

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: general intervention
<p><b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b></p> <p>The Asian Development Bank (ADB) loan of \$100 million in tenge to KazTransGas (KTG) is to finance the procurement and installation of about 1 million advanced smart gas meters for consumers connected to KTG's gas infrastructure. The smart gas meters will provide a more accurate understanding by consumers of energy use. Improved efficiency in gas provision and consumption supports the Government of Kazakhstan's 2013 Concept for Transition to a Green Economy,<sup>a</sup> and the 2017 Third Modernization of Kazakhstan.<sup>b</sup> ADB's country partnership strategy, 2017–2021 for Kazakhstan<sup>c</sup> aims to assist the government to fulfill its obligations under the Sustainable Development Goals agenda. The project addresses strategic pillar 3 of the country partnership strategy by promoting energy efficiency and supporting climate change mitigation and adaptation efforts.</p> <p><b>B. Results from the Poverty and Social Analysis during Transaction TA or Due Diligence</b></p> <p>1. <b>Key poverty and social issues.</b> Kazakhstan is in the very high human development category, ranking 53rd out of 189 countries and territories in the 2020 United Nations Development Programme (UNDP) Human Development Index. The percentage of its population living below the national (income) poverty line fell to 2.5% in 2015 from 31.8% in 2000.<sup>d</sup> The poverty risk remains high relative to the national poverty line in the regions of South Kazakhstan (11.5%), and East Kazakhstan (8.4%).<sup>e</sup> A considerable proportion of the poor (14%) live in large cities. Despite Kazakhstan's significant gains in reducing poverty and its economic growth, the country's dependence on oil and other extractive minerals makes it vulnerable to economic crisis and global recession. Project due diligence determined that about 60% of households in apartment blocks and 6% of households in private houses do not have gas meters and are charged according to gas consumption norms established by the government. (Confidential information deleted.) This inefficiency results in delays with meter reading, billing, and payments. The existing meters are old, inaccurate, and more prone to tampering.</p> <p>2. <b>Beneficiaries.</b> (Confidential information deleted.) This will promote continued employment of a large workforce (about 3,500).</p> <p>3. <b>Impact channels.</b> The new meters and billing system are expected to (i) enable customers to monitor gas consumption online through mobile applications and improve demand-side efficiency; (ii) allow faster detection of gas leakages and more efficient repair programming, thus improving safety; and (iii) reduce operation and maintenance costs because of (Confidential information deleted.)</p> <p>4. <b>Other social and poverty issues.</b> None</p> <p>5. <b>Design features.</b> (Confidential information deleted.) As part of the project design, KTG will enhance its stakeholder communications to ensure customers are aware of the transition and any potential disruptions, ensure its grievance mechanism is enhanced to gather complaints related to the project, and ensure contractors adhere to national labor codes. The project will implement a gender action plan that will strive to ensure greater opportunities for women in KTG as a key additionality of this project.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. <b>Participatory approaches and project activities that will strengthen inclusiveness in project implementation.</b> The gas meter installation will cause minimal disturbance to stakeholders, as the installation will focus on preexisting residences and business premises. Stakeholders include KTG and contractor employees, gas meter users, business owners, and household residents. The project will utilize existing communication channels to inform stakeholders of the project to minimize disruptions to supply and consumption.</p> <p>2. <b>CSO participation.</b> The project will not require the support of civil society organizations (CSOs). Communications will be managed by the borrower and its contractor to ensure smooth project implementation.</p> <p>3. <b>Approaches of CSO participation envisaged during project implementation:</b></p> <p><input type="checkbox"/> Information gathering and sharing (NA) <input type="checkbox"/> Consultation (NA) <input type="checkbox"/> Collaboration (NA) <input type="checkbox"/> Partnership (NA)</p>

