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Project: MFF Investment Program CAREC Corridor 2 (Section in Mangistau Oblast)

Application of Safeguard Policy of the Asian Development Bank in Kazakhstan

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Ministry for Investment and Development
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Summary of Cooperation between the RoK and ADB

Over the past 8 years the total of **8 Loan Agreements** amounting to **1 571 million US dollars** have been signed between **the Republic of Kazakhstan and the Asian Development Bank** for the following projects:

“Reconstruction of “Western Europe-Western China” International Transit Corridor”

“Investment Program for CAREC 2 Transport Corridor (Sections in Mangistau Oblast)”

Safeguard Policy 2009 of the Asian Development Bank have been applied for the implementation of these projects; as a result, land acquisition has covered about **800 land plots** and compensations in the amount of **1 300 million KZT (7.6 million USD)** have been paid to the owners.

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PROJECT DESCRIPTION

Project: “Investment Program for CAREC 2 Transport Corridor [Sections in Mangistau Oblast] - Project 2. Loan 2967

Technical Specification of the Project :

- “Shetpe-Zhetybay-Aktau” Section Reconstruction with a length of 170 km.
- Project Category “A”
- 22 land plots had to be affected under the Feasibility Study stage, but after clarification carried out based on design estimates de facto land acquisition covered 20 land plots with a total area of 92,7 ha.

PROJECT PARTICIPANTS

Assignment	Organization
Executive agency	Government of the Republic of Kazakhstan, Ministry for Investments and Development
Implementing agency	Committee for Roads
Project Management Consultant	“Zhol Sapa” LLP (Kazakhstan)
Construction Supervision Consultant	SMEC (Australia) / Sapa SZ (Kazakhstan)
Contractor	Cengiz Insaat (Turkey)

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RESETTLEMENT

Resettlement covered 20 land plots, including :

- 3 structures, 2 residential buildings and 1 petrol station with a café-bar
- 10 land plots are leased from the state, and 10 plots are private.

Total area covered by land acquisition is 373,4 ha, including:

- State-owned – 280,7 ha, private and leased – 92,6 ha.

Total number of households is 4, legal entities – 16.

Total number of affected persons is 34.

Two owners of residential houses (Yersultanova A. and Mukhanova Zh.) had old houses.

As a result, based on payments of compensations for houses (1) and land plots (2), Akimat's permits to demolish the old houses (3) and provision of new land plots (4), as well as transport for relocation (5) and registration of the targeted social assistance provision for one of the owners (6): the owners built new houses (having previously 3 rooms, and 11 rooms now) on the new land plots. At the same time, the amounts of compensations have been paid without deduction of interest for the fee when withdrawing cash funds from their accounts (7). **Thus, integration of the resettlement policy has improved the financial situation of the owners.**

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RESETTLEMENT



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Resettlement Compensation

Compensation for 4 affected entities (2 Legal Entities and 2 Households), which have lost more than 10% of their land plots: they have refused in writing from any compensation due to the insufficient amount of compensation in favor of the state (land plots are located in desert areas, leased from the state). Land plots have been modified for the rest of the 13 owners.

Business Loss Compensation

The only affected entity that has lost its business is “Mendikulova G.” Private Enterprise, which has received additional compensation for the loss of profits in the amount of 2 980 897.91 KZT (18.6 thousand USD). In total, the affected entity has received 27 360 784 KZT (171.0 thous. USD).

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Disclosure

In the period from 2010-2014, there were 11 public hearings and consultations held, as well as individual consultations with all the affected persons were regularly conducted.

During the consultations, their rights, land acquisition, resettlement and compensation procedures were explained, project information brochures were distributed, the grievance redress mechanism was disclosed, contacts of responsible persons of the Construction Supervision Consultant, District Akimat, Project Management Consultant and the Committee for Roads were provided.

The level of public and relocated persons' awareness is estimated as satisfactory.

The effectiveness of grievance redress mechanism was shown in the course of the construction implementation.

All the affected persons have been informed and are satisfied with the land acquisition and resettlement procedure.

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Current Issues and Potential Risks

The Policy does not include description of the mechanism for calculation of the compensation payment for the relocation, payments to low-income families, allowance for transition period to cover household needs during the transition period.

Currently, approach to public borrowing is changed in Kazakhstan. It is planned to switch from government loans, which have the force of law, to the mechanism of state guarantees, which are not ratified.

In this connection, there is a significant risk in the performance requirements of the ADB Safeguard Policy.

It is proposed to develop and ratify a common instrument for all the MFIs, which will include certain calculation mechanisms to determine the compensation payments for relocation, etc., within the framework of the Regional Technical Assistance.

Thus, it is suggested to integrate international social standards of the quality of life in the national legislation of the Republic of Kazakhstan even more.

Thank you for attention!

