I. Project Context

Country Context

The Republic of Kazakhstan is the largest economy in Central Asia. Two decades ago, emerging from the break-up of the Soviet Union, the Kazakh economy was half of its size today. Isolated from the world economy, it faced the immense challenge of economic transformation. Between 2001 and 2011, Kazakhstan doubled its income per capita. Kazakhstan is now an upper middle income country: Gross Domestic Product (GDP) per capita in Kazakhstan rose in terms of constant US dollars PPP from $5,406 in 2000 to $11,568 in 2011. The economy grew at an average of 5 percent per year between 2000 and 2011.

The population of Kazakhstan numbered 16.6 million in 2001, with a relatively high average annual growth rate of 1.5 percent from 2005-2011 (compared with 0.4 percent in Europe and Central Asia). Women comprise 55 percent of the total population, and 54 percent reside in urban settings. Although ethnic Kazakhs were the minority through the 1980s, by 2009 they comprised 63 percent of the population, followed by ethnic Russians (23 percent) and Ukrainians (2 percent).

Kazakhstan’s growth was inclusive and strongly pro-poor, allowing the country to reduce poverty and inequality substantially, though regional variations remain. The share of the population living in poverty (as measured by the Purchasing Power Parity (PPP)-corrected $2.5 per capita per day)
fell from 41 percent to 4 percent during 2001-2009. In the same period, the share of the population living below $5 per day fell from 79 percent to 42 percent. Real income gains, that have significantly improved poverty indicators, are expected to continue, contributing to poverty reduction in Kazakhstan over the medium term.

Despite important reforms, the economy remains highly natural resource-dependent and the Government of Kazakhstan (GOK) is increasing its focus on diversified and inclusive growth for the future. The development strategy of the GOK focuses on modernization, improved competitiveness and a shift towards growth based on non-oil sources. Increasing emphasis is also being put on strengthening governance, business-enabling environment and private sector enterprise.

Employment rates in Kazakhstan compare favorably internationally, especially female employment rates. With such high levels of job access, the immediate jobs challenges for Kazakhstan lie more along the quality domain. For example, the Government is concerned about high rates of low productive self-employment, given that 33 percent of those with jobs are self-employed. More broadly, Kazakhstan is facing considerable skills challenges, reflected by the opinions of employers and poor performance on the Programme for International Student Assessment (PISA), which will become a binding constraint for further labor market improvements unless addressed. This may require additional investments into skills acquisition over the entire lifecycle, from early childhood development to adult education, including for young adults.

**Sectoral and institutional Context**

According to the Kazakhstan Law on State Youth Policy, youth is defined as those between the ages of 14 to 29 years old. According to the Statistics Agency of the GOK, the total number of youth in 2012 was 4.4 million people which constitute 26 percent of the total population. Geographically, the largest number of youth comes from South-Kazakhstan (730,000 youth) and Almaty (500,000 youth) regions (oblasts). Urban youth numbers have increased in the past decade with 2.4 million young people living in urban areas, many of them pursuing education and better job opportunities in the cities or regional centers. Because of mobility, the number of young people in several regions has been declining considerably in the last three years, especially in the Northern and Eastern oblasts. There is gender balance within the youth population.

The unemployment rate among young people ages 15-28 has been falling steadily since 2000 and posted at 6.3 percent in 2011; also the share of youth out of school and out of work was estimated at 13 percent in 2009, which is below most countries in the region (HBS 2009). The underemployment rate is unknown but presumed to be higher because in 2009, 33 percent of employed young people worked in agriculture, which is seasonal. In addition, data for 2009 show that youth from families in the bottom income quintile in urban areas are three times more likely than youth from families in the top income quintile to be unemployed, this ratio being 1.5 in rural areas. Rural youth face lower quality education, less access to information about labor market demands, and more reasons for spontaneous migration. Young women also face specific constraints to employment, including fewer opportunities for wage jobs, more health and safety concerns, and, for about a fifth of them, marriage before age 20.

In a context of low youth unemployment, social issues and risky behaviors pose significant challenges. The national report on Youth in Kazakhstan 2011 showed for nearly half of the youth,
corruption and abuse of authority remained the top concern. Only 9 percent of young people responded that they took active participation in solving problems in their communities. Rural youth appear to be even more disconnected, both from each other and from their communities. Kazakhstan ranks fifth in the world for its rate of deaths due to suicide, with males between 25 and 34 at highest risk. Other risky social and health behaviors among young people also appear to be on the rise, including sexual violence, alcoholism, and crime. Although there are no systemic epidemiological studies, these findings are echoed in the qualitative assessment.

Kazakh youth would therefore benefit from a comprehensive youth development approach that improves their ability to navigate this particularly difficult life stage, especially efforts to improve their sense of community connectedness and providing them with better coping mechanisms. This approach is distinct from one that focuses narrowly on improving youth employment and indeed, the GOK is moving towards a more comprehensive approach. The government’s current challenge is that there are few existing programs with an adequate evaluation of their impact. However, there is strong global evidence that supports a comprehensive approach focusing on “positive youth development”.

