



Initial Poverty and Social Analysis

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KGZ: Almaty-Bishkek Economic Corridor: Modern Agriculture Wholesale Market Development Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 27 November 2018)

Currency unit	–	Kazakhstani tenge (KZT)
KZT1.00	=	\$0.002679672
\$1.00	=	KZT373.18

ABBREVIATIONS

ABEC	–	Almaty-Bishkek Economic Corridor
TRTA	–	transaction technical assistance

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INITIAL POVERTY AND SOCIAL ANALYSIS

Countries:	Kazakhstan and the Kyrgyz Republic	Project Title:	Almaty-Bishkek Economic Corridor: Modern Agriculture Wholesale Market Development Project
Lending/Financing Modality:	Project loan	Department/Division:	Central and West Asia Department Environment, Natural Resources, and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The proposed Almaty-Bishkek Economic Corridor (ABEC): Modern Agriculture Wholesale Market Development Project supports the "National Strategy of Sustainable Development of the Kyrgyz Republic for the period 2013–2017", Kazakhstan's "Strategy 2050", and ADB's Country Partnership Strategy for Kazakhstan 2017–2021 in the countries' efforts to achieve inclusive growth. Both strategy documents focus on diversification of the economy and development of the agriculture sector (in particular agribusiness) with the aim of sustaining growth and creating employment, especially in rural areas in the order of the income and non-income dimensions of poverty and social exclusion. By aiming to establish wholesale market infrastructure in three locations in the economic corridor, the project aims to create permanent jobs in the marketplace, with wholesalers, retailers, exporters, suppliers, enterprises and farmer cooperatives. Female household members carry out most of the primary processing tasks at farm and near-farm level. Although they are indirect beneficiaries of the project, it is expected that they will benefit the most in terms of establishing reliable and consistent cash income from their work inputs.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

ABEC lies between southern Kazakhstan, covering Almaty and Zhambyl regions and northern Kyrgyz Republic covering Chui region. Although the overall poverty rate in Kazakhstan is at 2.7% (2017), low agricultural productivity and poor sector governance limit income opportunities in rural areas, impeding growth and inclusion of the rural population. In 2013, the income of employees in agriculture—and specifically in ABEC which is mainly an agricultural belt where most of the self-employed are concentrated—were 90% lower than the national average. A sizable share of the self-employed population (22.4%) earned below the subsistence minimum of KZT22,859 a month (equivalent to \$69.20 or just above \$2.00 per day). In the Kyrgyz Republic, poverty rate is still estimated to be 32.1% (2015), and mainly concentrated in rural areas, where Chui and Issyk-Kul regions, the production hinterland of ABEC, are the most affected. The project will focus on processors and intermediaries who will be providing support to farmer-suppliers to improve quality and increase quantity for export and outgrower contracts could provide reliability and consistency in income streams for the producers.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The immediate and direct beneficiaries of the project will be export-oriented wholesalers, intermediaries, processors; the indirect beneficiaries will be farming households, farmer cooperatives, smallholder agricultural enterprises who are the supply backbone of the rural economy. As the project intends to link the wholesale market with primary collection and storage centers, the latter will benefit from the project. These growers need steady uptake of their produce and wish to take advantage of off-season price increases; this is better done through enabling primary storages to await the seasonal peak of oversupply. By getting into out-grower contracts with processors, dealers and export wholesalers, the farmers may receive extension advice, improved inputs, and reliable markets. In Kazakhstan, poverty has been considerably reduced in the past decades; however, recent decline in average real wages by 0.9 percent in 2016 has led to a poverty rate (measured at the international line of \$5 per day) estimated at 19.8 percent in 2016.

	Kazakhstan %	Kyrgyz Republic %
Proportion of population below \$1.90 (headcount 2014)	0.0	1.3
Proportion of employed population below \$1.90 (PPP) 2012	1.3	4.3
Proportion of population living below National Poverty Line (2015)	2.7	32.1

Source. ADB. 2017. *Basic Statistics*. Manila.

The percentage of females among employed population earning less than \$1.90 a day was less than males in both countries (Kazakhstan: 0.7%; Kyrgyz Republic: 1.7%), which may indicate that more women are gainfully employed in rural areas.

