

ASIAN DEVELOPMENT BANK

TAR:KAZ 34461

TECHNICAL ASSISTANCE

TO THE

REPUBLIC OF KAZAKHSTAN

FOR THE

CAPACITY BUILDING OF NATIONAL AND LOCAL GOVERNMENTS

TO

IMPLEMENT THE POVERTY REDUCTION PROGRAM

December 2002

CURRENCY EQUIVALENTS

(as of 1 December 2002)

Currency Unit	–	tenge (T)
T1.00	=	\$0.00647
\$1.00	=	T154.67

ABBREVIATIONS

ADB	–	Asian Development Bank
CIS	–	Commonwealth of Independent States
DEBP	–	Department of Economy and Budget Planning
GDP	–	gross domestic product
KAZ	–	Kazakhstan
IA	–	implementing agency
M&E	–	monitoring and evaluation
MEBP	–	Ministry of Economy and Budget Planning
MLSP	–	Ministry of Labor and Social Protection
NSA	–	National Statistics Agency
NGOs	–	nongovernment organizations
PMEG	–	poverty monitoring and evaluation group
SPRP	–	State Poverty Reduction Program
SSTA	–	small-scale technical assistance
TA	–	technical assistance
TB	–	tuberculosis

GLOSSARY

akimat	–	local government
oblast	–	region

NOTE

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

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I. INTRODUCTION

1. After the high-level forum on the draft State Poverty Reduction Program (SPRP) in April 2002, the Government of the Republic of Kazakhstan (the Government) reiterated its request for a follow-up technical assistance (TA) to build the capacity of national and local governments to reduce poverty. The TA¹ was included in the Kazakhstan Country Strategy and Program Update for 2002. An Asian Development Bank (ADB) fact-finding mission was conducted from 28 August to 13 September 2002, and reached an agreement with the Government on the TA objective, scope, cost estimates, financing plan, and implementation arrangements. The TA framework is in Appendix 1.

II. ISSUES

2. Since 1999, Kazakhstan has achieved positive and rising gross domestic product (GDP) growth rates, from 2.7% in 1999 to 9.8% in 2000 and 13.2% by 2001, resulting in a decline in poverty incidence,² albeit at less than the pace of the GDP growth rate. By 2001, government statistics showed that the poor made up more than one fourth of the total population and that the total unemployed were more than 780,000, or 10.4% of the economically active population. While poverty incidence may have declined nationally, the headcount poverty index varied widely across *oblasts*.³ The headcount poverty index ranged from a low of less than 10% in Astana City, to 52% in Mangistau. Nonincome poverty indicators showed disturbing trends. Based on government statistics, infant and maternal mortality remained high, and tuberculosis (TB) incidence was rising. Pavlodar, an industrial oblast, recorded one of the country's highest infant mortality rates (25 deaths per 1,000 born) and had higher-than-average incidences of cancer (246.1 per 100,000 people) and TB (196.2 per 100,000 people). Almaty, an agricultural oblast, had higher rural poverty than the national average and recorded high rates of infectious and parasitic disease.

3. The President of Kazakhstan is scheduled to sign the SPRP for 2003–2005 as a state program before the end of the year. The Government is also drafting the 3-year action plan for the SPRP, and the oblasts are finalizing their poverty reduction programs.

¹ The TA first appeared in the *ADB Business Opportunities* (Internet Edition) on 30 August 2002.

² The Government's National Statistics Agency (NSA) uses "subsistence minimum" to measure poverty incidence (the percentage of the total population whose consumption expenditures fall below the subsistence minimum). The subsistence minimum comprises 70% food items and 30% goods and services, excluding the cost of public utilities. It is derived from the data set of the living standards measurement survey developed for the country with World Bank assistance in 1996, and was refined and updated by NSA in 2001. Subsistence minimum is differentiated from the "poverty line," which, in Kazakhstan, is determined by law as a fixed percentage of the subsistence minimum. The Ministry of Labor and Social Protection establishes the poverty line and uses it to estimate budgetary allocations for social assistance, or cash transfers to poor households. Using the international standard of \$2.15 a day per capita income (at purchasing power parity standard) as the poverty threshold, the World Bank estimated poverty incidence at 5.7% in 1996. Data on poverty incidence using the international poverty line yardstick is not updated, but assuming the same downward trend of poverty incidence based on subsistence minimum, the headcount poverty level using the international poverty threshold would be roughly 5%.

³ An oblast is an administrative unit equivalent to a region. Kazakhstan has 14 oblasts.