Three domains appear to be important for positive youth development in Kazakhstan: (i) community engagement/service, to promote a concern for the welfare of others and enhance young people’s integration into society, (ii) skills development, in particular behavioral/life and technical skills that are needed to make the transition from school to productive employment, and (iii) initiative, to tap into young people’s naturally inventive, creative, and enterprising characteristics. The focus on these three domains are upheld by global literature on positive youth development, but more importantly are based on systematic focus groups and consultations in Kazakhstan with young people in urban and rural settings (including those with disabilities) and other stakeholders.

Community Engagement/Service. Comprehensive youth development programs in developed countries include volunteering in addition to formal education and training as a way to improve youth outcomes. The most effective volunteering programs include a group dynamic to give young people opportunities to network and collaborate with each other. A culture of serving others and the community already exists in Kazakhstan. According to a 2008 UNDP report on Situation Analysis of Volunteerism as a Development Resource in Kazakhstan, most people understand the characteristics that define “volunteerism” and a variety of service-oriented youth programming are available. While there is generally a positive attitude towards community engagement/service among youth, some indicated that their families would not support such activities unless they were financially compensated or were given opportunities to gain skills that are tied to enhanced employability.

Skills Development. Beyond the requisite cognitive skills needed to succeed in the labor market, emerging research highlights the importance of life skills, especially critical thinking, communication, collaboration, team building, creativity and innovation. Having grit or perseverance is also increasingly recognized as an important trait. In addition, young people in Kazakhstan may need other support to cope with life’s challenges, including psycho-social support and access to health and social services. The development of life skills, especially among vulnerable youth, has been found to impact future learning, labor market performance, and the reduction of risky criminal behaviors and since they remain malleable through young adulthood, youth are ideal beneficiaries for such programs.
Initiative. It is critically important to tap into the energy and enthusiasm that young people possess and to instill in them a sense of self-sufficiency. Whether within their own communities or in the wider world, youth engagement has the potential to spark entrepreneurship, innovation and foster young people’s positive contributions for the betterment of their communities. According to the survey of young people conducted by the Ministry of Education and Science (MOES), about 22 percent of youth are members of a public association, and another 27 percent take part in occasional events. In fact, there are over 1,000 functioning youth associations in Kazakhstan. While there is a traditional culture of volunteerism, giving to/or caring for others, hospitality, and mutual support in society, the forms of volunteering that prevail tend to be of limited duration, are rarely youth-led, and are focused on providing assistance within family circles. Giving groups of young people technical and financial support to try out an idea, even at the risk of failure, provides them with the platform to develop their experience in responsibility, autonomy, and collaboration. A key aspect of youth programming in Kazakhstan, therefore, is to make them demand driven.

II. Proposed Development Objectives
The proposed Project Development Objective is to promote young people’s community engagement and life skills through community-based service learning programs, especially for vulnerable youth.

III. Project Description

Component Name
Subgrants for Community-Based Service Learning and Life Skills Development

Comments (optional)
Sub-components:
(1.1) Sub-grants for Community-Based Service Learning;
(1.2) Life Skills Development;
(1.3) Outreach to Vulnerable Youth;
(1.4) Coordination, Communication, and Accountability

Component Name
Institutional Development for Youth Policy Implementation

Comments (optional)
Sub-comp 2.1 Development of Institutional Framework for Youth Policy Implementation, Coordination, and Evaluation
Subcomponent 2.2 – Curriculum Development and Outreach to Senior Secondary Students.

Component Name
Project Management, Monitoring, and Evaluation

Comments (optional)
A Project Management Unit (PMU) will be established within the CYA to manage the fiduciary aspects of the project, supervise the Coordinating Agency, and ensure adequate project monitoring.

IV. Financing (in USD Million)

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V. Implementation
The project will be implemented over approximately four years with a proposed closing date of February 28, 2018. On behalf of the Government of Kazakhstan, the CYA under the MOES will be the implementing agency for the project. PMU will be established within the CYA and be responsible for the overall project coordination and oversight. The CYA will be staffed with experienced personnel to mitigate the risks of insufficient capacity. CYA/PMU will need to: (i) maintain an updated Project Operations Manual (POM), (ii) carry out fiduciary responsibilities including financial management/reporting and procurement, (iii) provide technical supervision and oversight to the Coordinating Agency, and (iv) ensure coordination and communication with other ministries and agencies. The CYA will manage a Designated Account and process all payments under the project.

Day-to-day project implementation for Component 1 will be the responsibility of the Coordinating Agency, which will be competitively selected and work under the supervision and monitoring of the CYA.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

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Implementing Agencies
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