Asian Development Bank

Promoting Gender Equality in Housing Finance Project

TA: 9834 KAZ

Nationwide Market Study

October 2022

ABREVIATIONS

ADB	Asian Development Bank
BCC	Bank Center Credit
CEDAW	Convention on Elimination of all Forms of Discrimination Against Women
DFI	Development Finance Institution
DTI	Debt to Income
ECA	Europe and Central Asia
FGD	Focus Group Discussion
FI	Financial Institution
GDI	Gender Development Index
GII	Gender Inequality Index
GDP	Gross Domestic Product
GGG	Global Gender Gap
GNI	Gross Domestic Income
HDI	Human Development Index
IFC	International Finance Corporation
IFI	International Finance institution
ILO	International Labor Organization
JSC	Joint Stock Company
KZT	Kazakh Tenge
KMF	KazMicroFinance
LTV	Loan to Value
MARB	Multi Apartment Residential Building
NBK	National Bank of Kazakhstan
PMAY	Pradhan Mantri Awas Yojana
ROK	Republic of Kazakhstan
SDG	Sustainable Development Goal
SME	Small and Medium Enterprises
STB	Second Tier Bank
TEBR	Total Coefficient Birth Rate
UN	United Nations
UNDP	United Nations Development Program
UNECE	United Nations Economic Commission for Europe
USD	United State Dollar
USSR	Union of Soviet Socialist Republics

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Project Synopsis

Project Title: Promoting Gender Equality in Housing Finance

Project Background:

Kazakhstan has shown commitment to advancing gender equality and engaging with the international community to demonstrate its gender development progress. In line with this commitment, the country has developed a policy and legal framework that is designed to advance gender equality as a national goal. The government acknowledges the critical role of gender equality, and sees the potential to advance it by promoting women's labor force participation, pay equity, social protection, reduction of regional disparities, and assistance for vulnerable groups to be integrated into future economic and social development strategies.

The Asian Development Bank is providing a financial intermediation loan to Otbasy Bank to expand female borrowers' access to affordable mortgage finance. The assistance is provided as a sovereign-guaranteed loan to Otbasy Bank (equivalent to USD 100 million). The ADB loan will help the Bank to address the unmet but growing demand for long-term, fixed-rate mortgage credit by using local currency funds to provide affordable mortgage finance to female borrowers.

The ADB loan is accompanied by technical assistance to support the government's initiatives to expand female borrowers' access to affordable local currency mortgage finance efficiently and in a timely manner.

Overall Objectives

The primary objectives of the project are improving access to affordable housing finance by women, and expanding financial inclusion for women in the country through capacity building services. Specifically, this includes the following actions: (i) improve financial literacy among potential women borrowers in Kazakhstan, (ii) raise awareness for gender-related lending aspects in Otbasy Bank's operations by hiring and training employees to become gender champions in the bank's head office and some larger branches, (iii) assist in the implementation of a comprehensive gender action plan in Otbasy Bank, and (iv) enhance Otbasy Bank's customer targeting by designing lending programs and products specific to women.

Primary Outcomes

The assignment has the following primary outcomes: (i) a completed nationwide market study evaluating the current banking industry, with regard to women's access to housing finance products; (ii) the raised profile of women borrowers as a relevant and important business segment for Otbasy Bank; and (iii) lending and/or deposit products developed exclusively for women, and improved efficiency of Otbasy Bank's lending to women borrowers.

Executive summary

Objectives and methodology

The nationwide market study was conducted under the ADB-funded "Promoting Gender Equality in Housing Finance in Kazakhstan" Project. The overall objectives of the study were to: i) Identify constraints/ issues in accessing housing finance by women; ii) Estimate the demand by women for housing finance; and iii) Develop concrete ideas and recommendations on how to increase financial inclusion. In addition, this study assessed the overall situation in the housing and mortgage markets.

Both quantitative and qualitative methods were used to conduct the market study. Desk research, stakeholder interviews[1], client database analyses, nationwide survey[2] and nine focus group discussions in six regions were the research tools applied by the team. The survey was conducted in August/September 2022 in ten regions and three cities of Kazakhstan among 1,500 households (1,001 women, 599 men).

Major findings

Demography and households: The population of Kazakhstan has been continuously growing, **reaching 19.1 million** as of the beginning of 2022[3]. Compared to 1999, the population grew by around 30%. The average age of Kazakhstani citizens is 31.9 years – 33.5, women; 30.2, men -- which indicates that **Kazakhstan is a young nation**.

The share of **women** constituted 51.4% or 9.8 million in 2021 (52.7% in urban and 49.6% in rural areas). The share of households with a **woman as head of the household is around 54%,** and varies significantly between regions -- the highest share being in Shymkent city (70.2%) and the lowest in Atyrau (24.2%). However, **these figures might be biased** given that households might not provide full information on the household members' employment[4] for being involved in one of the state social assistance programs. Studies on social norms prevalent in Kazakhstani society indirectly confirm this. In the majority of families (70.6%), the head of the household is the husband, and in 3.7% of families, the husband's father is the head.[5] **The results of the Survey also show that the share of families/households where a man is the decision maker is 41%, versus 22% with a woman as a decision-maker**.

Employment and income: 70.1% of household income is from labor activities followed by pension (21%). Other sources of income are social transfers, transfers from relatives, property income, etc. Average income per capita of **80% of the population is less than KZT 100,000** per month (around USD 210). The difference between the incomes of the top and bottom 10% of the population is about 6 times[6]. **Closed results were got from the Survey – 73% of respondents are salaried employees and the income of 82% of households does not exceed KZS 400,000.**

The share of the working population (aged 15 years and older) **amounted to 9.3 million people** in the first quarter of 2022. Approximately 8.8 million people were employed in the country, which translates to an

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[1] The Team conducted interviews with two banks, association of developers, an NGO, Otbasy Bank's lending staff in nine branches.

[2] The survey was conducted by the local company KazStat from 20 August to 10 September 2022.

[3] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK, demographic statistics.

[4] As per official definition applied for statistical purposes in Kazakhstan, the head of the household is an employed household member of working age.

[5] Kazakhstani Institute of Public Opinion "Rukhani Jangyru" (2021), Family and Demographic Policy: analytical study, p.22.

[6] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan.

unemployment rate of 4.9%[7]. **The unemployment rate for women is higher than for men -- 5.4% vs. 4.4%.**

The **share of working women is especially high (more than 50%) in the following sectors: education (73%), health care and social services (73%), accommodation and catering (65%), services (64%), finance and insurance (56%), arts, entertainment and leisure (58%)**.

The share of women entrepreneurs is relatively high: 55% of the 900 thousand individual entrepreneurs are women[8]. Women manage **45% of all active MSMEs**. In 2020, women held 36.1% of management positions in national management holdings and 21% in commercial banks.[9]

Women's access to financial services: Despite the fact that there is almost no special finance products/services for women, **women's access to financial services in Kazakhstan is quite high**. In accordance with WB's Global Findex Database, the level of access to financial services by women in Kazakhstan is quite high. Moreover, by almost all indicators, **the share of women exceeds not only the share of men** in Kazakhstan but also the same indicators for ECA. For example, in Kazakhstan 84% of women has an account in a financial institution compared with 78% of men and 74% of women in ECA, debit or credit card have 65% (61% of men and 55% of women in ECA). **High level of women's access to financial services confirmed also by the Survey – 72% of women have a bank account (men -- 69%), 79% have a consumer loan (men – 72%).** The possession of a **credit card is almost equal between women and men – 33.6% and 33.1%**

Demand for housing finance: The current situation in Kazakhstan's housing market is characterized by growing demand and high volumes of construction. Construction grew at a faster rate than the population: the average living area per resident reached 23.2 sq. m. in 2021 (more than 25% increase compared to 2005). However, such a high construction rate still cannot meet demand, which is driven by the need to improve housing conditions.