4. To track the effectiveness of the SPRP in reducing poverty, 18 outcome indicators have been identified.⁴ With the exception of four indicators that gauge direct and indirect interventions for the poor, the rest focus on direct interventions extended to the poor. A third of these 14 indicators relate to employment for the poor while the rest served to measure delivery of social services that directly impact on the poor.

5. While the SPRP identifies the monitoring indicators, it does not specify the monitoring and evaluation (M&E) system that will clearly delineate the roles, functions, and relations of the concerned agencies and local governments in tracking the indicators. At the national level, the Ministry of Economy and Budget Planning (MEBP), which serves as the secretariat to the Interministerial Committee on Poverty Reduction, oversees and coordinates the M&E of the SPRP. However, because of inadequate technical capacity, MEBP has not been able to set up a M&E system that will effectively relate the activities of concerned agencies and local governments.

6. While the National Statistics Agency (NSA) compiles most of the impact (or outcome) indicators of the poverty reduction programs, the data source for most of the indicators and the main implementers of the direct poverty-related interventions are the Ministry of Labor and Social Protection (MLSP) and the *akimats*.⁵ MLSP compiles data on labor and employment, the subsistence minimum and poverty line (footnote 2), and the extremely poor and their key features; and implements labor and social assistance programs down to the local levels. MLSP has developed a database management system but lacks the technical skills and equipment to link its local offices and MEBP. MLSP also needs the skills to evaluate and analyze the findings from its monitoring activities and assess the impact of its direct poverty reduction programs.

7. Because of decentralization, the *akimats* have the budget and authority to plan, manage, implement, and control poverty-related social and economic projects in the *akimats*' territorial jurisdiction. The *akimats* are also finalizing their SPRPs, which means that delivery of social services to the poor lies essentially in the *akimats*' hands. M&E of the SPRPs will be important to identify bottlenecks or problems during implementation to solve them as soon as possible, and to provide feedback to the central Government on measures to ensure that the countrywide SPRP objectives are achieved.

8. Aside from M&E system, a feedback mechanism must be developed to keep national policymakers abreast of the status and progress of the poverty reduction strategy, and to provide beneficiaries with a mechanism to register their level of satisfaction on service provision and delivery. Government and nongovernment organizations (NGOs) must be involved in M&E to ensure transparency in the implementation of government poverty programs and exact accountability from the providers of these measures.⁶

⁴ The 18 indicators are GDP per capita, percentage of people below minimum subsistence level, level of unemployment, percentage of economically active population employed in small business, number of microcredits given, number of retrained registered unemployed, number of employed at public works, percentage of people without access to potable water, percentage of rural families without telephones, number of people receiving targeted social assistance, percentage of people receiving assistance from among the population living below subsistence minimum, coverage of 5–6 year olds by preschooling training, TB mortality, TB incidence of TB, infant mortality, maternal mortality, and average lifespan of population.

⁵ *Akimats* are local governments.

⁶ International experience shows that undertaking M&E and providing feedback mechanisms for the target beneficiaries to register their satisfaction rating ensures immediate response from the Government to problems arising from the implementation of these activities and reduces income and nonincome poverty.

9. Finally, the indicators specified in the SPRP generally do not reflect the diverse features of poverty at the oblast level and are not able to gauge the akimats' performance in combating poverty.⁷ The indicators also focus on the final outcomes of the goods and services produced by government measures. More effective indicators are those that complement these outcome indicators with intermediate indicators or inputs and outputs, and the implementation process; and explain or contribute to the results of the outcomes.⁸ Monitoring indicators disaggregated by geographic or administrative unit and program will also provide policymakers better information on the causes and sources of success of, or gaps in, the intervention measures, and enable policymakers to timely adjust specific program components.

10. The TA will address these concerns by helping the Government pilot-test an oblast-level M&E system and a feedback and advocacy mechanism linked to and coordinated by MEBP. Linkage of oblast-based M&E offices with one central service-providing agency, MLSP, and coordinated with MEBP, will also be test-cased. The lessons from these experiences will help the central Government design mechanisms in the oblasts and nationwide to improve poverty reduction, adjust the SPRP outcome monitoring indicators so that they focus on the key poverty issues, and ensure that poverty is eradicated. A summary initial poverty and social analysis of the TA is in Appendix 2.