<b>4. Participation plan.</b> <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. The project will not involve participation by CSOs.			
<b>III. GENDER AND DEVELOPMENT</b>			
Gender mainstreaming category: effective gender mainstreaming			
<p><b>A. Key issues.</b> Kazakhstan has developed policy and legal frameworks designed to advance gender equality as a national goal, and the country's constitution recognizes gender equality.<sup>f</sup> Despite this progress, the 2019 Human Development Report data show that women's labor force participation rate in Kazakhstan is 62.7% compared with 75.5% for men.<sup>g</sup> Legal constraints contribute to gender gaps in the workplace, with women forbidden from 191 occupations and women's retirement age is 4 years earlier than for men.<sup>h</sup> In addition, notions of traditional roles of women and men persist in Kazakhstan, with women associated with the family and home.<sup>i</sup> Women are underrepresented in executive positions in almost all sectors of the economy, including the energy sector where 12.6% of such positions are held by women.<sup>j</sup> KTG has a code of business ethics prohibiting discriminatory actions based on personal characteristics such as gender, and including anti-sexual harassment provisions. As of July 2020, 17% of KTG personnel were female, with women holding 21% of managerial positions and 12% of technical positions. Kazakhstan law recognizes certain groups of people as "vulnerable," including several categories of vulnerable women: mothers of multiple children, single-parent families, and older persons.<sup>k</sup> The proportion of women above retirement age is 15.1%, which is double that of men above their retirement age (7.5%).<sup>l</sup> The government has identified single-parent families and single mothers as being especially at risk of living in poverty.<sup>f</sup> Non-vulnerable households have 30 days to pay their monthly gas bill in full; otherwise, their gas supply is discontinued. Vulnerable households need to have made at least a partial payment within 30 days to avoid their gas supply being cut off.</p> <p><b>B. Key actions.</b> Key features of the gender action plan are as follows: (i) the creation of a database of vulnerable woman-headed households during the implementation of the new metering and billing system; (ii) the provision of flexible payment terms for gas delivered to the homes of vulnerable woman-headed households; (iii) an increase in the number of women participants in certified trainings; and (iv) an increase in the number of women in management roles.</p> <p> <input checked="" type="checkbox"/> Gender action plan              <input type="checkbox"/> Other actions or measures              <input type="checkbox"/> No action or measure       </p>			
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>			
<p><b>A. Involuntary Resettlement</b>      <b>Safeguard Category:</b>    <input type="checkbox"/> A    <input type="checkbox"/> B    <input checked="" type="checkbox"/> C    <input type="checkbox"/> FI</p> <p>1. <b>Key impacts.</b> Involuntary resettlement is <i>category C</i> as no involuntary resettlement impacts are associated with this project. The installation of 1 million smart meters will be undertaken at preexisting properties and facilities, and will not require economic or physical displacement.</p> <p>2. <b>Strategy to address the impacts.</b> Not applicable</p> <p>3. <b>Plan or other Actions.</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Resettlement plan  <input type="checkbox"/> Resettlement framework  <input type="checkbox"/> Environmental and social management system arrangement  <input checked="" type="checkbox"/> No action         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Social impact matrix         </td> </tr> </table>		<input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix
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<p><b>B. Indigenous Peoples</b>      <b>Safeguard Category:</b>    <input type="checkbox"/> A    <input type="checkbox"/> B    <input checked="" type="checkbox"/> C    <input type="checkbox"/> FI</p> <p>1. <b>Key impacts.</b> Project due diligence found that no activities will directly and/or indirectly affect the dignity, human rights, traditional sociocultural beliefs and practices, and livelihood systems of distinct and vulnerable ethnic minority groups or indigenous peoples. Is broad community support triggered?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p>2. <b>Strategy to address the impacts.</b> Not applicable</p> <p>3. <b>Plan or other actions.</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Indigenous peoples plan  <input type="checkbox"/> Indigenous peoples planning framework  <input type="checkbox"/> Environmental and social management system arrangement  <input type="checkbox"/> Social impact matrix  <input checked="" type="checkbox"/> No action         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan  <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework  <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary         </td> </tr> </table>		<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
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V. ADDRESSING OTHER SOCIAL RISKS
<p><b>A. Risks in the Labor Market</b></p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).  <input type="checkbox"/> unemployment (L)   <input type="checkbox"/> underemployment   <input checked="" type="checkbox"/> retrenchment (L)   <input checked="" type="checkbox"/> core labor standards (L)</p> <p>2. <b>Labor market impact.</b> The gas metering project will be implemented by the KTG contractor, Inform System, which is responsible for all KTG's manual gas meter readings, utilizing about 3,500 personnel. The introduction of smart gas metering raises the potential for reduced labor demand, and Inform System has committed to reallocate personnel within the company rather than introduce redundancies. KTG will monitor staffing numbers related to the project and report data to ADB in its annual environmental and social reporting. If redundancies become unavoidable, Inform System will develop a retrenchment plan that it will share with ADB. KTG and its contractors are required to adhere to the country's labor laws, which implement the International Labour Organization's core labor standards. KTG operates with a company grievance mechanism for staff to raise complaints if required.</p>
<p><b>B. Affordability</b></p> <p>Gas prices are not expected to be adjusted as a direct result of the project. A key project objective is to provide consumers increased control over gas consumption and the associated costs as a result of the new gas meters.</p>
<p><b>C. Communicable Diseases and Other Social Risks</b></p> <p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):  <input checked="" type="checkbox"/> Communicable diseases (M)   <input type="checkbox"/> Human trafficking (NA)  <input type="checkbox"/> Others (please specify) _____</p> <p>2. <b>Risks to people in project area.</b> KTG and contractors will be required to adhere to national regulations regarding coronavirus disease (COVID-19) transmission.</p>
VI. MONITORING AND EVALUATION
<p>1. <b>Targets and indicators.</b> These are (i) the rollout and completion of the new metering and billing system; (ii) flexible gas payment terms for vulnerable women-headed households adopted; and (iii) gender equality of the work environment enhanced through the increase in the number of women participants in certified trainings and the increase in the number of women in management roles.</p> <p>2. <b>Required human resources.</b> ADB will monitor annual environmental and social reports to review project progress.</p> <p>3. <b>Monitoring tools.</b> KTG will submit annual environmental and social performance reports to ADB.</p>