The other factor contributing to growing demand is **urbanization.** Since 2008, the urbanization rate has continuously increased, reaching around 60% in 2021 (11.4 million). This has led to higher demand for housing in cities and urban areas. **The higher share of women in urban area suggests on higher women's demand in these areas compared to rural areas.**

According to our findings, in **total, around 4.3–5.5 million people** need to improve their housing conditions, out of which **2.2–2.8 million are women**. These estimations are based on available secondary data and **confirmed by the results of the nationwide survey.**

Around 39% of respondents are interested in financing future investment in housing by debt (official and unofficial borrowings) and can be considered as potential mortgage loan borrowers. This translates to **KZS 32 trillion (around USD 67 billion)** estimated volume of potential mortgage loans. **Moreover, women's potential demand for mortgage loans is estimated at KZT 16.5 trillion (USD 34 billion).**

Analyses of the Bank's clients base showed that approximately 82% of male borrowers are married and 14% are single. **Among women, these indicators are 52% and 32%, respectively**.

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[7] https://stat.gov.kz/official/industry/25/statistic/6

[8] https://stat.gov.kz/api/getFile/?docId=ESTAT464767

[9] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan (2021), Women and Men in the Republic of Kazakhstan for 2016-2020, pp.75-76.

The most desired/demanded product: Conventional mortgage loan with low interest rate and low down payment requirement for acquiring home/apartment in both the primary and secondary markets is the women's most demanded loan product (also confirmed by the success of Umai product).

Housing prices: High demand, combined with the state's preferential programs, pushed home prices to increase. Since 2000, **prices have increased by more than 15 times in the primary market, and by more than 30 times in the secondary market[10]**. Due to the socioeconomic conditions of specific regions, prices differ across geographical locations (regional development).

Mortgage market: Kazakhstan's mortgage market combines both the "American model" (securitization of mortgage loans and transfer credit risk to investors) and the "German bausparkasse model" (system of housing construction savings). The main players in the mortgage market are commercial banks -- 22 commercial banks as of the end of 2021. The **market itself is highly concentrated, with** four banks (Otbasy Bank, Sberbank, BCC, and Halyk Bank) holding 94% of the market.

Since 2016, **mortgage lending has been growing rapidly, reaching KZT 4.1 trillion (20% of the total portfolio)** as of August 2022. The main drivers for the growth were the State mortgage lending support programs (particularly, "7-20-25", "Baspana Hit", and housing construction saving plans of Otbasy Bank)[11]. In 2021, the **government allowed people to use their excess retirement savings to fund their housing needs**, causing mortgage lending to skyrocket.

Geographically, mortgage lending is highly concentrated. Thus, in accordance with the NBK statistics **the share of Astana and Almaty exceeds 50%**. The share of other regions varies from the lowest 0.4% (Turkistan region) to the highest 6.1% (Karaganda region).

Mortgage loans are currently offered by 13 banks. Mortgage loans are predominantly offered for home/apartment acquisition. **Only a few banks offer mortgage loans for construction and/or renovation;** terms and conditions are the same as for home/apartment purchase, and do not consider renovation/construction specifics.

Currently, with the exception of Otbasy Bank under the ADB Project, **no other bank offers special housing finance products for women** borrowers.

Though the same terms and conditions being offered to both men and women, **analyses of loan database and interviews with lending staff indicate some differences between loans to men and women[12]**. The **average loan amount to women is less than loan amounts to men** (KZT 15.8 million vs KZT 17 million); the average age of women borrowers is higher than the average age of men (44 vs 40); women more often act with co-borrowers (31% vs 21%); the **down payment women can make is lower** to that of men (in housing loans the share of women is 57%)[13].

Women's access to housing finance: Overall results show that **both men and women are treated equally by lenders, and there are no formal barriers that limit access** to financial services for women, including housing finance products. The main criteria for banks in making a credit decision is a potential client's creditworthiness. However, equal treatment does not mean that both men and women have equal opportunities in accessing housing finance.

The lower average income of women, compared to men, is the major challenge in accessing housing finance. In almost all sectors, the average wage of women employees was less than that of men.

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[10] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK.
[11] In accordance with NBRK Financial Stability report for 2020.
[12] Based on Otbasy Bank clients database analyses.
[13] Also proven by international (USA) experience.

Calculated as a percentage of men's wages, this difference varies from 65.7% (air passenger transport activities sector) to 98.8% (production of flour and cereal products, starches and starch products). Sectors in which women's wages are significantly higher (by 10% or more) than men's are: security and investigation activities, education, warehousing and storage of goods, programming and broadcasting activities, and provision of social services. **The difference between men and women income confirmed also by results of the Survey.**

The **gender pay gap varies also by region**. The smallest pay gap between men and women is observed in rural agricultural areas: Almaty, North Kazakhstan, Turkestan, Jambyl regions (less than 10%); the biggest difference is in oil regions: Mangistau and Atyrau (51% and 56%, respectively).

The lower income of women results in lower loan amounts, fewer possibilities/longer period needed to accumulate resources for making a down payment, high debt to income ratio. Lower income also forces women to apply for a mortgage at an older age compared to men.

The **results of the survey and FGDs also indicate that there is still some inequality between men and women at the household level.** Therefore, it can be concluded that **the society feels there is a difference between men and women**. It is difficult to estimate the influence of these factors on women's access to housing finance. However, it can be assumed that they impact women's decision to apply for a mortgage loan.

The state programs in housing finance: Housing is one of the top state priorities, and since the early 2000s the state has been implementing various programs for supporting the population to improve their housing conditions. Initiatives include both **targeted programs for vulnerable groups** (single parent families, low-income families, etc.), state servants (military servants) and **programs which are open to everyone** (7-20-25, Nurly Zher, contractual saving scheme, etc.). There are also housing finance programs realized by local authorities for the local population (e.g. Almaty Zhastary implemented by Almaty city authorities jointly with Otbasy Bank). In accordance with the Survey, **53% of the respondents took a mortgage loan under one of the state programs.**

Some beneficiaries apply for **the state programs for making a profit** rather than improve housing situation -- beneficiaries sell or rent out bought under the programs homes. In addition, it is common practice of **fictual changes of family status (fictual divorces) for being eligible for the state programs.** This situation allows to suggest that the programs funds not always reach those who indeed need housing improvement.

Neither the state housing policy, nor the housing programs that are currently implemented target women as a separate group.

International experience: The lack of special housing finance products/programs for women is not unique to Kazakhstan. Indeed, there are few cases, internationally, where financial institutions offer special housing finance products to women borrowers and/or special treatment in state housing policy. Perhaps the only example is India, where housing finance for women is at the state level. However, international financial institutions have begun to pay more attention to women's access to housing finance. The IFC has launched **two projects in Latin America (in Panama and El Salvador) aiming to increase women's access to housing finance.**

1. **Housing Market in Kazakhstan**

1.1 **Housing stock and quality of housing**

Like in other former Soviet countries, more than half (around 60%) of the existing residential housing stock in Kazakhstan was constructed during the Soviet era. Moreover, around a third of all housing stock was

built up to the 1970s[14]. Obviously, most of the buildings are obsolete and do not meet modern requirements and quality standards. Thus, only 51% of the respondents of the Survey noted that buildings they are living in are not need any renovation.

As of January 1, 2022, the total area of the housing stock in Kazakhstan reached 387.7[15] million square meters (Figure 1). According to statistics, by January 1, 2022, Kazakhstan had 5,541,880 apartments, of which 3,754,489 belonged to urban housing stock and 1,787,391 to rural housing stock. The number of households in 2021 was 5,477,000 units[16].