2. Impact channels and expected systemic changes. The impact of activities under this project will primarily be in support to cooperative development or farmer group enterprises and enabling establishment of primary storage facilities at near-farm collection points; capacity building measures and hard infrastructure provision through use of processors and outgrowers as conduits are also needed to establish contract farming and long-term relationships between buyers and producers. The processors and intermediary buyers will be interested in a steady, qualitative, and reliable supply of food safe products.

3. Focus of (and resources allocated in) the transaction technical assistance (TRTA) or due diligence. Resources have been allocated under the TRTA to conduct due diligence on involuntary resettlement issues if unused land for building the storage facilities is not available and the wholesale markets as well primary storage facilities need to be built on land that needs to be acquired by local government for the purpose of the project. Social safeguards will also look into gainful employment potential due to the outputs of the project and how the current incomes can be enhanced thus contributing to further poverty reduction in rural areas. As the indigenous people categorization of Kazakhstan and the Kyrgyz Republic is "C", this aspect will be conducted during the TRTA. A social and gender analysis will also be conducted during TRTA to identify specific gender issues that the project can address.

4. Specific analysis for policy-based lending. None as this is project lending.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

In Kazakhstan, the agriculture sector employed approximately one-fifth of the population, comprising 714,400 women and 839,000 men,¹ while accounting for only 4.8% of the gross domestic product. The majority of labor is concentrated in the small-farm sector, which produces 46% of agricultural output.² A large proportion of self-employed women, including unpaid family workers (51%), are in agriculture. Women represented only 12.9% of owners of registered agribusinesses. The Kyrgyz Republic scores high on international gender equity indices for education but consistently low on the economic and political empowerment of women. Women are active in the informal sector, but their average earnings in the formal labor market in 2010 were only 63.6% of that of male employees. The labor force participation rate for women is 52.3%, compared with 76.6% for men. 70 % of all small and medium-sized enterprises are located in rural areas as of 2014. Out of the 384,318 combined registered peasant farms and individual entrepreneurs in 2014, women were the official heads of 74,531 of them (19.4 %).

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain. During TRTA, opportunities to enhance rural women's employment and strengthen their capacity to establish and manage own enterprises will be explored. Cooperatives and farmer group enterprise could provide such platforms of fostering empowerment and building managerial skills.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No The project will help formalize agricultural trade and will lead to higher incomes of farmers. This will create new formal employment opportunities for women and men, and support the transition from subsistence farming, which is supported by often female unpaid family-workers, to commercial farming.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The main stakeholders of the project include primary producers (smallholder and peasant farmers / households in both countries, who are producing horticultural and dairy products and rearing cattle, as well as the processors who are mostly entrepreneurs. The project will be able to improve access to market facilities and storages, thus expanding business and income opportunities for both producers and processors.

¹ Government of Kazakhstan, Committee of Statistics. *Women and Men in Kazakhstan 2015*. Astana.

² World Bank. 2017. [Kazakhstan: Data: Agriculture Trends](#).

<p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?</p> <p>Consultations will be conducted with the poor, vulnerable and excluded groups to assess their training needs for business planning and enterprise management. The TA consultants will explore if relevant training programs can be designed for these groups that can be delivered during project implementation.</p>
<p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?</p> <p>These will be examined by the TA consultants.</p> <p>M <input checked="" type="checkbox"/> Information generation and sharing M <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p>
<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain.</p> <p>The TA consultants will examine various issues as appropriate.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p>
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Both in Kazakhstan and the Kyrgyz Republic, there is sufficient land available for establishing wholesale market infrastructure in the regions. This has been confirmed by local authorities during the concept field mission. However, some land acquisition and/or compensation for users of land may be required. Establishing storages in near-farm collection areas will be the responsibility of the farmer groups and the processors or out-growers, and in each case the local authorities may allocate land for such a purpose or a processor / dealer may buy land and make it available for building the storage at local level.</p>
<p>2. What action plan is required to address involuntary resettlement as part of the TRTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>There are no indigenous peoples per the Safeguard Policy Statement definition in the project area.</p>
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>4. What action plan is required to address risks to indigenous peoples as part of the TRTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>The project will not have any adverse social issues and risks. The project will comply with applicable labor laws and core labor standards including prohibition of child labor as defined in national legislation.</p>
<p>2. How are these additional social issues and risks going to be addressed in the project design?</p>
<p>VI. TRTA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No.</p>
<p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the TRTA or due diligence?</p> <p>Two social development specialists (one for each country) will be engaged to conduct social and gender analysis.</p>