidence</li> </ul>	<ul style="list-style-type: none"> <li>• Continue working for preventing the spread of the incidence of HIV/AIDS and begin to reduce the HIV/AIDS incidence</li> <li>• By 2005 continue working for preventing the spread of the TB incidence from 170.7 cases per 100,000 people in 2002 to 160.0 cases by 2005</li> </ul>
<p>G7: Ensure environmental sustainability</p> <ul style="list-style-type: none"> <li>• Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</li> <li>• Halve, by 2015, the proportion of people without sustainable access to safe drinking water</li> </ul>		<ul style="list-style-type: none"> <li>• Carry out state policy for environmental protection to prevent irrational use of natural resources</li> <li>• Ensure full access for all population to pure drinking water</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out state policy for environmental protection to prevent irrational use of natural resources.</li> </ul>

<sup>1</sup> The targets will be reviewed after verification of the statistics in the following years.

<sup>2</sup> Gender equality in all levels of education had been ensured in Kazakhstan even before the transition years.