Figure 1. Housing stock (2012-2021 period, in million square meters)
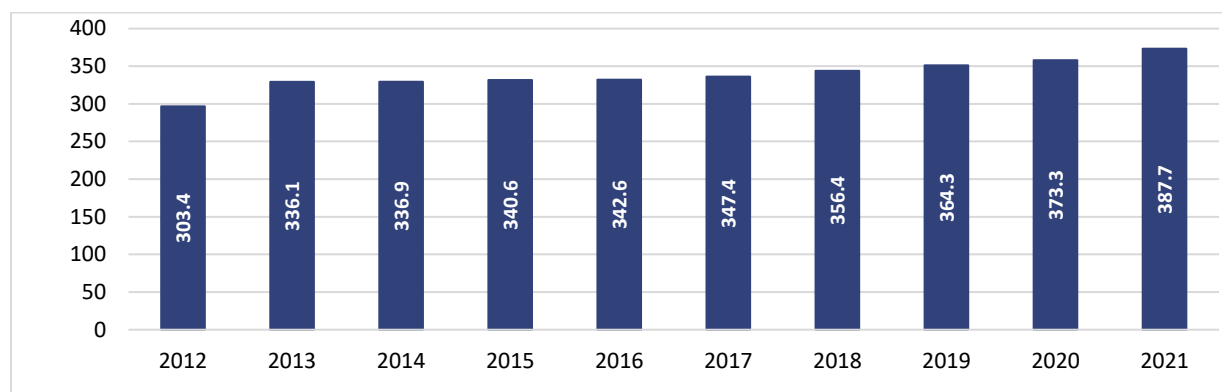
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK , Statistical bulletin "On housing stock 2021"

Figure 2. Housing stock of multi-apartment residential buildings by the period of construction (in number of buildings)
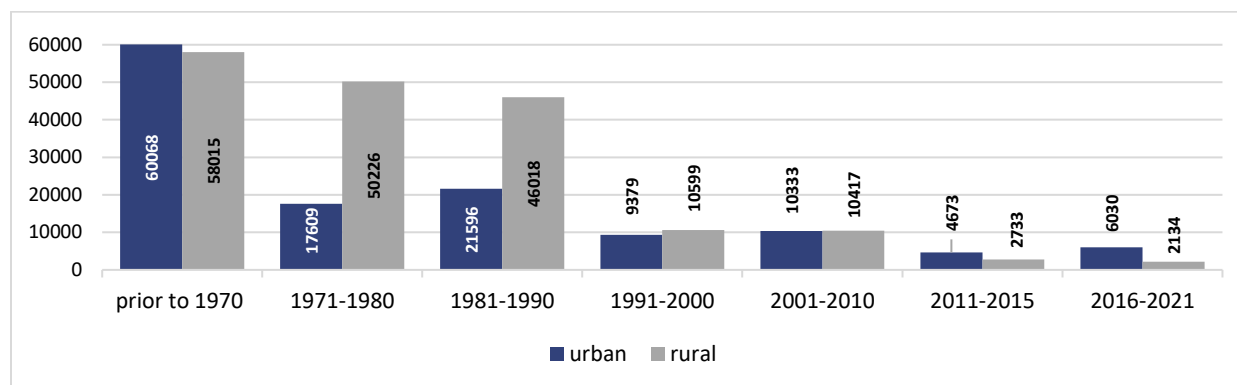
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK , Statistical bulletin "On housing stock 2021"

The conditions surrounding individual housing are not favorable either. Approximately 66% of all individual houses across all areas in Kazakhstan were built prior to the twenty first century (Figure 3).

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[14] https://tengrinews.kz/kazakhstan_news/polovinyi-domov-kazahstane-postroenyi-pri-sssr-issledovanie-438349/

[15] Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics, Statistical bulletin About housing stock 2021, (https://stat.gov.kz/edition/publication/collection).

[16] According to national census conducted in 2021, the total number of people in Kazakhstan was 19,169,550. Average household was 3.5 people per household. Calculation based on total population provided the total number of households equaling to 5,477,014 units.

Figure 3. Housing stock of individual houses by period of construction (in number of houses)

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK , Statistical bulletin "On housing stock 2021"
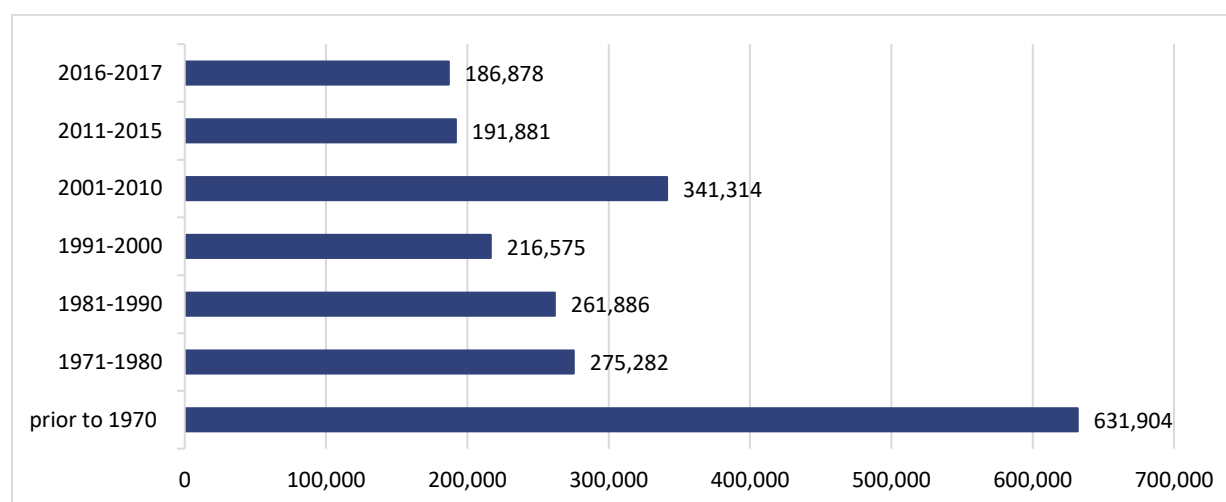
By number of rooms, 2 and 3 room apartments prevail in Kazakhstan, with a total share of around 60%. It is also notable that in urban areas, the number of small apartments (1-3 room apartments) exceed the same size of apartments in rural areas by more than two times, while big apartments (4+ room apartments) are distributed almost equally.

As to the provision of amenities, water supply is provided to 98.2% of all types of housing in Kazakhstan, sewerage to 72.5%, central heating to 42.8%, and centralized hot water supply to 37% of housing[17] (by the results of the Study, 89% of homes are provided with all amenities). Obviously, in urban areas these parameters are much higher. More details on regional distribution of amenities and apartments are presented in Annex 1.

More than 1.8 thousand houses in Kazakhstan are in a critical condition (25,343 residents).

1.2   Housing provision

Due to the mass privatization of houses after Kazakhstan's independence, more than 98% of households (as of 2019) own a residential property (home, apartment)[18]. Of the total 5.5 million households, approximately 0.8 million own two or more homes[19]. There are 248 people in Kazakhstan who own 20 or more apartments. However, these figures do not indicate low demand for housing. In fact, the demand for housing is high, but this demand is not due to people's desire to have a roof over their heads, rather, it reflects the desire to improve existing housing conditions.

After the collapse of the Soviet Union and the following slow-down, residential construction started up in 2000. Since then, the construction sector has increased, on average, by around 20% per annum; from 2000–2021, more than 10 million sq. m. of residential property was constructed[20] (about 1.4 million apartments).

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[17] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK , Statistical bulletin "On housing stock 2021".

[18] https://kz.kursiv.media/2019-05-13/nazvano-chislo-kazakhstancev-u-kotorykh-v-sobstvennosti-bolee-20-domov-i/

[19] Ibid.