11. The TA is a follow-through activity of TA 3550-KAZ: Preparation of a Comprehensive Medium-Term Poverty Reduction Strategy, which helped the Government formulate the SPRP in a participatory manner. The SPRP poverty analysis highlights the need to address regional disparities and involve the akimats in the program. The TA findings will lay the groundwork to develop the poverty reduction partnership agreement between the Government and ADB. The TA will also benefit from a recently approved small-scale TA⁹ (SSTA). It will undertake a public expenditure review of the education and health sectors at the concerned ministry and two oblasts from January to April 2003. The SSTA lessons will serve as inputs to the M&E system to be established under the TA.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

12. The TA's purpose is to develop an efficient and transparent SPRP M&E and feedback system at the national and oblast levels by pilot-testing alternative institutional arrangements and capacity building for poverty monitoring, evaluation, and feedback on the Government's performance in implementing the SPRP. The outputs will include (i) a poverty M&E system, (ii) a feedback and advocacy mechanism to disseminate the findings from the M&E activities, and (iii) analytical skills in monitoring and evaluating government attainment of poverty reduction targets.

⁷ For example, one monitoring indicator is GDP. Oil-rich Manistee and Atyrau, with the highest oblast GDP, registered very high poverty incidence at 52% and 41%, respectively.

⁸ One of the SPRP indicators is TB incidence, which continued to rise from 1996 to 2001 despite increases in the budget for TB programs. Key inputs to be monitored are the budget allocated for the TB program and the use and allocation of the funds for preventive versus curative measures disaggregated by regions and types of target beneficiaries.

⁹ ADB. 2002. *Small-Scale Technical Assistance for the Social Sector Expenditure Review in Kazakhstan*. Manila.

B. Methodology and Key Activities

13. The M&E and feedback system will be set-up and test-cased in Pavlodar and Almaty, which were selected in consultation with government officials in central offices using the following: (i) economic sector focus—Pavlodar is industrial while Almaty is rural; (ii) income-generating capacity—Pavlodar is a “donor” oblast in the sense that part of its local revenues is allocated to low-income oblasts, while Almaty is a “recipient” or a low-income oblast; (iii) willingness and capacity of the akimats to implement the M&E system; and (iv) availability of an oblast-level SPRP.

14. In these two oblasts, the monitoring indicators of the national and oblast SPRPs will be reviewed, and key input, output, and outcome poverty indicators identified. The appropriate monitoring techniques as well as the evaluation and feedback approaches will be test-cased through a combination of (i) technical advice on the intermediate indicators for the direct poverty interventions of the akimats and MLSP, database development and management, monitoring tracking systems, and process and impact evaluation techniques; (ii) intensive training of technical staff of MEBP and MLSP at the oblast and central offices, and of other local public staff members who will be involved in the M&E and feedback system; and (iii) provision of equipment and software to oblast and central offices of MEBP and MLSP for database management and M&E. To encourage NGO involvement in M&E, small-scale surveys and studies assessing the satisfaction level of targeted beneficiaries of poverty interventions will be encouraged on a competitive basis. The TA will also help MEBP define its coordination role and develop the overall supervisory structure of the poverty M&E and feedback system at the central level.

15. The TA outputs will be disseminated through the feedback mechanism, comprising a web site, bulletins, and media conferences.

C. Cost and Financing

16. The total TA cost is estimated at \$966,000 equivalent, consisting of \$422,000 in foreign exchange costs and \$544,000 equivalent in local currency costs. ADB will finance \$676,000 equivalent to cover the entire foreign exchange cost and \$254,000 equivalent of the local currency cost. The TA will be financed on a grant basis by ADB's TA funding program. The Government will fund the remaining local currency cost of \$290,000 equivalent. Government financing will cover remuneration and per diem of counterpart staff, office accommodation and equipment, workshop expenses, translation and interpretation, and transport. Details of the cost estimates and financing plan are in Appendix 3.

D. Implementation Arrangements

17. MEBP will be the TA Executing Agency while MLSP and the Department of Economy and Budget Planning (DEBP) in Pavlodar and Almaty will serve as the implementing agencies (IAs), MEBP will set up the poverty M&E and feedback systems in the two oblasts, and coordinate with MLSP to develop the feedback mechanism to the akimats and to the Interministerial Committee on Poverty Reduction, the findings from the evaluation and assessment studies. At the end of the TA, MEBP will ensure that the TA lessons can serve as the basis to institute national and local poverty M&E and feedback system.

