



# Poverty and Social Analysis

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## TA 7071-KAZ: Preparing the CAREC Transport Corridor I (Zhambyl Oblast Section) Project

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**Asian Development Bank**



## POVERTY AND SOCIAL ANALYSIS

### Overview

1. This poverty and social analysis (PSA) relates to part of the South-West Corridor in Zhambyl Oblast, the main artery through the oblast. The highway is to be upgraded under the CAREC Corridor Reconstruction Project. ADB will use a Multitranchise Financing Facility (MFF), to cover the whole oblast, almost 480 km. The MFF is part of the 2,065 km Western China-Western Europe Highway Project, which extends from the China border at Korgos to the Russian border at Srym. The Kazakhstan budget, World Bank (IBRD) and European Bank (EBRD) are financing other parts of the Corridor. The Islamic Development Bank (IDB) will co-finance part of the cost of work in Zhambyl Oblast with the ADB. For contracting and scheduling purposes, the ADB has divided the Zhambyl alignment into seven sections. This analysis covers Sections 3A and 6 of Zhambyl Oblast, the first tranche, or Project 1, of the MFF. These two sections are subject to reconstruction, with no change in the alignment, although some parts of 3A will be upgraded from Category 2 to Category 1, with a dual carriageway. The reconstruction and upgrade are expected to remain within the existing right of way, which varies from 40 to 100m.

2. The project is fully consistent with ADB's Country Strategy and Program for Kazakhstan (2003-2015) articulated in the Poverty Partnership Agreement between the Republic of Kazakhstan and the ADB. In the medium term (2003-1020), the joint strategy focuses on interventions that create enabling conditions for diversification and increased competitiveness of non-oil sectors; promote human development; and promote good governance. Joint efforts to promote "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<sup>1</sup>. To that end, transport development is one of the six topics for dialogue and intervention included in ADB's in the strategy, focusing on "supporting road transport development(s) that improve and maintain existing infrastructure, facilitate improvements to transport services through support for intermodal project development and creation of competitive transport markets<sup>2</sup>. As part of the large multi-IFI support for the whole Corridor, the project also will help "ensure greater regional economic linkages by improving regional trade links<sup>3</sup>.

3. This report is structured as follows: the project, the Oblast, poverty and employment, stakeholders, social issues and impacts and recommendations for additional social assessment.

### The Project

4. Project 1 includes two distinct types of terrain and settlement. Section 3A goes east from Taraz, the oblast center and a former stop on the Silk Road, passing through a desert area with little inhabitation and wide vistas of the mountains to the south and the steppes to the north. Much of the terrain is pasture land, extensive dryland cropping or desert, with occasional sections of more intensive farming near settlements served by groundwater. The terrain is flat and occasionally rolling (Pictures 1 and 2). A segment of the road near Taraz has a double

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<sup>1</sup> Poverty Partnership Agreement between the Government of the Republic of Kazakhstan and the Asian Development Bank (Partnership Agreement), 2003, p. 4.

<sup>2</sup> Ibid. p. 5.

<sup>3</sup> Ibid. p. 5.

carriageway (Picture 3); the remainder is a two-lane road. There are no visible encroachments on the right of way and the road traverses few villages (Picture 4).

5. The project will transform the segment into a Category 1 highway staying within the existing right of way, with little visible impact. Reconstruction of Section 3A will not change local transportation access or transportation patterns, although it is expected to increase transit traffic significantly once work on the whole Corridor is completed and begins to carry additional international transit traffic.



**Picture 1. Section 3A, Open Highway**



**Picture 2. Section 3A, Rolling Terrain**



**Picture 3. Section 3A, Category 1 segment, near Taraz**



**Picture 4. Section 3A, Settlement**

6. In contrast, Section 6 is in a more densely populated area and characterized by more intensive and varied agriculture. The Chu River forms the border with Kyrgyzstan and the highway runs roughly parallel, north of the river, from Blagoveschenka to Korday. The impact of irrigation from the Chu can be seen in field sizes that are smaller than those in Section 3A, more varied horticulture and field crops, as well as more wooded areas. Compared to Section 3A, Section 6 has large tracts lined with trees that were undoubtedly planted as windbreaks (Pictures 5 and 6). The terrain is flat, and the road is straight, with gentle curves as it winds through the countryside.



**Picture 5. Section 6, Full Tree Rows**



**Picture 6. Section 6, Tree Cover**

7. Small villages are frequent in Section 6, especially compared to Section 3A, all of which are typical of collective and state farm settlements in Southern Kazakhstan. Also consistent with other areas, village settlements respect the highway rights of way and there are no visible signs of encroachment by permanent structures (Pictures 7 and 8).