[20] https://stat.gov.kz/official/industry/162/statistic/6

Figure 4. Construction of new residential area[21]

Given that construction grew faster than the population rate, the average living area per resident reached 22.6 sq. m. in 2020, and 23.2 sq. m. in 2021 (more than a 25% increase compared to 2005). However, despite the notable progress, this is still below the UN standards of 30 sq. m. per person, and well below those of developed countries -- 39 sq. m. in Germany, 69.7 sq. m. in the USA, and 70 sq. m. in Great Britain.

Table 1. Dynamics of changes in the average level of housing provision for residents of Kazakhstan

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Housing stock, mln.m²	303.4	336.1	336.9	340.6	342.6	347.4	356.4	364.3	373.3	387.7
Provision of housing per country resident, m²	**19.6**	**20.9**	**21.0**	**21.0**	**21.4**	**21.6**	**21.9**	**22.2**	**22.6**	**23.2**
Urban housing stock, mln.m²	182.5	210.0	210.8	214.6	216.1	219.1	226.1	231.4	238.8	250.3
Provision of urban housing per urban resident, m²	**22.1**	**23.7**	**23.8**	**23.5**	**24.0**	**24.1**	**24.2**	**24.7**	**25.0**	**25.5**

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

The largest living areas are in Astana (30.6 sq. m. per resident), Almaty city (29 sq. m.) and the Mangistau region (27.3 sq. m.). The smallest area per person is in Zhambyl (18.0 sq. m.), Turkestan (19.1 sq. m.) and Almaty regions (21.0 sq. m.)[22]. In accordance with the Statistics Committee of the Ministry of National Economy, there is currently a significant housing shortage in rural areas[23].

Table 2. Distribution of households by living area per 1 person

	Total in the republic, %	Urban area, %	Countryside, %
Total area for 1 person, sq. m.	100.0	100.0	100.0
Up to 9.0	5.9	6.4	5.2
9.1-13.0	14.7	15.4	13.3
13.1-15.0	8.8	9.1	8.2
15.1-18.0	11.4	11.9	10.6

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[21] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK (https://stat.gov.kz/official/industry/162/statistic/8)
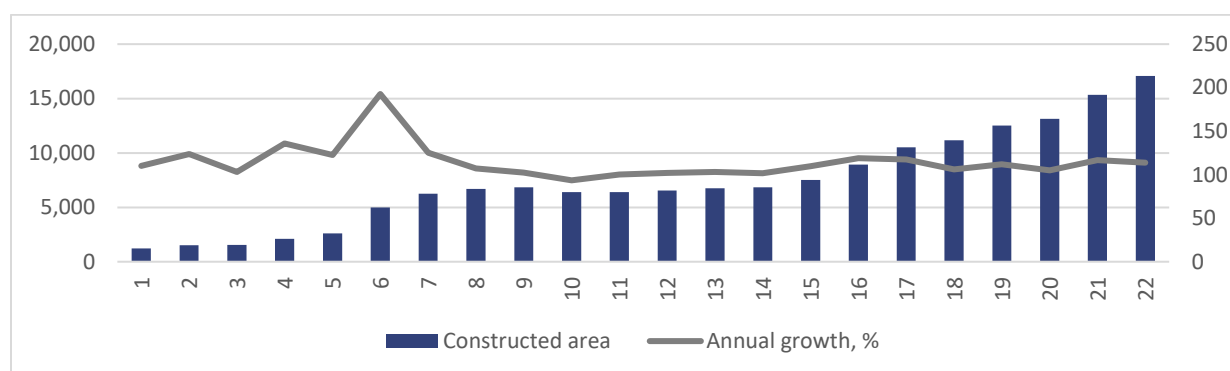
[22] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK, Statistical bulletin "On housing stock 2021".

[23] https://kz.kursiv.media/2019-05-13/nazvano-chislo-kazakhstancev-u-kotorykh-v-sobstvennosti-bolee-20-domov-i/#:~:text=%C2%AB%D0%92%202019%20%D0%B3%D0%BE%D0%B4%D1%83%20%D0%B2%20%D0%BD%D0%B0%D1%88%D0%B5%D0%B9,5%2C3%20%D0%BC%D0%B8%D0%BB%D0%BB%D0%B8%D0%BE%D0%BD%D0%BE%D0%B2%20%D1%81%D0%BE%D0%B1%D1%81%D1%82%D0%B2%D0%B5%D0%BD%D0%BD%D0%B8%D0%BA%D0%BE%D0%B2%20%D0%B6%D0%B8%D0%BB%D1%8C%D1%8F.

18.1-20.0	6.6	6.6	6.6
20.1-30.0	23.5	22.8	24.8
30.1 and more	29.1	27.8	31.3

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

In accordance with the Law on Housing Relations, residential premises provided by the state to those in need must have a usable area of at least 15 square meters and not more than 18 square meters per person, but not less than a one-room apartment. Considering 15 sq. m. as a lower threshold, we can estimate that 29.4% of households need to improve their housing conditions. This is very close to the finding from the Survey (in case of around 32% of households area per inhabitant is less than 15 sq. m.).

As was noted during the FDGs, overcrowded housing is source of quarrels in a family.

Applying average number of household members (3.5) and total population of Kazakhstan (over 19 million), the number of people in need of better living conditions is estimated at around 5.5 million. Given that the share of women in total population is 51.4%, the number of women in need of improved housing conditions is estimated at around 2.8 million.

A high number of people in need of better housing conditions is also reported by UNECE. The number of citizens in need of housing reached 2.5 million as of December 1, 2016[24]. The number was estimated based on: (i) citizens registered as being in need of housing from the municipal housing stock, (ii) citizens with deposits in the Housing Construction Savings Bank of Kazakhstan (Otbasy Bank)[25], and (iii) citizens on the waiting list for land parcels for individual housing construction.

Applying the same methodology, the number of people in need as of the end of 2021 is estimated at around 4.3 million, or around 23% of the population. Specifically, citizens registered as being in need of housing from the municipal housing stock -- 0.61 million people[26], people with deposits in Otbasy Bank -- around 2.36 million people,[27] and people on the waiting list for land parcels for individual housing construction -- 1.3 million people[28]. The actual need for improvement of housing conditions could be much higher[29]. Again, applying the share of women in total population, **the number of women in need of better housing conditions is estimated at around 2.2 million.**

Another factor influencing the number of people in need of better housing conditions is the quality of housing. Similar to other post-Soviet countries, a significant part of the housing stock is quite old and does not meet current standards; many need major repairs.

1.3   Residential property construction financing sources[30]

The sources for financing residential property construction are the state, private organizations, and the local population. It is notable that the share of population in financing is declining over time (by more than 17 pp in 2016–2020), while the shares of the state and private organizations are increasing (by 8.9 and 8.5 pp, respectively). During the observed period, investments in residential construction more than doubled (KZT 1,989.3 billion in 2020 vs. KZT 839.5 billion in 2016).

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[24] UNECE National Housing Reviews, Republic of Kazakhstan publication, 2018

[25] Only depositors who make savings for acquiring an apartment under State supported programs.