18. The oblast DEBP, which reports directly to the akimat level and the central MEBP, will establish a poverty monitoring and evaluation group (PMEG) with the economic and social

working groups, involving the concerned departments at the oblast level. The working groups will set up the M&E and feedback system that will track performance at the oblast level and the social and economic programs that impact on poverty. The PMEG will review and identify the key input, output, and outcome poverty indicators relevant to the oblasts; set up mechanisms to assess in a participatory manner the level of satisfaction of targeted beneficiaries on the poverty reduction programs in the oblasts; and develop a mechanism to provide feedback to the akimats, central MEBP, and Interministerial Committee on Poverty Reduction on the monitoring indicators and the findings from the evaluation and assessment studies.

19. The local MLSP, which reports directly to the central MLSP, will be a member of the PMEG and provide it with the income and nonincome information about the poor and extremely poor, as well as evaluation assessments of MLSP employment and social assistance programs. This information will be reported to the akimats, central MEBP and MLSP, and the Interministerial Committee on Poverty Reduction to improve their social service delivery.

20. The TA will support training, seminars, and workshops of PMEG, MLSP, and MEBP staff on the quantitative and qualitative approaches to monitoring and evaluating the poverty reduction activities; advocacy and feedback approaches, and pro-poor budgeting; as well as the identification of the intermediate, output, and outcome indicators. The training, seminars, and workshops will be done by the consultants and resource persons in close coordination with the MEBP and ADB. The TA will collaborate with the World Bank Institute and Asian Development Bank Institute on the training activities. Both institutes are planning poverty-related training. The TA will also finance the cost of small-scale studies and beneficiary rating surveys to be conducted by local NGOs selected on a competitive basis by the ADB. DEBP and MLSP will fund surveys that will be used in evaluating the level of efficiency and effectiveness in delivering the poverty reduction activities.