<sup>a</sup> Decree of the President of the Republic of Kazakhstan dated 30 May 2013 on the Concept of Transition of the Republic of Kazakhstan to "Green Economy".

<sup>b</sup> Official website of the President of the Republic of Kazakhstan. 2017. The President of Kazakhstan Nursultan Nazarbayev's Address to the Nation of Kazakhstan. [Third Modernization of Kazakhstan: Global Competitiveness](#). 31 January.

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

<sup>d</sup> UNDP. 2020. [Human Development Report 2020: The Next Frontier—Human Development and the Anthropocene](#). New York.

<sup>e</sup> Government of Kazakhstan, Bureau of National Statistics.

<sup>f</sup> ADB. 2018. [Kazakhstan Country Gender Assessment](#). Manila.

<sup>g</sup> UNDP. 2019. [2019 Kazakhstan Human Development Report: Urbanization as an Accelerator of Inclusive and Sustainable Development](#). New York.

<sup>h</sup> World Bank. 2020. [Women, Business and the Law 2020](#). Washington, D.C.

<sup>i</sup> ADB. 2018. [Kazakhstan Country Gender Assessment](#). Manila.

<sup>j</sup> A. Auelbekova. 2017. [How Many Women Bosses are in Kazakhstan](#). *Forbes*. 17 April.

<sup>k</sup> Law of the Republic of Kazakhstan No. 94-I on Housing Relations dated 16 April 1997 (with amendments and additions as of 1 July 2021), [Article 68](#).

<sup>l</sup> Ramboll UK Limited. 2020. *Joint Stock Company KazTransGas Poverty, Social and Gender Analysis Report*. London.

Source: Asian Development Bank.