[26] https://primeminister.kz/ru/news/modernizaciya-zhilishchnoy-politiki-stroitelstvo-dostupnogo-zhilya-i-ipoteka-po-vygodnym-usloviyam-razvitie-zhilishchnogo-stroitelstva-v-kazahstane-1432048

[27] Only depositors who make savings for acquiring an apartment under State supported programs (https://hcsbk.kz/ru/)

[28] https://tengrinews.kz/kazakhstan_news/skolko-po-kazahstanu-stoit-ocheredi-poluchenie-besplatnyih-467208/

[29] https://unece.org/sites/default/files/2022-01/CP_Kazakhstan_web.ENG.pdf

[30] https://stat.gov.kz/edition/publication/collection

Figure 5. Residential property construction sources
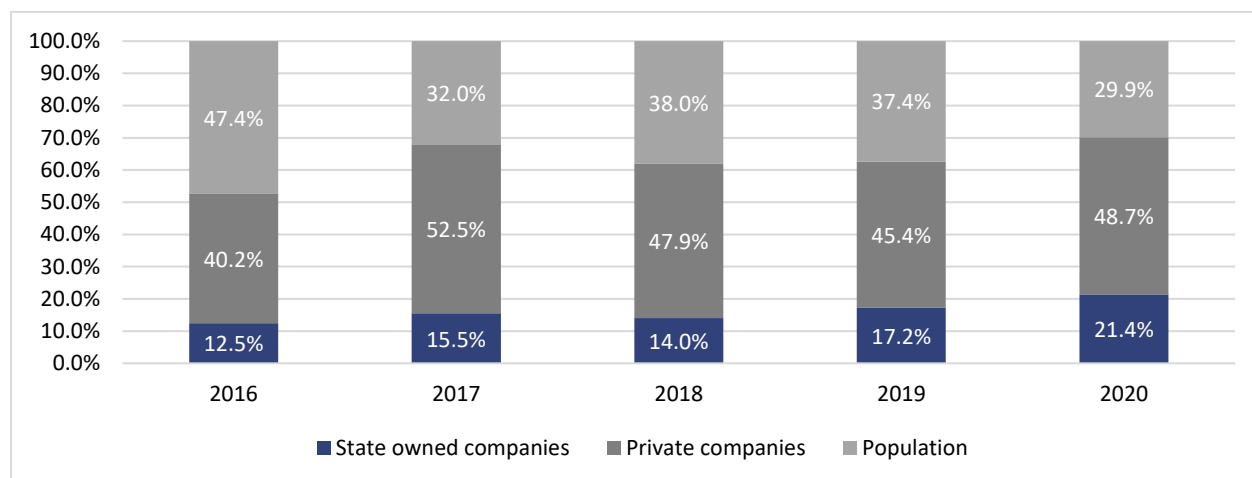
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK, Investment and construction activities in the Republic of Kazakhstan, 2020

Typically, developers start selling apartments at the very beginning of construction of MARBs through equity participation schemes. To protect buyers/investors, there is a construction guarantee mechanism provided by the Kazakhstan Housing Company. However, participation is not mandatory -- developers may or may not guarantee construction projects. Banks use equity participation agreements as collateral when lending to borrowers looking to acquire future apartments. Some banks also require existing construction guarantees of the construction project.

While banks also lend construction projects directly, their volumes are not big. In 2021, banks disbursed KZT 575.4 billion to the construction sector, which is only 2.7% of total disbursements during the year (as of the end of 2021, the total outstanding balance of construction loans was KZT 671 million (around USD 1.4 billion) or 3.6% of total lending portfolio)[31]. For comparison, the total volume of construction works in 2021 was KZT 5.5 trillion (around USD 11.5 billion)[32].

The reason banks are not active in financing construction is twofold: 1. banks are reluctant due to high risks associated with construction, and 2. developers are not overly interested in getting bank loans due to high interest rates. During the meeting with the Association of Developers of Kazakhstan, the team was informed that banks offer loans to developers at an interest rate of around 20%.

1.4 Housing prices

According to statistics provided by the Bureau of National Statistics, during 2001–2021 housing prices on the primary market increased by more than 15 times (13.9% average annual increase) from KZT 23.6 thousand to KZT 361.3 thousand per sq. m. Meanwhile, in the secondary market the price increase was more robust – more than 30 times, reaching KZT 290.0 thousand in 2021 (17.7% average annual increase).

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[31] National Bank of Kazakhstan published statistics (https://www.nationalbank.kz/ru/news/kredity-vydannye-bankami-v-razreze-otrasley-ekonomiki/rubrics/1651).

[32] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK.

Figure 6. Housing prices change dynamics set against changes in components of inflation (2012–2021, in % of annual growth)
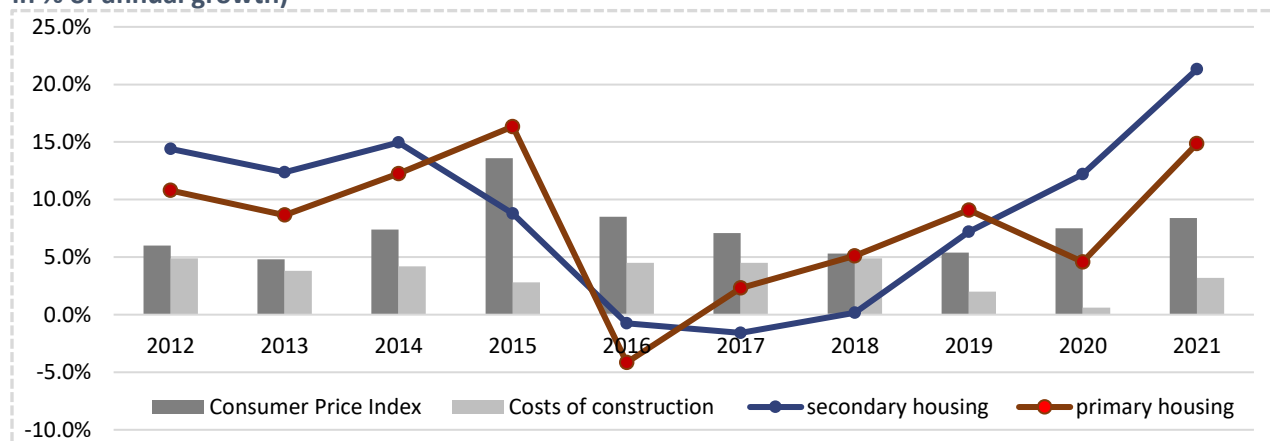
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Based on 2021 results, the highest prices were observed in Astana (KZT 479.2 on the primary and KZT 515.1 thousand on the secondary markets), Almaty (KZT 415.1 and KZT 437.8 thousand), and Shymkent (KZT 379.8 and KZT 366.4 thousand). The prices were lowest in Taraz (KZT 149.7 and KZT 228.9 thousand).

In general, as can be noted from the graph above (Figure 6), housing prices have risen above the rate of inflation and construction cost index. The main factor in the increase in prices for residential housing was the State's preferential mortgage program, which also extended its effect on the secondary market. Another factor was the depreciation of the national currency due to a compensatory increase in prices denominated in KZT. As an example, from 2018 to 2021, the tenge depreciated about 29% against the USD, while housing prices in the primary market slightly exceeded the depreciation, reaching 33.6%. Overall, such an increase in housing prices indicates high demand for housing. Other than demand driven by people's desire to improve housing conditions, there is also demand driven by people who seek to secure their savings and gain from capital appreciation. Along these lines, the growth in demand for residential property caused a multiplier effect of rising prices in adjacent markets (particularly in the building materials market).

In accordance with the National Bank, the ratio of new housing prices to construction costs has been relatively stable since 2009. A sharp increase in the ratio is not observed, the indicator since 2010 has averaged 2.47 in the Republic of Kazakhstan, 2.49 in the city of Almaty and 2.32 in the city of Astana[33].

From 2015–2020, the ratio of housing price to household income[34] remained relatively stable in Kazakhstan – at around 12% in the primary market and 9% in the secondary market (on average)[35]. Affordability of housing in the primary market is the same in Almaty, Astana, and on average in the Republic. However, in the secondary market, housing is less affordable in Almaty and Astana than on average in the Republic (14-15% vs. 9%). The fact that the ratio did not decrease over the observed period indicates that the population's ability to acquire housing using income without state support has not grown[36].

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[33] National Bank of Kazakhstan, Financial Stability Report, 2020.

[34] Is calculated as relation of housing prices per 1 sq. m. to disposable income (nominal income per household excluding tax, pension payments and transfers to other households).

[35] National Bank of Kazakhstan, Financial Stability Report, 2020.

[36] Ibid.