21. The TA will be implemented over a period of 1 year, from January 2003 to January 2004. It will finance 42 person-months of consulting services, comprising 7 person-months for international and 35 person-months for domestic consultants. The consultants will help the MEBP, MLSP and DEBP set up the poverty M&E and feedback system in the two pilot oblasts, MLSP, and MEBP; and provide technical advice and training in M&E approaches. The terms of reference for the consultants are in Appendix 4. The consultants will be selected and engaged through a consulting firm following ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The quality- and cost-based selection method and simplified technical proposal format will be used. Equipment will be procured by the consultants with procedures acceptable to ADB.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$676,000 on a grant basis to the Government of the Republic of Kazakhstan for the Capacity Building of National and Local Governments to Implement the Poverty Reduction Program, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Improve the Government's delivery of poverty reduction measures so that it is efficient, transparent, and accountable, thereby reducing income and nonincome poverty in Kazakhstan</p>	<ul style="list-style-type: none"> - Improved efficiency indicators of the delivery of poverty reduction measures - Increased participation of stakeholders in the M&E and feedback of poverty reduction measures - Reduction of income and nonincome poverty 	<p>National and regional surveys on poverty</p> <p>MEBP progress reports on SPRP to the Interministerial Committee on Poverty Reduction</p>	
<p>Purpose</p> <p>Develop an efficient and transparent national and oblast SPRP M&E and feedback system by pilot-testing alternative institutional arrangements and capacity building for poverty M&E of and feedback on the government's implementation of the SPRP</p>	<ul style="list-style-type: none"> - By end-2004: <ul style="list-style-type: none"> (i) an M&E system has been established delineating the roles, functions, and relations of concerned agencies and local governments in Pavlodar and Almaty oblasts; (ii) a feedback mechanism has been developed that involves stakeholders and results in service delivery reforms; and (iii) the Government agrees to a course of action to implement the M&E and feedback system at national and oblast levels. 	<ul style="list-style-type: none"> - ADB review missions - Technical completion report 	<ul style="list-style-type: none"> - The Government remains highly committed to the SPRP. - Interagency coordination is effective.
<p>Outputs</p> <p>1. Poverty M&E system</p> <p>2. Feedback and advocacy mechanism to disseminate the findings from the M&E</p> <p>3. Enhanced analytical skills in M&E of government performance in achieving the poverty reduction targets</p>	<ul style="list-style-type: none"> - Timely and reliable input, output, and outcome monitoring indicators - M&E manuals - Process and impact evaluation studies - Manuals for feedback mechanism - Two surveys of beneficiary ratings of service delivery - Four studies on impact of poverty reduction measures - Two web sites , eight bulletins, and three media conferences - Eight training workshops - Staff trained in the regional and central MEBP and MLSP 	<ul style="list-style-type: none"> - TA monitoring progress reports - TA review missions - Progress reports of consultants 	<ul style="list-style-type: none"> - Local governments and agencies are committed to M&E and feedback processes. - NGOs participate adequately. - Coordination with World Bank training activities is good. - Trained staff remain in their posts.
<p>Activities</p> <p>1. Poverty M&E system</p> <p style="padding-left: 20px;">1.1 Identify input, output, and outcome monitoring indicators</p> <p style="padding-left: 20px;">1.2 Develop a database and tracking</p>	<p>Start: Month 1 Complete: Month 3</p> <p>Start: Month 2</p>	<ul style="list-style-type: none"> - TA monitoring progress reports - TA review missions - Progress report of consultants 	<p>Adequate data are available on time in a usable format.</p> <p>The working</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>mechanism of monitoring the indicators</p> <p>1.3 Develop an evaluation system</p> <p>1.4 Produce evaluation studies</p> <p>2. Advocacy and feedback mechanism</p> <p>2.1 Develop advocacy strategy and feedback mechanism</p> <p>2.2 Call for beneficiary impact studies and surveys to be done on a competitive basis</p> <p>2.3 Conduct surveys on beneficiary satisfaction level</p> <p>2.4 Develop a feedback system to akimats, MLSP, MEBP, and Interministerial Committee on Poverty Reduction.</p> <p>2.5 Set up the website</p> <p>2.6 Publish a bulletin</p> <p>2.7 Set media conferences</p> <p>3. Enhanced analytical skills</p> <p>3.1 Training on M&E and feedback techniques</p>	<p>Operation: Month 5</p> <p>Start: Month 2 Operation: Month 6</p> <p>Start: Month 8 Complete: Month 10</p> <p>Start: Month 1 Operation: Month 6</p> <p>Start: Month 7 Complete: Month 10</p> <p>Start: Month 4 Complete: Month 8 Start: Month 7 Complete: Month 12</p> <p>Start: Month 4 Complete: Month 8 Start: Month 2 Complete: Month 12</p> <p>Start: Month 3 Complete: Month 12</p> <p>Start: Month 1 Complete: Month 5</p>		<p>relationship of MLSP and MEBP with akimats and Interministerial Committee on Poverty Reduction is good.</p> <p>Technically capable NGOs participate adequately.</p> <p>Trained staff remain in their posts.</p>
<p>Inputs</p> <p>Consultants</p> <p>Computers, printers, servers, software, photocopier, and fax machines</p> <p>Training and conferences</p> <p>Surveys</p> <p>Website and bulletins</p> <p>Counterpart staff costs</p> <p>Government funding</p> <p>ADB</p> <p>Total TA amount</p>	<p>\$205,000 for 7 person-months international, \$83,000 for 35 person-months of domestic consultants</p> <p>\$109,000</p> <p>\$56,000 and \$1,500 for media conferences</p> <p>\$20,000</p> <p>\$12,000</p> <p>\$95,000</p> <p>\$290,000</p> <p>\$676,000</p> <p>\$996,000</p>	<p>- TA monitoring progress reports</p> <p>- TA review missions</p>	<p>An appropriate number of domestic consultants is available.</p>

ADB = Asian Development Bank, M&E = monitoring and evaluation, MEBP = Ministry of Economy and Budget Planning, MLSP = Ministry of Labor and Social Protection, NGOs = nongovernment organizations, SPRP = State Poverty Reduction Program, TA = technical assistance.

SUMMARY INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Sector identified as a national priority in country poverty analysis? Yes	Sector identified as a national priority in country strategy? No poverty partnership agreement yet
<p>Contribution of the sector/subsector to reduce poverty in Kazakhstan:</p> <p>While income poverty has declined in recent years, poverty incidence varies across oblasts. Nonincome poverty indicators, as shown by key health and education indicators, have displayed disturbing trends among the oblasts.</p> <p>Recognizing these emerging issues, the Government has drafted the State Poverty Reduction Program (SPRP), which will be signed before the end of the year. Each oblast has also been tasked to draft a poverty reduction program, tailored to the SPRP.</p> <p>The SPRP has some limitations that may not ensure effective poverty reduction. First, although the SPRP has 18 outcome indicators, it does not specify a monitoring and evaluation (M&E) system involving local governments and service providers despite the fact that 14 of the 18 indicators relate to delivery of social services and other direct poverty reduction interventions. The main providers of these pro-poor social services and measures are the local governments and the Ministry of Labor and Social Protection (MLSP). While the Ministry of Economy and Budget Planning (MEBP) has been tasked to coordinate the M&E of the measures, it does not have the skills to do so. Second, even if these service delivery units were involved, their staff do not have the technical M&E skills. Third, the indicators focus on final outcomes that are general and do not specify the intermediate indicators that monitor implementation. Fourth, the SPRP does not have a feedback mechanism to convey evaluation assessments to the main policymakers to allow them to act in a timely manner. Targeted beneficiaries must register their level of satisfaction with service delivery.</p> <p>The technical assistance (TA) will develop, on a pilot basis, an M&E and feedback system for SPRP implementation, involving local governments in two oblasts, MLSP, and MEBP, and improve their technical staff's capacity. With a more efficient and effective M&E and feedback system, the key central government service delivery units will be encouraged to improve their delivery of services to the poor, which, in turn, will eventually reduce nonincome and income poverty. The TA is envisaged to lead to institutionalization of an efficient and transparent M&E and feedback system for the SPRP. In the medium term, this will improve delivery of poverty reduction measures and reduce poverty.</p>	

