



Project Summary Information

Date of Document Preparation: July 1, 2020	
Project Name	COVID-19 Active Response and Expenditure Support (CARES) Program
Document Code	PD000405-PSI-KAZ
AIIB member	Republic of Kazakhstan
Sector/Subsector	Others / Exceptions
Status of Financing	Approved
Program Description	<p>The CARES Program (Program) is supported by a Loan extended by AIIB under AIIB's COVID-19 Crisis Recovery Facility (Facility) and co-financed with a policy-based loan extended by the Asian Development Bank (ADB) under its Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO). The Program would cover the Government of Kazakhstan (GoK)'s (i) immediate COVID-19 health policy response, (ii) social protection and employment recovery measures, and (iii) economic stimulus measures. Specifically, the Program includes: (i) cash payments to the unemployed (USD95-100 per month per person); (ii) measures to mitigate the impact of higher food prices, i.e. lowering the VAT rate, a nationwide food supply program to provide free food to 1.1 million people and price caps on essential foods to support vulnerable groups; (iii) increase of all social payments by 10 percent; (iv) new tax incentives, such as zero percent property tax rates (for retail, trade, catering, entertainment and hospitality businesses); zero land tax (for agricultural producers); zero income tax for individual entrepreneurs and for small and medium-sized enterprises (SMEs) in catering, lodging, transportation, consulting and tourism; six-month exemption from payroll taxes; deferral of payments of taxes and other compulsory budget payments for SMEs until June 1, 2020; suspended enforcement of the collection of overdue tax obligations; suspended accrual of penalties for overdue tax obligations until August 2020, and extended tax reporting deadlines until September 2020.</p>
Objective	The objective of the Program is to mitigate the adverse impacts of the Coronavirus disease (COVID-19) on the health, incomes, and economic opportunities of Kazakhstan population.
Expected Results	<p>The expected outcome of the Program will be that the spread of the disease managed and of poverty contained.</p> <p>Outcome Indicators</p> <ul style="list-style-type: none"> (i) COVID-19 confirmed cases doubling rate reaches 30 days at least by December 2020 (baseline: 7 days on average in April 2020). (ii) In 2021, poverty rate held to less than 10% (2019 baseline: 6.6% and \$5.5/day). (iii) In 2021, independent growth forecasts for 2022–2023 are at pre-crisis levels (4%).

	(iv) By 2020, at least 90% of the 2.2 million poor (of which 51% are women and girls) benefited from more than one special support initiative of the Program.								
Environmental and Social Category	ADB Category C for Environment, Category C for Involuntary Resettlement and Category C for Indigenous Peoples. (This would be similar to Category C under AIIB's Environmental and Social Policy (ESP)).								
Environmental and Social Information	<p>This Loan will be co-financed with the ADB as lead co-financier, and the Program's environmental and social (ES) risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS) applicable to policy-based lending (PBL).¹</p> <p>AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to PBL operations. Therefore, as permitted by a decision of AIIB's Board of Directors, the provisions of the SPS applicable to PBL will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the Program.</p> <p>Under its SPS, ADB has categorized the Program as Category C for each of Environment, Involuntary Resettlement, and Indigenous Peoples, on the basis of an assessment of the countercyclical expenditures to be supported by the Program. These focus on expanding and strengthening social safety nets for the most vulnerable groups and are not expected to have any adverse ES impacts. The proposed Program has also been categorized by ADB as "effective gender mainstreaming at entry", as it will expand the social assistance programs for the poor and vulnerable with clear linkages to women's welfare. ES monitoring will be conducted based on guidelines and check lists determined by ADB.</p>								
Cost and Financing Plan	<p>The total financing is USD1.75 billion, which will be financed in Euro. The financing plan is shown in the table below:</p> <table border="1" data-bbox="891 970 1704 1114"> <thead> <tr> <th>Co-financiers</th> <th>Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td>AIIB</td> <td>750</td> </tr> <tr> <td>ADB</td> <td>1,000</td> </tr> <tr> <td>Total</td> <td>1,750</td> </tr> </tbody> </table>	Co-financiers	Amount (USD million)	AIIB	750	ADB	1,000	Total	1,750
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AIIB	750								
ADB	1,000								
Total	1,750								
Borrower	Republic of Kazakhstan								
Implementing Entity	Ministry of Finance								

¹ See, <https://www.adb.org/documents/safeguard-policy-statement>

Estimated date of loan closing	December 2021			
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Date of Concept Decision	May 7, 2020			
Date of Appraisal Decision	June 5, 2020			
Date of Financing Approval	June 30, 2020			

Independent Accountability Mechanism	AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to this operation. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted operation and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS.
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