**Picture 7. Section 6, Blagoveschenka**



**Picture 8. Section 6, Rural Settlement**

8. The reconstruction in Section 6 will leave the road as a Category 2 highway, fully within the existing right of way, thus there should be no need for permanent land acquisition and no relocation of temporary structures. Highway improvement will not materially change local transportation access or traffic patterns. Traffic volume may increase somewhat if international transit traffic increases to and from Kyrgyzstan via Korday. New international traffic on the Corridor to and from Almaty and China, will take the new route between Otar and Blagoveschenka, however. Consequently, the volume of traffic in this section will not increase as much as in the central part of the Corridor.

### **Zhambyl Oblast**

9. Zhambyl Oblast, located in the central part of Southern Kazakhstan, is considered to be one of the less developed parts of the country. Population is centered along the rivers and near the foothills; the northern area is desert. This is principally a region of irrigated agriculture—

vegetables, wine, cotton, sugar beet and rice. Agriculture gave spur to intensive development of the food and light industries. There are phosphate mining, metallurgy, mechanical engineering, oil production and refinery industries<sup>4</sup> in the oblast, as well.

10. Zhambyl Oblast covers 144,300 sq. km. The oblast center is Taraz, once a main stop on the Silk Road. The population of Taraz is 336,100 (34 percent of the total oblast population). There are 10 raions (districts), 12 urban settlements and 367 villages in the oblast. Most of the villages and urban settlements were constructed as part of the state and collective farm structure.

11. **Population.** The total population of the oblast is a little over 1 million as of January, 2006. Population density is 6.9 persons per sq. km. Despite the disproportion between the large number of villages and small number of towns (367 to 10), almost half of population live in towns. The urban population is 451,200 (45.1%), while the rural population is 549,900 (54.5%). Korday raion has the largest population (109,000), followed by Shu (93,000) and Bajazk (77,000). The other raions range from 76,000 (Zhambyl) to 51,000 (Zhualyn)

12. **Ethnic composition.** The population is composed of more than 100 ethnic groups (nationalities). Kazakhs are the largest permanent population (65 percent).

**Zhambyl Ethnic Structure, January 2005 (calculated)**

Nationality	People	Percentage
Kazakh	648,000	65
Russian	181,000	18
Uzbek	23,000	2
German	12,000	1
Tatar	13,000	1
Other	123,000	12

13. **Climate and nature.** The climate is dry and continental, with extreme summer and winter temperatures. Flora and fauna are vast and varied. There are more than 3 thousand species of plants and over 40 species of animals.

14. **Economy.** The orientation of the oblast is industrial-agrarian. Twenty-four percent of gross regional product is from industry, 24 percent from trade, 20 percent from agriculture, 17 percent from transport and communications, and 7 percent from construction. Agriculture is predominant in seven rural raions and three raions depend on mining, especially phosphate. Much of the industry centers around Taraz<sup>5</sup>.

15. In 2005, the gross regional product of the oblast was KZT 151.8 billion. Industrial output accounted for KZT 74.4 billion, including: 1.3 billion kWh of electricity, 97.7 thousand tons of mineral fertilizers, 83.4 thousand tons of phosphorus. Agricultural output of the oblast was KZT 45.7 billion in 2005.

16. **Employment.** Approximately 448,000 of the population are employed, 220,000 of which are self employed. The distribution of employment is as follows:

Agriculture	120,000
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<sup>4</sup> Reconstruction of the Western China – Western Europe International Transit Corridor. Social Analysis. p. 13

<sup>5</sup> <http://www.zhambyl.kz/main.php?action=contents&IDrazdel=1&lan=eng>

Education	40,000
Trade	32,000
Industry	32,000
Transport and Communications	28,000

17. **Health service.** There are 58 medical organizations in the oblast. The doctor/patient ratio was one for 393 people in 2004, compared to the national average of 275 people per doctor. This means Zhambyl oblast is relatively poor in medical service, especially of high quality. The highest incidence of disease is lung-related. Nonetheless, the level of tuberculosis is 150.9 per 100,000, compared to the national incidence of 154.3

18. **Roads.** The road network is more complex in Zhambyl than in Kzylorda or farther west. There are 2,099 km of oblast roads and 1,830 km of raion roads in the oblast. Almost 87 percent of villages and rural settlements are connected by paved roads, which is higher than the national average of 79 percent<sup>6</sup>.