B. Poverty Analysis

Proposed Classification: Poverty Intervention

<p>What type of poverty analysis is needed?</p> <p>As poverty monitoring indicators and technical skills in poverty M&E improve, the poverty analysis will focus on the process of evaluating poverty reduction measures, and its impact on the multidimensional features of poverty. The analysis will be disaggregated at the oblast, sector, and poverty group levels, and will employ quantitative and qualitative approaches. The feedback system will let the targeted beneficiaries register their level of satisfaction with the Government's direct poverty interventions and allow stakeholders to be involved in M&E of poverty reduction programs. With appropriate advocacy of these findings, central policymakers will be able to adjust their programs to reduce poverty.</p>

C. Participation Process

<p>Stakeholder analysis:</p> <p>Government and selected nongovernment organizations (NGOs) were consulted during the Fact-Finding Mission to find out who should be involved in M&E of poverty reduction measures, how these people perceive their role in M&E of poverty reduction programs, what their technical and resource limitations are, what indicators are needed to assess the performance of service delivery units, the viability of</p>

establishing an M&E system, and what would be the appropriate feedback mechanism at the oblast and central levels.

Participation strategy required:

The feedback system will be employed to ensure participation of the targeted poor beneficiaries and NGOs.

D. Potential Issues

Subject	Significant, Not Significant, Uncertain, None	Strategy to Address Issues	Plan Required
Resettlement	None		
Gender	None		
Affordability	None		
Labor	None		
Indigenous People	None		
Other Risks/ Vulnerabilities	None		

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	205	0	205
ii. Domestic Consultants		83	83
b. International and Local Travel	15	10	25
c. Reports and Communications ^b	10	38	48
2. Equipment ^c	109		109
3. Training, Seminars, and Conferences			
a. Facilitators	14	0	14
b. Training Program	0	42	42
4. Surveys	0	20	20
5. Miscellaneous Administration and Support Costs ^d	14	28	42
6. Representative for Contract Negotiations			
7. Contingencies	55	33	88
Subtotal (A)	422	254	676
B. Government Financing			
1. Office Accommodation and Transport	0	92	92
2. Remuneration and Per Diem of Counterpart Staff	0	95	95
3. Others ^e	0	103	103
Subtotal (B)	0	290	290
Total	422	544	966

^a Financed by the Asian Development Bank Technical Assistance Funding Program.

^b Includes web site, monitoring, evaluation, and feedback manuals, reports, and bulletins.

^c Includes servers, statistical packages, computers, printers, fax machines, and photocopiers.

^d Includes office supplies, and costs for administrative assistants, interpreters, and translators.

^e Includes cost of utilities (water and electricity), interpreter and translation and surveys for the evaluation studies to be conducted by DEBP and MLSP.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Background

1. The technical assistance (TA) will support the Government in developing a poverty monitoring and evaluation (M&E) and feedback system by pilot-testing it in two oblasts and involving the Ministry of Economy and Budget Planning (MEBP) and Ministry of Labor and Social Protection (MLSP). The consultants will be selected and engaged through a consulting firm following the *Guidelines on the Use of Consultants* of the Asian Development Bank (ADB), and other arrangements satisfactory to ADB for the engagement of domestic consultants. The quality-and-cost-based selection method and simplified technical proposal format will be used.

B. Consultants' Terms of Reference

2. The TA will need a total of 42 person-months of consulting services: 7 for international consultants and 35 for domestic consultants. The consultants will fill the positions and meet the technical skills described in the following paragraphs.