According to numbeo.com data, Kazakhstan ranks 69th among 112 countries in housing affordability as of the beginning of 2022, with a price-to-income ratio of 10.48. Compared to 2020, affordability slightly declined -- in 2021 the ratio was 9.63, which placed Kazakhstan on 75th position[37].

2. Sociodemographic situation

2.1 Population growth

The population of Kazakhstan has continuously grown, reaching 19.1 million as of the beginning of 2022[38]. The steady growth is associated mainly with the significant decline in migration and the positive dynamics of natural population growth. During the period of 2004-2011 many ethnic Kazakhs returned to Kazakhstan. However, even during that period the number of births over the number of deaths in total population growth was over 80% -- i.e. the population growth occurred mainly due to natural increase. The average age of Kazakhstani citizens is 31.9 years, women – 33.5, men – 30.2 years, which indicates that Kazakhstan is a young nation. However, depending on the region, that average varies from 27 years (Mangistau and Turkestan) to 38 years (Northern Kazakhstan).

Figure 7. Changes of the population of the Republic of Kazakhstan (1999-2022 period, in thousand)
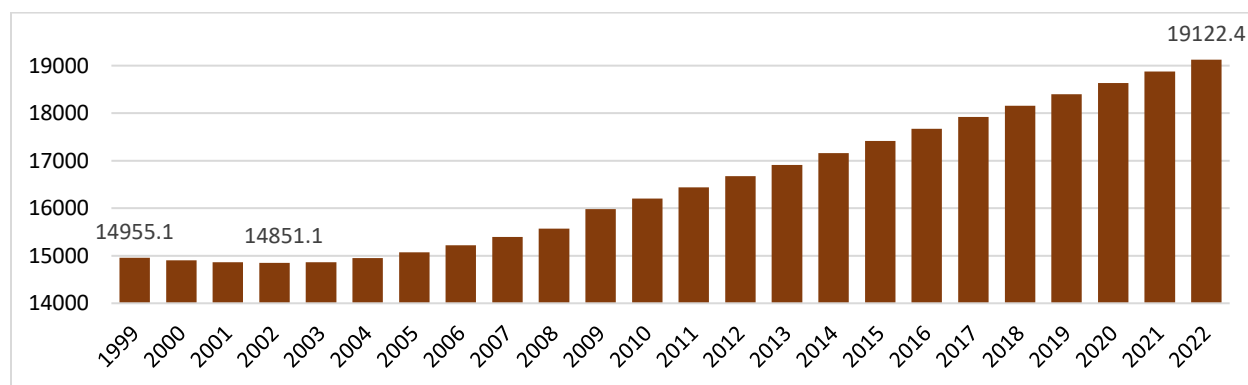
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

The observed decline in 2000-2001 was due to migration losses, which exceeded natural population growth. In total, the population decreased by 1.6 million people or 9.7% by 2001. In 2021, the rate of natural increase of the population was 13.9. It should be noted that there is a large variation in the coefficient by region – with the lowest (-3.6) in North Kazakhstan region and the highest (25.3) in Mangistau region[39].

Figure 8. The rate of natural increase of the population by region

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[37] https://www.numbeo.com/property-investment/rankings_by_country.jsp?title=2022&displayColumn=0
[38] Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK, demographic statistics.
[39] Ibid.
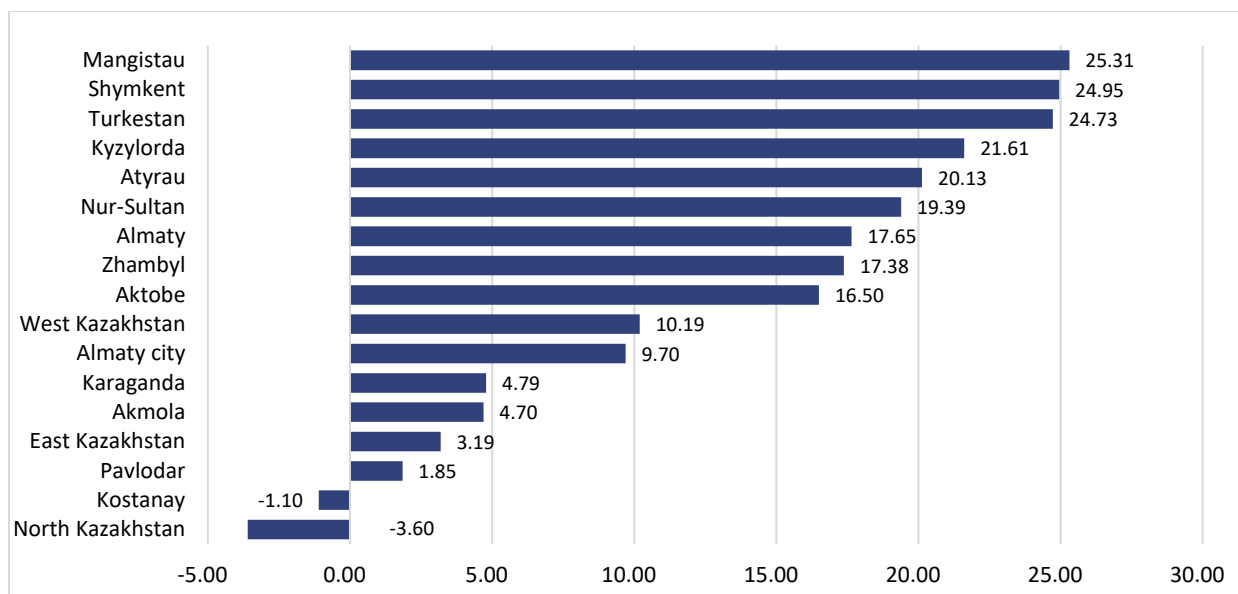
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

More details on population growth and demographics are presented in Annex 2.

2.2 Urbanization

Since 2008 urbanization in Kazakhstan has continuously increased, reaching around 60% in 2021 (11.4 million). However, urbanization is unevenly distributed across regions; the share of the rural population in Turkestan, Almaty and Zhambyl regions is quite high (79.1%, 78.2% and 60%, respectively). Regions dominated by the urban population are Karaganda (80%), Aktobe (72%), Pavlodar (70.7%), and East Kazakhstan[40] (62.9%).

Figure 9. Urbanization level in Kazakhstan (2000-2022, in %)
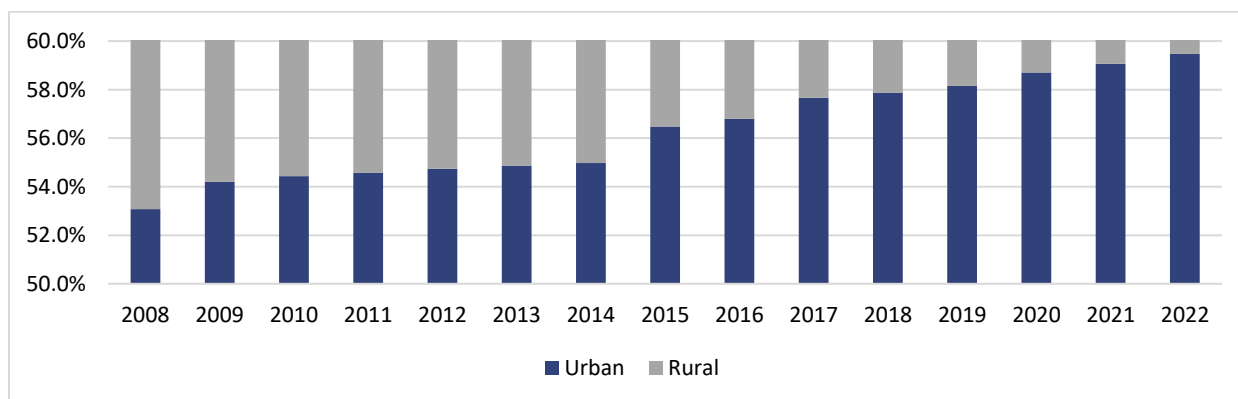
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

**The gap between urban and rural living standards is high: the poverty rate is less than 5% in towns, while it is approximately 10% in rural areas. There** are also regional differences in poverty levels. The highest proportion of poor rural population (42.4%) and poor urban population (21.6%) is found in the South Kazakhstan province. The difference is a result of uneven regional development across the country.