19. **Tourism.** Zhambyl is cited as an oblast with tourism potential, focusing on historical stops along the Great Silk Road—Sariam village, Taraz, Aksholak, Ajyr-tobe station, Kulan, Merke, Shu, Aspara and Korday—as well as monuments and points of cultural interest along the way. Zhambyl Oblast is included in the national program program "Revival of historical centers of the Great Silk Road, preservation and successive development of cultural legacy of the Turkic-speaking states and formation of infrastructure of tourism".

### Poverty Profile and Unemployment in Southern Kazakhstan

20. Historically, the South of Kazakhstan has been characterized by an excessive labor force and shortage of jobs. This is particularly true of South Kazakhstan Oblast (Shymkent), which has a population of over 2.2 million people. Zhambyl has a smaller population, however, and unemployment has not been extensive. Statistically, Zhambyl oblast has an employment level of 90.2 percent (448,000), which is close to the national average of 91.9 percent employment.

#### Demographic Status<sup>7</sup>

	Total population	Employment, ('000)	Employment rate (percent)	Share of urban population (percent urban)
Total:	15,219,291	7,261	91.9	57.1
Kazakhstan				
Zhambyl	1,001,094	448	90.2	45.1

21. Unemployment rates vary quite a bit from one raion to another, as much as 9.5 percent. The highest unemployment rate is in the town of Taraz (14.3%), Mojnunkum raion (13.2%) and Turara Ryskulova raion (11.7%). The lowest unemployment rates are in Sarysuy (4.8%), Korday (5.0%) and Shu (6.8%) raion.

<sup>6</sup> Uroven' zhisni naselenija i bednost' v Respublike Kazakhstan. Statisticheskii monitoring. / Standards of living and poverty in the Republic of Kazakhstan. Statistical monitoring. UNDP, Agency of Statistics of RK, UNIFEM. Almaty, 2005. Pp.131, 55.

<sup>7</sup> Reconstruction of the «Western China – Western Europe» ..., p. 21.

### Unemployment and Poverty in Southern Kazakhstan<sup>8</sup>

	Number of Unemployed	Unemployment rate (% of economically active population)	Population below Poverty Line in 2005 (%)
Aktobe Oblast	34,300	9.2	12.3
Almaty Oblast	59,000	7.3	8.5
Almaty	52,200	8.4	0.3
Kzyl Orda Oblast	29,400	9.7	16.3
South Kazakhstan Oblast	75,500	7.5	13.3
West Kazakhstan Oblast	28,700	9.0	9.5
Zhambyl	48,700	9.8	10.8
Kazakhstan	640,700	8.1	9.8

22. In 2004, 18.3 percent of the Zhambyl population was below the minimum subsistence level, 14.6 percent in urban areas and 21.2 percent in the rural areas. Household expenditures averaged 46 percent for food, 31 percent for non-food items and 23 percent for services<sup>9</sup>. Monthly average wages in the oblast region are 66 percent of the national average, and household consumption is 71 percent of the national average<sup>10</sup>.

#### Project Stakeholders

23. Although a wide range of stakeholders have an interest in the project, the participation of five critical stakeholders whose participation is essential for the success of the project: (i) National and oblast Committees for Roads; (ii) Raion akimats and officials of local self-government; (iii) Contractors; (iv) Road users, both local and long distance, and (v) Residents in the project area.

24. Communications between officials on the national, oblast and raion levels are interactive and structured. The process of obtaining permits for significant highway investments, especially new alignments, engages virtually all officials at some point, either in active consultation or for review and approval. Raion akimats play an active role in deciding new alignments at both feasibility and final design stages, interacting directly with staff of the Committees for Roads or their design consultants. Oblast Committees are responsible for implementation. The investment in Corridor improvement is on a huge scale compared to previous highway investments. Although the magnitude of the work will challenge different officials, the decision-making process will not change, and official stakeholders can be expected to be fully supportive.

25. Local contractors can expect construction to bring new opportunities for direct employment and collaboration with outside contractors. Most contractors will use the experience of working with independent supervising engineers and preparing documentation according to international standards to strengthen their capacities and open new business opportunities.

26. Local road users will face temporary inconveniences during construction, but improved conditions afterwards. Truck and auto users will benefit most directly from the improvements.

<sup>8</sup> Ibid., pp.23, 30

<sup>9</sup> Uroven' zhisni naselenija i bednost' v Respublike Kazakhstan. Statisticheskii monitoring. / Standards of living and poverty in the Republic of Kazakhstan. Statistical monitoring. UNDP, Agency of Statistics of RK, UNIFEM. Almaty, 2005. Pp.120-23.

<sup>10</sup> Ibid, pp. 16-17

Other road users, both motorized and not, will experience increased congestion, competition for right of way and even danger from higher speeds and bulkier transit vehicles. For some, especially elderly residents, the adjustments will be difficult and take time; most should be able to adjust rapidly, however. This adjustment can be facilitated through the traffic safety program to be prepared for the whole Corridor.