1. International Lead Consultant (5 person-months)

3. ADB will recruit the lead consultant, who will have extensive experience in poverty monitoring and evaluation (M&E) and in poverty strategy formulation in Central Asia and/or Commonwealth of Independent States (CIS) countries, strong knowledge of the socioeconomic-political conditions in Kazakhstan, good working relations with Government, and ability to speak fluent Russian and English. The consultant will serve as the team leader and coordinate the TA's overall activities. Together with the domestic and international consultants, the lead consultant will work closely with the MEBP, akimats, and MLSP on developing an effective M&E and feedback system. The lead consultant will have the following responsibilities:

- (i) Supervise the review of the monitoring indicators at the oblast level and help develop the M&E and feedback framework and action plan of the oblast's poverty reduction strategy for 2003–2005.
- (ii) Help review the data for the poverty monitoring indicators, oversee the database management at the oblast level, and identify the poverty predictors for evaluation of the poverty outcomes and impact.
- (iii) Review the experience of other countries in setting up a comprehensive M&E and feedback system, and generate lessons from them.
- (iv) Identify the training needs for evaluation and analysis of the monitoring indicators and oversee the design and implementation of the training at the ministerial and oblast levels.
- (v) Ensure that individuals and nongovernment organizations (NGOs) undertaking policy research studies and qualitative assessments will be identified and selected on a competitive basis; and ensure that the quality of their output—methodology, theoretical framework, and analysis—is well developed and conceptually sound.
- (vi) Develop an M&E and feedback system that ensures participation and involvement of major stakeholders.
- (vii) Ensure a mechanism to provide regular reports to MEBP and ADB on the progress of poverty M&E at the oblast level.

- (viii) Consolidate the experiences learned from the pilot-testing of the TA, provide a strategy paper on policy and institutional reforms to ensure effective and efficient implementation of the M&E and feedback system to be presented with the MEBP to the Interministerial Commission on Poverty Reduction.

2. International Pro-Poor Budgeting Specialist (1 person month)

4. The international financial specialist will have work experience in Central Asia and/or CIS countries (experience in Kazakhstan is an advantage) and have professional expertise in pro-poor budgeting and development economics. The consultant will perform the following tasks:

- (i) Develop a pro-poor budget expenditure tracking system tailored to oblast and ministry levels to trace fund use and allocation for specific poverty projects from the national budget down to their expected beneficiaries.
- (ii) Help design reporting procedures of the budget by expenditure for each poverty project to ensure transparency and accountability.
- (iii) Develop efficiency and efficacy tests for financial use and allocation that relate these to the poverty monitoring outcomes.
- (iv) Design the appropriate training program for the technical staff at the oblast and ministry levels on the process and impact evaluation approaches.
- (v) Report on accomplishments and further actions to be taken at the end of the consulting work.

3. International Programmer and Econometrician (1 person-month)

5. The programmer should preferably have a background in economics and development, with expertise in poverty database management, and work experience in Central Asia (preferably Kazakhstan) and/or CIS countries. The specialist will be required to do the following:

- (i) Identify the poverty data and predictors as well as the quantitative approaches to analyze the poverty monitoring indicators and suitable computer applications and software for analysis.
- (ii) Develop a program that will effectively and efficiently network the poverty M&E data at the oblast level to the MEBP and MLSP.
- (iii) Ensure the installation of the system, computer support system, and its maintenance by the oblast departments and ministries.
- (iv) Help MLSP and its Department of Social Protection and Employment at the oblast levels develop a program that will enable the agency to improve and enhance the poverty data classified by low-income categories (extremely poor, poor, and vulnerable poor), target groups, and vulnerable groups.
- (v) Train staff in evaluation and feedback techniques at the oblast and ministry levels.
- (vi) Report on accomplishments and further actions to be taken at the end of the consulting work.

4. Domestic Consultant with Expertise in Poverty Reduction and Advocacy (12 person-months)

6. The specialist will be an economist with extensive knowledge of poverty reduction strategies and advocacy approaches, work experience in oblast development in Kazakhstan, and good working relations with government and civil society. The expert will have the following functions:

- (i) Oversee and coordinate the poverty M&E activities in the two oblasts.
- (ii) Develop a feedback and advocacy mechanism to convey the analytical findings from the assessment of monitoring indicators to the major policymakers at the national and oblast (oblast and village akimats and local legislators) levels.
- (iii) Organize the training and workshops for those involved in M&E at the oblast and ministry levels.
- (iv) Ensure the broad participation of major stakeholders in feedback and advocacy.
- (v) Together with the MLSP and MEBP, design the procedure for competitive selection of individuals and nongovernment organizations (NGOs) undertaking the surveys and studies, and ensure mechanisms for quality control (through peer reviews and other similar processes) and timely dissemination of their output.
- (vi) Write up the lessons learned and recommendations arising from the TA and ascertain that the Government will institutionalize the M&E and feedback system.
- (vii) Together with the team leader, provide regularly progress reports to the EA and ADB.
- (viii) Perform the project's administrative responsibilities.

