

SBF Project Implementation Monitoring Report

Kazakhstan: Kazakhstan COVID-19 Active Response and Expenditure Support (CARES) Program

1. Project Information

Project ID:	000405	Investment Number:	000405A
Member:	Kazakhstan	Region:	Central asia
Sector:	Economic Resilience/PBF	Sub-sector:	N/A
AIIB Financing Type:	Loan: 661.8 EUR million	Co-financier(s):	Asian Development Bank (ADB)
E&S category:	C	Borrower:	Ministry of Finance (MoF)
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	TBC		
Project Team Leader:	Edwin Hin Lung Yuen		
Project Team Members:	Komron Rajabiyon, Investment Associate, INF2 Martin Naegele, Senior Client Relations Officer, VP IO2 Office Bernardita Saez, Senior Counsel, Investment Operations Haiyan Wang, Senior Finance Officer Olga Dyakova, Senior Treasury Officer Yi Geng, Senior Financial Management Specialist Yongxi Liu, Senior Admin Assistant		
Completed Site Visits by AIIB:	None		
Planned Site Visits by AIIB:	TBC. There will be joint review missions with ADB to: (i) assess the progress and the emerging challenges on the ground; and (ii) undertake results assessment for the benefit of both ADB and AIIB's program completion reports.		

2. Project Summary and Objectives

The COVID-19 Active Response and Expenditure Support (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 includes: (i) cash payments to the unemployed (\$95 per month per person); (ii) mitigations to higher food price impacts through lowering VAT rate, nationwide food supply program to provide free food to 1.1 million people, price caps and procurement of 41.6 thousand tons of essential foods to support vulnerable groups; (iii) Increase of all social payments (pensions, benefits, etc.) by 10%; (iv) New tax incentives such as, zero percent property tax rates (for retail, trade, catering, entertainment and hospitality sectors), land tax (for agricultural producers), income tax for individual entrepreneurs and for SMEs in catering, lodging, transportation, consulting and tourism sectors, six-month exemption from payroll taxes.

3. Key Dates

Approval:	Jun. 30, 2020	Signing:	Aug. 26, 2020
Effective:	Dec. 23, 2020	Restructured (if any):	
Orig. Closing:	Dec. 31, 2021	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	EUR		
a) Committed:	661.8	b) Cancellation (if any):	0
c) Disbursed:	661.8	d) Most recent disbursement: (amount / date)	661.8, Jan. 6, 2021
e) Undisbursed:	0	f) Disbursement Ratio(%) ¹ :	100

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

N/A

Components	Physical Progress	Environmental & Social Compliance	Procurement
1. Immediate COVID-19 Health Response Implemented	Project progress to be monitored based on the MOF annual budget reports and program progress reports. Annual report to be submitted after the closing of 2021 budget year. Quarterly program progress report to be submitted in April 2021 by MOF with support of ADB. The Project team to submit updates in the next PIMR report.	To be assessed after the submission of the program progress report	N/A
2. Social Protection and Employment Recovery Measures Implemented	Project progress to be monitored based on the MOF annual budget reports and program progress reports. Annual report to be submitted after the closing of 2021 budget year. Quarterly program progress report to be submitted in April 2021 by MOF with support of ADB. The Project team to submit updates in the next PIMR report.	To be assessed after the submission of the program progress report	N/A
3. Economic Stimulus Delivered	Project progress to be monitored based on the MOF annual budget reports and program progress reports. Annual report to be submitted after the closing of 2021 budget year. Quarterly program progress report to be submitted in April 2021 by MOF with support of ADB. The Project team to submit updates in the next PIMR report.	To be assessed after the submission of the program progress report	N/A

Financial Management:

The GoK has demonstrated that it can maintain aggregate fiscal discipline in difficult times, and that taxation, financial control, payment, and accounting systems all work efficiently. Medium-term and annual budgeting practices are generally sound and efficiently implemented. Financial reporting has been developed, and responsibilities for internal financial control and internal and external audit redefined in a way consistent with good international practice, which made a positive impact over fiduciary control. Additionally, Kazakhstan has devoted great efforts to the application of information technology to government operations of all kinds, so as to improve the efficiency of service delivery. It is particularly encouraging to note that the GoK is paying close attention to the quality of delivery of a wide range of public services: as evidenced by the ongoing reforms in performance-based budgeting and remuneration systems.

6. Status of the Grievance Redress Mechanism (GRM)

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). 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 the decision of AIIB's Board of Directors, set forth in the Decisions to Support the COVID-19 Crisis Recovery Facility, 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.

Accordingly, AIIB's Policy on the Project-affected People's Mechanism (PPM), which addresses issues raised under AIIB's ESP as applicable to investment projects, will 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 the SPS. ADB's policies does not envisage establishment of GRM under this PBL operation.