27. For the most part, residents along the highway, and those located in villages reached by access roads in Sections 3A and 6, will face temporary disruption during construction. Their normal commercial and transport patterns will not necessarily change, however. As the alignment will remain the same, owners of businesses that currently serve road users—transit and local—can expect their business to increase; other residents will undoubtedly start new businesses or make their businesses more visible to attract the attention of new clients. The experience of the Almaty/Bishkek road suggests that local residents will be concerned about the fate of trees along the highway, especially some of the most beautiful spots along Section 6. This issue needs to be addressed openly during the final design stage in order to assure local support.

28. In summary, there are no stakeholders who will obviously lose from reconstruction of Sections 3A and 6, and none who are likely to oppose the reconstruction. Nonetheless, there may be concerted efforts to preserve trees, if the final design suggests that they should be removed.

### **Social Issues and Social Impacts**

29. The project is a general intervention, as opposed to a targeted intervention that specifically addresses poverty reduction through interventions at the level of households, specific services or geographical determinants of poverty. Consequently, project design need not include a poverty reduction strategy. As indicated above, no stakeholders are expected to experience long term negative impacts due to the investment. The impact of short term disruptions and detours can be minimized through a carefully designed and implemented public information strategy that keeps people informed about the location, duration and consequences of such disruptions and thereby enables them to schedule their activities to avoid bottlenecks and delays.

30. By remaining within the existing right of way, the reconstruction of Sections 3A and 6 will avoid some local impacts of road construction, such as bypassing commercial enterprises dependent on road traffic, land acquisition, and restricted access to fields and transport routes. As indicated above, however, traffic safety will become more prominent along the reconstructed highway. A recent precedent is the Almaty-Bishkek road, on which the number of traffic-related fatalities tripled during 2006.<sup>11</sup> The project will benefit from the Corridor-wide initiative on road safety that will be in place in 2009.

31. **Employment.** The project is expected to generate considerable local employment, particularly unskilled labor. The Almaty-Bishkek road created about 3,000 new jobs,<sup>12</sup> 50 percent of which were unskilled. The total for the MMF should be significantly higher. Opportunities will vary along the alignment of the project. In Section 6 and the east and west ends of Section 3A, contractors will be able to absorb local workers easily, as population centers are relatively close. The middle stretch of Section 3A is distant from population centers,

<sup>11</sup> ADB, Completion Report of the Almaty-Bishkek Regional Road Rehabilitation Project, December 2007, p. 12.

<sup>12</sup> Ibid. p. 13.

thus the contractors will probably need to establish work camps along the way, which may or may not appeal to local workers. In either case, the local population and the contractors will benefit from a timely and targeted public information campaign to inform prospective workers of employment possibilities and to enable contractors to predict in advance the amount and level of labor available in any location and to plan accordingly.

32. **Gender.** The project is not expected to exacerbate gender inequities. It does offer the possibility of increasing female participation in the paid labor force. A standard ADB project clause commits the borrower to avoid discrimination against female employment and to encourage it if possible. In the Almaty-Bishkek road, approximately 10 percent of the unskilled laborers were women. Similar opportunities are to be expected along much of the alignment in Sections 3A and 6, although female participation may be limited where worker camps are established, unless the contractors make special provisions available to attract women to the sites.

33. **HIV-AIDS.** Highway construction and the development of long-term transit routes have promoted the transmission and spread of HIV-AIDS in many areas. The Completion Report indicated that the incidence of HIV-AIDS increased along the route of the Almaty-Bishkek road<sup>13</sup>, there were no data available to ascertain to what extent the increase was attributable to the reconstruction work. In Kazakhstan overall, the HIV-AIDS infection rate of women is increasing and the prevalence of infection among drug users is declining,<sup>14</sup> suggesting that attention should be given to transit routes as points of transmission. The project distributed public information leaflets focusing on HIV-AIDS transmission, and initiated a needle exchange program<sup>15</sup> at one site. These initiatives should be incorporated in the project, presumably implemented by experienced NGOs.

34. **Trafficking.** ADB's Kazakhstan Country Gender Assessment (2006) says that "Kazakhstan is a source, transit and destination country for human trafficking and evidence is growing of internal rural-urban trafficking. Most of the trafficking is of women and for sexual purposes, primarily moving to Russia from northern Kazakhstan, and on to Turkey, Egypt or other locations<sup>16</sup>. Kazakhstan is "known as the center of drug trafficking from Afghanistan to Russia and Europe<sup>17</sup>", with transit also going north.