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[40] In March 2022 the President initiated reforms of administrative and territorial division of Kazakhstan. As a result, three new regions, Abay, Zhetysu and Ulytau, were formed on territories of East Kazakhstan, Karaganda and Almaty regions. This has significantly changed the boundaries of East Kazakhstan, and the size of its population.

Regional development is dependent on industrial specialization, available natural resources, and infrastructure development. Obviously, the most developed regions with the highest GDP growth per capita are the oil and gas extraction regions of Western Kazakhstan and Kyzylorda. Cities such as Astana and Almaty are also among the most developed regions due to the booming construction sector.[41] The graph below indicates the strong positive correlation between urbanization and new housing construction.

Figure 10. Urbanization and new housing construction (2000–2021)

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

2.3   Gender composition

In Kazakhstan the gender distribution of the population has a clear overbalance towards women -- as of 2021, the share of women constituted 51.4% or 9.8 million. However, this is not the case in rural areas, where the share of men is 50.4% compared to the 49.6% share of women (see Table 3).

Table 3. Gender composition of the country population (in number of people)

Total population	Men	Women	Including in urban area		Including in rural area	
			Men	Women	Men	Women
19,122,423	9,286,778	9,835,645	5,368,633	5,985,219	3,918,145	3,850,426
100%	48.6%	51.4%	47.3%	52.7%	50.4%	49.6%

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Obviously, there are differences in gender structure across age groups. Among younger age groups men dominate, while the older age groups change the structure in favor of women (due to higher mortality rate among men). The number of women aged 25 to 54 (having highest potential for getting mortgage loans) is around 4.8 million. For more details on gender composition please see Annex 3.

2.4   Household characteristics and social support

In accordance with the surveys conducted by the Bureau of National Statistics, the average household size in Kazakhstan is 3.5 people, of which the average number of women is 1.9. The share of women in households measured by the statistical bodies has been quite stable over the years, and usually depends

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[41] UNDP (2016), Regional Human Development Report 2016 Inequality and Human Development in Eastern Europe, Turkey and Central Asia, Thematic Study Regional Difference and Inequality in Kazakhstan.

on the age structure: where population is older, women prevail; in regions with higher birth rates, the share of women is smaller than average. In distribution by number of members, households consisting of 5 or more persons prevail (26.8%), followed by households consisting of 2 persons (23.7%). Of the total number of households in the country, the majority (52.3%) have children under the age of 18.

The share of households where a woman is the head of the household is around 52% and varies significantly between regions, with the highest share in Shymkent city (70.2%) and the lowest in Atyrau (24.2%).

Figure 11. Distribution of households by gender of head of household in 2020
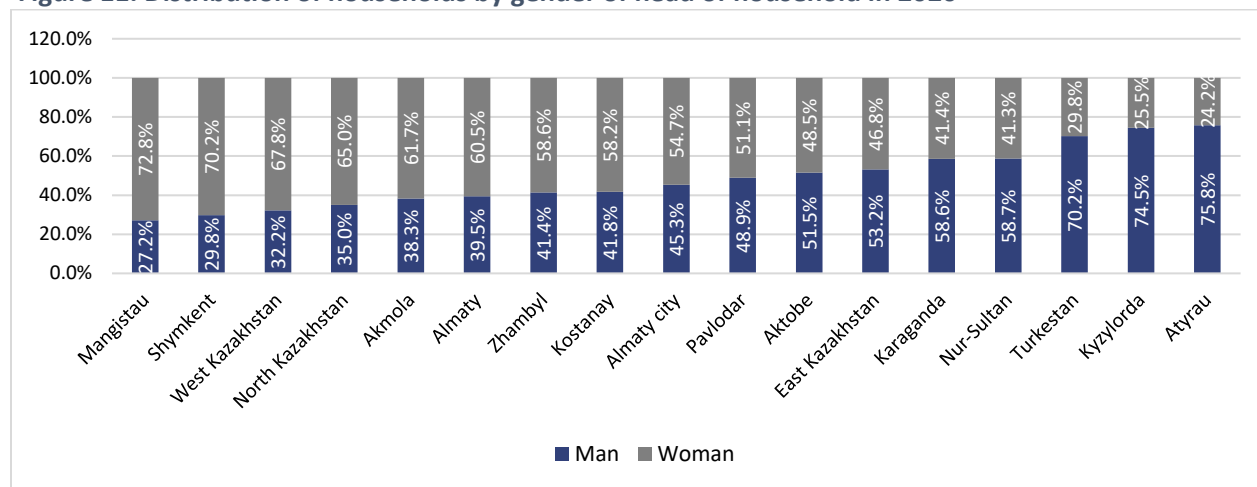
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

However, it is possible that the these figures do not provide correct information as it is possible that households provide biased information on the household members' employment[42] for being involved in one of the state social assistance programs. This is indirectly confirmed by the 2021 Family and Demographic Policy Survey which found that in the majority of families (70.6%), the head of the household is the husband, and in 3.7% of families, the husband's father is the head.[43]

According to the results of the survey, in 51.6% of cases the management of the family budget is a joint responsibility. In 25.8% of families the budget is managed by a man, and in 20.1% of families it is managed by a woman. In 48.9% of families both spouses contribute to the family budget, while only men contributing account for 47.6% and only woman account for 2.2%. In accordance with a study conducted in 2019[44], the most common decisions were made jointly by partners on how to raise children (85% of couples), on large purchases for their home (77%), and on leisure time (77%).

Also, the results of our survey **in 41% of cases the man is the decision maker in the household/family**, compared to **22% of cases where the decision maker is the woman.**

Approximately 70.1% of household income is from labor activities, followed by pension (21%). Other sources of income include: social transfers, transfers from relatives, property income. Average income per capita of 80% of the population is less than KZT 100,000 per month. The difference between the incomes

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[42] As per the official definition applied for statistical purposes in Kazakhstan, the head of the household is an employed household member of working age.

[43] Kazakhstani Institute of Public Opinion "Rukhani Jangyru" (2021), Family and Demographic Policy: analytical study, p.22.

[44] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan (2019), Generation and Gender in the Republic of Kazakhstan, p. 32, https://stat.gov.kz/official/industry/61/publication

of the top and bottom 10% of the population is about 6 times (based on results of surveys conducted during the fourth quarters of 2019–2021)[45].

Table 4. Difference in earnings between the 10% of most and least affluent population groups

	2019	2020	2021
Income of 10% least affluent people, in billion KZT	46.1	51.1	58.5
Income of 10% most affluent people, in billion KZT	275.2	302.8	345.7
Difference	597%	593%	591%

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

In the fourth quarter of 2021 the share of households with income below minimum subsistence level was 4.9% (more than 150 thousand), increasing by 1.1 pp compared to the same period in 2019 and by 0.3 pp compared to 2021.

Table 5. Number of households with earnings below minimum subsistence level

	4Q 2019	4Q 2020	4Q 2021
Number of households	125,540	140,562	154,420
- number of people in households	715,025	858,454	928,292
share of total population	3.8%	4.6%	4.9%

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

The other notable fact is that actual consumption per capita exceeded per capita subsistence level by almost two times.

Table 6. Subsistence level and actual consumption per capita (in KZT and in %)

	2019	2020	2021
	Oct-Dec	Oct-Dec	Oct-Dec
Average Subsistence level per capita	30,432	34,010	38,614
Earnings spent on individual consumption	60,549	65,637	73,877
Difference	199%	193%	189%

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

It is also worth noting that households with men as the head are poorer compared to those headed by women (58.3% vs. 41.1%).