5. Domestic Social Sector Specialist (5 person-months)

7. The specialist will have extensive knowledge of poverty reduction strategies for social sector development, work experience on oblast development in Kazakhstan, and good working relations with government and civil society. The specialist will work directly with the local government technical staff and undertake the following roles:

- (i) Help review and evaluate the monitoring indicators for health, education, social protection, and employment generation at the oblast level.
- (ii) Help identify the intermediate (input and output during poverty reduction) and final (outcomes and impact) monitoring indicators.
- (iii) Analyze the indicators in relation to the national Poverty Reduction Program and international poverty-related indicators.
- (iv) Ensure beneficiary assessments on the access, use, and level of satisfaction in the provision and delivery of social services through involvement of NGOs.
- (v) Help train staff in M&E and provide feedback on the social programs that impact on poverty at the oblast and national levels.
- (vi) Identify key lessons learned and generated from the pilot-testing experience, and recommend policy and institutional reforms to improve social service delivery and reduce poverty.
- (vii) Report on accomplishments and further actions to be taken at the end of the consulting work.

6. Domestic Pro-Poor Budgeting Specialist (5 person-months)

8. The specialist will be an economist and/or development economist, have experience in pro-poor budgeting, have work experience in public budget management at the oblast level, and demonstrate good working relations with government and civil society. The specialist will work directly with the local government technical staff and perform the following tasks:

- (i) Oversee the pro-poor budgeting tracking system and the efficiency and efficacy tests of the poverty reduction projects at the oblast and ministry levels.
- (ii) Review the lessons learned from the small-scale TA on social expenditure review in Kazakhstan, incorporate the good experiences, and address the concerns.
- (iii) Address problems encountered in the system and modify where appropriate.
- (iv) Help prepare reports and assessments for broad dissemination and, where necessary, for advocacy to improve the use and allocation of public resources defrayed for local and national poverty reduction projects.
- (v) Help identify the intermediate (input and output during poverty reduction) and final (outcome and impact) monitoring indicators.
- (vi) Ensure “report card” assessments that enable intended beneficiaries to evaluate government pro-poor growth approaches by involving NGOs and the private business sector.
- (vii) Prepare a strategy paper to institutionalize the financial expenditure tracking system at the oblast and national levels.
- (viii) Report on accomplishments and further actions to be taken at the end of the consulting work.

7. Domestic Programmer and Statistician (6 person-months)

9. The domestic programmer cum statistician should have experience in database management of poverty data, knowledge of regional poverty issues, and good working relations with government and civil society. Together with the international programmer, the consultant will perform the following roles:

- (i) Identify the poverty-related data, collect and consolidate the poverty data at the oblast and village levels, and address poverty data gaps.
- (ii) Develop a system to harmonize and standardize poverty-related data to be used for the poverty M&E and feedback system.
- (iii) Ensure database networking and information dissemination.
- (iv) Help train staff in quantitative and qualitative approaches to analyze the poverty monitoring indicators.
- (v) Ensure the maintenance of the poverty database at the oblast and national level.
- (vi) Prepare a strategy paper that will ensure the sustainability of the poverty M&E and feedback system after the TA.
- (vii) Report on accomplishments and further actions to be taken at the end of the consulting work.

8. Domestic Web Designer and Communication Expert (7 person-months)

10. The expert should have extensive knowledge in web site development, good writing and communication skills, and knowledge of the oblasts. Together with the advocacy specialist, the expert will perform the following tasks:

- (i) Design and develop a web site for the poverty reduction strategy program for the oblasts and ministries.
- (ii) Develop publications, including bulletins, summaries of evaluation, and feedback reports, and incorporate them in the web site.
- (iii) Increase information transfer and ensure greater accessibility of information generated from the M&E and feedback activities.
- (iv) Train local technical staff to maintain and improve the web site.
- (v) Develop a training program for effective advocacy.
- (vi) Develop a feedback mechanism for stakeholder participation in the web site and other advocacy materials.
- (vii) Report on accomplishments and further actions to be taken at the end of the consulting work.