35. The MMF is not likely to affect current trafficking patterns materially, as the investments themselves will not remove any significant transit barriers. However, once work on the full Corridor is completed, including Zhambyl Oblast, the improved Corridor may be seen by both human and drug traffickers as an attractive alternate to the prevailing south-north route. To deter such a transition, one element of the communications program for the whole Corridor program should focus on human and drug trafficking, aimed to raise public awareness and encourage civil society engagement to protect potential victims of trafficking and aid efforts to detect and stop traffickers.

## Project Beneficiaries and Benefits

36. There will be both direct and indirect beneficiaries of the project, both in Kazakhstan and outside. The principal beneficiaries of the Corridor-wide project will be international traders and

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<sup>13</sup> Ibid., p. 14.

<sup>14</sup> ADB, Kazakhstan Country Gender Assessment, 2006, p. 48.

<sup>15</sup> ADB, Completion Report of the Almaty-Bishkek Regional Road Rehabilitation Project, December, 2007, p. 36.

<sup>16</sup> Ibid. p. 58

<sup>17</sup> RUVR Broadcasting, "Kazakhstan Fights Drug Trafficking," June 6, 2008.

transporters, and local suppliers and buyers of the transported goods. For the local population in the construction-related area, the following table identifies the most likely direct and indirect beneficiaries<sup>18</sup>.

Beneficiary	Profit or Improvement in Standard of Living Due to Road Construction
Roadside service providers	Expansion in businesses
Road passengers	Quicker and safer movement*
Drivers	Improved road safety* due to smoother, intact road surface
Residents along the road	Job opportunities, improved access to markets, health facilities
Transport operators, owners, and managers	Decrease in accidents*; increased business
Agro-industrial producers	Lower freight costs, increased number of deliveries
Farmers	Greater demand for farmers' products, more diversified market opportunities
Women	Growth in trading and small business opportunities, labor opportunities
Vulnerable groups like pensioners, unemployed, disabled	New jobs; better access to facilities, products
Health providers	Better access to main health facilities

\*Assuming an effective public safety program is put into effect.

37. All these beneficiary categories depend on the road and can be expected to support the project.

38. Local authorities and the local population alike have high expectations for reconstruction of Sections 3A and 6. The following outcomes are expected to result: (i) increased employment in construction and construction related jobs; (ii) faster access to main cities of the region: Taraz, Shymkent, Bishkek, Almaty; (iii) better infrastructure along the road: new and renovated cafes, motels, car-washings, shops, petrol and service stations, etc.; (iv) more goods and services of world class available locally; (v) increased economic activity due to the road, leading to more jobs for local skilled and unskilled workers, less poverty and unemployment in the region; and (vi) increased indirect employment connected to road users—service stations, canteens, hostels, etc.

39. Similarly, people are aware of the possible negative impacts of the project: (i) inadequate traffic management, especially near populated areas; (ii) road safety, especially of villagers, including children crossing the road; (iii) environmental harm due to inadequate clean up and restoration following construction; and (iv) temporary disruption, discomfort and danger during construction due to detours, dust, noise, disruption of drainage, and restricted animal crossing.

<sup>18</sup> Inspired by ADB. Report and recommendation of the President to the board of directors on proposed loans and technical assistance grants to the Republic of Kazakhstan and to the Kyrgyz Republic for the Almaty - Bishkek regional road rehabilitation project. October 2000. P. 63.

40. In order to mitigate possible negative impacts of construction, the project should assist contractors develop and execute effective public information campaigns to inform local people about construction status, detours, bottlenecks, and other aspects of construction that can affect the movement and well-being of local residents.

### **Social Assessment**

41. A cursory social analysis was prepared for the feasibility study of the whole Corridor. The work provided some background data for this PSA, supplemented by field visits and other different published materials.

42. The investment does not raise any social issues that require additional investigation prior to project implementation. The challenges and opportunities are clear and rather simple, and no new social risks are likely to emerge. Consequently, rather than recommend more in-depth analysis during project preparation, this PSA recommends that implementation be launched with a social assessment that can be used for three purposes: (i) inform people about the project and expected schedule; (ii) identify local concerns that have not already emerged; and (iii) establish a socio-economic baseline for eventual use in project monitoring and impact evaluation.

43. The social assessment would consist of focus groups and household surveys carried out in four of the most densely populated locations in each section—the east and west end and two points along the alignment. The work would follow the same methodology and instruments that will be used in the social assessments to be undertaken around bypasses, thus establishing a common data set. Survey should be simple and focused, designed to elicit practical inputs and to set reasonable and measurable benchmarks for monitoring and evaluation.