



Initial Poverty and Social Analysis

Project Number: 52334-001
April 2019

KAZ: Promoting Gender Equality in Housing Finance

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 25 April 2019)

Currency unit	–	Tenge (KZT)
KZT1.00	=	\$0.0027
\$1.00	=	KZT377.00

ABBREVIATIONS

ADB	–	Asian Development Bank
HCSBK	–	Housing Construction and Savings Bank of Kazakhstan
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Kazakhstan and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Kazakhstan	Project Title:	Promoting Gender Equality in Housing Finance
Lending/Financing Modality:	Financial Intermediary Loan	Department/Division:	Central and West Asia Department Public Management, Financial Sector and Trade Division / Kazakhstan Resident Mission

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed loan to the Housing Construction and Savings Bank of Kazakhstan (HCSBK) is aligned with the Asian Development Bank's (ADB) country partnership strategy for Kazakhstan (2017-2021), government's strategic plan for Development of Kazakhstan until 2025 and the national housing construction program «Nurly Zher» (2017-2021).^a It recognizes the growing demand for housing and limited access to affordable mortgage for households in rural and remote areas.

The project will contribute to the national poverty reduction and inclusive growth objective by enabling HCSBK to provide loans to women borrowers in order to address their housing needs. Through its promotion of rural and regional housing mortgage assistance, the transaction is also aligned with the national program of regional development 2020, which prioritizes the integration to the economy and empowering of the regions, by promoting non-oil industries, such as small-medium entrepreneurship, tourism, agriculture and trade, based on the unique cultural and physical characteristics of the regions.^b

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.)

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. HCSBK will use the local currency (KZT) proceeds from the ADB's financial intermediation loan (FIL) to provide affordable mortgage finance solely to female borrowers for the acquisition of self-occupied housing units. According to data from the Global Findex, a database developed by the World Bank which measures how people save, borrow, and manage risk in 148 countries, it is stated that 19% of 15+ age women in Kazakhstan have an outstanding housing loan compared to 22% of 15+ age men, 60% of women have formal bank accounts compared to 68% of men. A minimum of 60% of the proceeds under the ADB loan will be used to provide mortgage loans to rural regions, i.e. outside of the biggest and relatively high-income cities, such as Astana, Almaty, Aktau, and Atyrau. At least 20% of all mortgage loans financed by the ADB facility will be to female borrowers with a monthly household income of less than KZT 200,000. Affordable housing finance in urban areas can contribute to strengthening lower-middle and middle income working class through asset building which can reduce the financial burden after retirement. In rural areas, the provision of housing finance on affordable terms will help build and enhance valuable housing assets and thereby improve the living standards of the female population who are predominantly self-employed in agriculture. This sector is characterized by low and volatile income, but has some resilience to stress based on strong family and community networks. In this respect, housing finance has the potential to contribute to poverty reduction across the lower and informal income-earning population.

Key challenges in obtaining housing finance for the acquisition of housing units in Kazakhstan's suburban areas as identified in the national program of regional development 2020 are related to low household income, poor economic diversification, high apartment prices and high-cost unaffordable lending products provided by commercial banks. Mortgage financing is also expected to stimulate construction activity across the country and may play a role in stabilizing and potentially increasing employment opportunities.

The primary beneficiary of the transaction will be HCSBK, which will onlend ADB funding only to women borrowers. No foreign currency risk associated with the project, as ADB will provide full amount of the loan in local currency (KZT).

2. Impact channels and expected systemic changes. Through ADB's loan and technical assistance to HCSBK, women borrowers will directly benefit via access to affordable mortgage and housing finance at HCSBK's regional branches and service channels.

3. Focus of (and resources allocated in) the transaction TA or due diligence. The proposed technical assistance can be used for the capacity building of the loan officers in the regional branches of HCSBK. With the support of dedicated TA, HCSBK will establish a tracking system for gender segregated data (borrowers and

disbursement). As needed, TA funds will be also used for the detailed analysis of the gender component of the project.
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? With regard to Kazakhstan's gender statistics, 9,1 million or 51% of population are women, 4,4 million are considered as economically active. 56% or over 60,000 of HCSBK's borrowers are women, 64% of them are located outside of the largest two cities, Astana and Almaty. However, there are still a huge number of women borrowers in the waiting list, who could not access mortgage loans from other banks. Furthermore, only 0.2% of all mortgage loans to women have overdue of 90 days. The government has various social support programs to women in place, including one-time maternity and birth allowances, monthly childcare allowance and unemployment allowance for non-working mothers. 100% of all mortgage loans provided by HCSBK under the ADB loan will be to women as the sole/joint borrower, and the sole/joint owner of the housing unit to be financed under the ADB project.</p> <p>2. Does the proposed project or program have the potential to contribute 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>HCSBK will promote gender equality in accessing all of its residential housing financing products. by individuals and households. It will also implement a gender action plan and gender-related activities under the TA piggy-backed to the ADB loan.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intended gender mainstreaming category: <input checked="" type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. All of the proceeds from the ADB loan will be used by HCSBK to provide mortgage loans to women borrowers.</p> <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? HCSBK will onlend minimum 60% of funds to women borrowers living outside of the Kazakhstan's largest cities, i.e Astana, Almaty, Aktau, and Atyr. Women borrowers will be able directly access to affordable mortgage loans at HCSBK regional branches.</p> <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design? <input checked="" type="checkbox"/> Information generation and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Are there issues during project design for which the participation of the poor and excluded is important? What are they and how should they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
IV. SOCIAL SAFEGUARDS
A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The sub-borrowers will be women borrowing funds to purchase or renovate residential housing units. Involuntary resettlement impacts through the use of facility funds are therefore not anticipated.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI
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

The sub-borrowers will be individual borrowing funds to purchase or renovate residential property. The activity is not expected to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of any ethnic minority or indigenous people's groups in Kazakhstan.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

3. Will the project require broad community support of affected indigenous communities? Yes No

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social impact matrix

Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

Affordability. HCSBK will carefully determine the affordability level, primarily by assessing the available monthly net household income as the principal information to determine the credit size. The debt service capacity of the female mortgage borrowers and the tenor of mortgage loans will be key factors to ensure affordability. HCSBK ensures in its underwriting process that the net income is properly estimated, and that the debt service is affordable by the customers. In addition, ADB introduced a requirement on the maximum housing unit cost of KZT 30 million to avoid the financing of expensive housing units under the ADB project.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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?

Yes No

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 transaction TA or due diligence?

Social and gender component will be studied carefully during the project due diligence.

^a Sources:

1. Republic of Kazakhstan. 2018. *Strategic Development Plan of the Republic of Kazakhstan until 2025; Presidential decree №636*. http://www.akorda.kz/ru/official_documents/strategies_and_programs

2. Republic of Kazakhstan. 2016. *State Housing Construction Program «Nurly Zher»*. Government decree №922. <https://www.baiterek.gov.kz/ru/gosudarstvennaa-programma-zilisnogo-stroitelstva-nurly-zer>

^b Republic of Kazakhstan. 2018. *State Program of the Regional Development until 2020*. Government decree №767. <http://adilet.zan.kz/rus/docs/P180000767>