7. Results Monitoring

There will be joint review missions with ADB to: (i) assess the progress and the emerging challenges on the ground; and (ii) undertake results assessment for the benefit of both ADB and AIIB's program completion reports. This will be complemented with regular implementation monitoring reports that will be prepared to reflect budget execution and flow of funds related to countercyclical measures.

Baseline Year: Jan. 6, 2021 End Target Year: Dec. 31, 2021

Project Objective Indicators #1

1.1 Full availability of properly-sized protective equipment for health workers in the COVID-19 front line during 2020 (70% of health workers are women, and those in the front line are estimated at 55%).

Year	Target	Actual	Others, if any
Dec. 31, 2021	1.1 Full availability of properly-sized protective equipment for health workers in the COVID-19 front line during 2020 (70% of health workers are women, and those in the front line are estimated at 55%).	N/A	

Project Objective Indicators #2

1.2 55% of the bonuses paid to health professionals in the COVID-19 front line go to women during 2020

Year	Target	Actual	Others, if any
Dec. 31, 2021	1.2 55% of the bonuses paid to health professionals in the COVID-19 front line go to women during 2020	N/A	

Project Objective Indicators #3

1.3 Health care for COVID-19-related hospitalization and medication remains free of charge for all citizens during 2020.

Year	Target	Actual	Others, if any
Dec. 31, 2021	1.3 Health care for COVID-19-related hospitalization and medication remains free of charge for all citizens during 2020.	N/A	

Project Objective Indicators #4

1.4 At least 1,500,000 high-risk people tested for COVID-19 by December 2020

Year	Target	Actual	Others, if any
Dec. 31, 2021	1.4 At least 1,500,000 high-risk people tested for COVID-19 by December 2020	N/A	

Project Objective Indicators #5

2.1 Income tax incentives provided for workers in service sectors most affected by the lockdown (e.g., tourism, hotels, restaurants), at least 53% of whom to be women.

Year	Target	Actual	Others, if any
Dec. 31, 2021	2.1 Income tax incentives provided for workers in service sectors most affected by the lockdown (e.g., tourism, hotels, restaurants), at least 53% of whom to be women.	N/A	

Project Objective Indicators #6

2.2 Tax incentives or support provided to reestablish SMEs, at least 42% of which are owned or managed by women.

Year	Target	Actual	Others, if any
Dec. 31, 2021	2.2 Tax incentives or support provided to reestablish SMEs, at least 42% of which are owned or managed by women.	N/A	

Project Objective Indicators #7

2.3 Food package distribution to socially vulnerable citizens reaches 1.1 million citizens by December 2020.

Year	Target	Actual	Others, if any
Dec. 31, 2021	2.3 Food package distribution to socially vulnerable citizens reaches 1.1 million citizens by December 2020.	N/A	

Project Objective Indicators #8

2.4 Monthly financial assistance of close to \$100 to all those that lost income because of the state of emergency reaches 4.5 million people in 2020 (including individuals that were in the informal labor market), 50% of whom are women.

Year	Target	Actual	Others, if any
Dec. 31, 2021	2.4 Monthly financial assistance of close to \$100 to all those that lost income because of the state of emergency reaches 4.5 million people in 2020 (including individuals that were in the informal labor market), 50% of whom are women.	N/A	

Project Objective Indicators #9

2.5 Increased social payments and social assistance to 160,000 vulnerable households, benefiting at least 50% female members in 2020.

Year	Target	Actual	Others, if any
Dec. 31, 2021	2.5 Increased social payments and social assistance to 160,000 vulnerable households, benefiting at least 50% female members in 2020.	N/A	

Project Objective Indicators #10

3.1 Full implementation of planned volume of fiscal and quasi-fiscal measures in 2020 (8.9% of GDP).

Year	Target	Actual	Others, if any
Dec. 31, 2021	3.1 Full implementation of planned volume of fiscal and quasi-fiscal measures in 2020 (8.9% of GDP).	N/A	

Project Objective Indicators #11

3.2 At least 80% of individual entrepreneurs (of whom 52% are women) benefited from the program-supported tax and credit initiatives in 2020.

Year	Target	Actual	Others, if any
Dec. 31, 2021	3.2 At least 80% of individual entrepreneurs (of whom 52% are women) benefited from the program-supported tax and credit initiatives in 2020.	N/A	

Project Objective Indicators #12

3.3 Housing finance program covers 120,000 borrowers (of whom at least 60% are women) in 2020.

Year	Target	Actual	Others, if any
Dec. 31, 2021	3.3 Housing finance program covers 120,000 borrowers (of whom at least 60% are women) in 2020.	N/A	

Intermediate Result Indicators #1

N/A

Year	Target	Actual	Others, if any
Dec. 31, 2021	N/A	N/A	

Remarks: Monitoring reports: ADB will provide technical assistance to the Government of Kazakhstan in preparing program progress reports.