Table 7. Households in Kazakhstan by gender as head of household, by income used for consumption and by quintile groups (%)

	Households with income used for consumption		Total households	Households by quintile groups				
	above the subsistence level (non-poor)	below the subsistence minimum (poor)		1 group (with the lowest income)	2 group	3 group	4 group	5 group (with the highest income)
Total	96.9	3.1	100.0	100.0	100.0	100.0	100.0	100.0

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[45] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan.

|								
Female headed households	52.0	41.7	51.7	40.4	43.5	46.6	52.6	62.1
Male headed households	48.0	58.3	48.3	59.6	56.5	53.4	47.4	37.9

Source: Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan (2021), Women and Men in the Republic of Kazakhstan for 2016-2020

There are several social measures implemented by the government, which are also directed at supporting the most vulnerable groups. In 2021 more than 2 million people received social benefits from the state budget.

Figure 12. State budget spent on social programs in the Republic of Kazakhstan
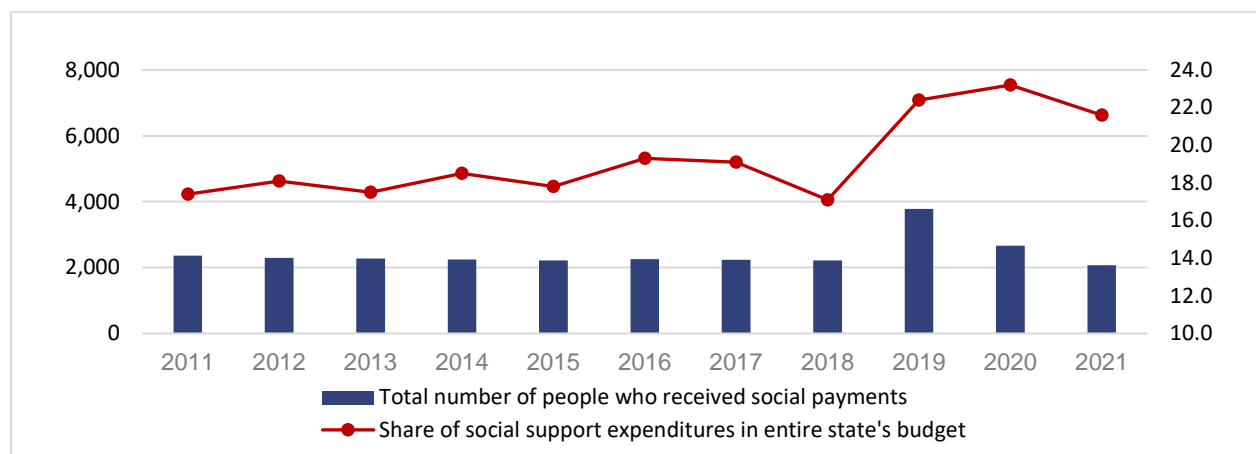
Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

The sharp increase in recipients and budget spending in 2019 was due to the pandemic. More details on poverty and state social assistance are presented in Annex 5.

2.5   Employment and the labor market

The portion of the workforce aged 15 years and older amounted to 9.3 million people in the first quarter of 2022. Approximately 8.8 million people were employed, which translates to an unemployment rate of 4.9%[46]. The employment rate for the population aged 15 years and older was 65.7%. Of the total employed population, 6.7 million people (76.4%) worked for hire, 1.6 million people were individual entrepreneurs, 6.7 thousand were private practitioners, 11.1 thousand were founders of economic partnerships and shareholders of joint-stock companies, members of production cooperatives, and 462.2 thousand people were independent workers. Most of the employed population worked in sectors such as trade (16.6%), education (12.8%), agriculture (12.7%) and industry (12.4%)[47].

The share of women employed in Kazakhstan is 48.1% (4.2 million). Correspondingly, the unemployment rate of women is higher than men -- 5.4% vs. 4.4%. This is also the case among the youth – 4.6% of women vs. 3.3% of men. However, Kazakhstan is considered a country with a high level of female participation in the labor force. There was a slight reduction of women's labor participation rate from

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[46] https://stat.gov.kz/official/industry/25/statistic/6
[47] Ibid.

64.6% in 2019 to 63.7% and 63.9% in 2020 and 2021, respectively, due to the COVID-19 pandemic. Nevertheless, retrospectively, women's labor participation rate was over 66% during 2008-2012.

Compared to men, the share of women is higher in education (73%), health care and social services (73%), accommodation and catering (65%), services (64%), finance and insurance (56%), arts, entertainment and leisure (58%).

In the first quarter of 2022, the average monthly nominal wage for one employee was KZT 285 thousand (around USD 600). In almost all sectors the average wage of women employees was less than that of men. Calculated as a percentage of men's wages, this difference varies from lowest 65.7% (air passenger transport activities sector) to highest 98.8% (production of flour and cereal products, starches and starch products)[48]. Sectors in which women's wages are significantly higher (by 10% or more) than men's are: security and investigation activities, education, warehousing and storage of goods, programming and broadcasting activities, and provision of social services.

Figure 13. Women's average salary as a percent of men's average salary

	2015	2016	2017	2018	2019	2020
Women's wage as % of men's	65.9	68.6	67.8	65.8	67.8	75.0
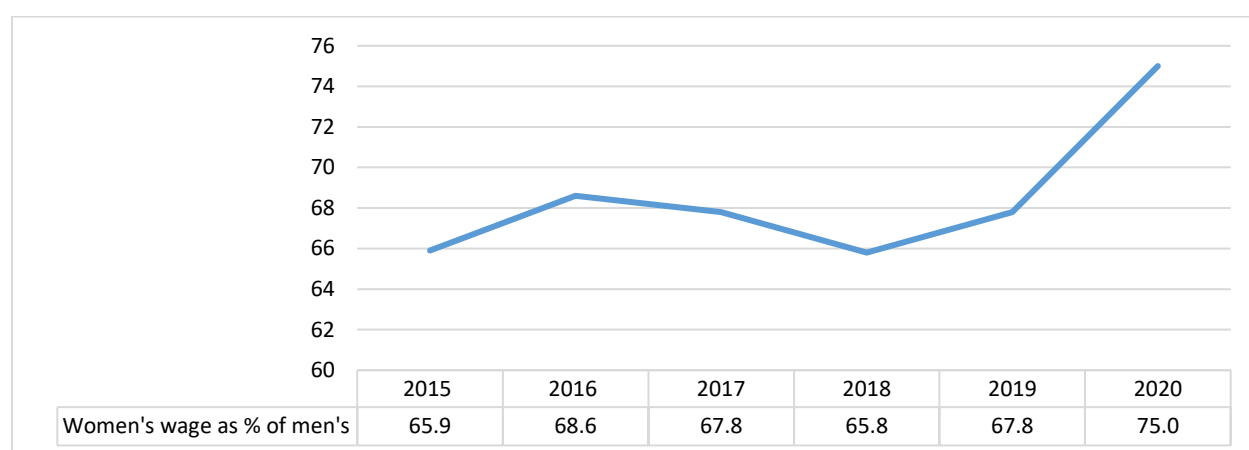
The gender pay gap also varies by region. The smallest pay gap between men and women is observed in rural agricultural areas: Almaty, North Kazakhstan, Turkestan, and Jambyl regions (less than 10%); the biggest difference is in oil regions: Mangistau and Atyrau (49% and 44%, respectively).

Around 45% of the 1.4 million MSMEs (including sole entrepreneurs) operating in Kazakhstan were led by women as of January 1, 2022[49]. If considered separately, the women's share of sole-proprietor enterprises is around 55%. Compared to 2020, these numbers increased correspondingly by around 1.5 and 2 pp. During the same timeframe, women led 29% of legal entities and 26% of farms. In 2020, 36.1% of managers in national management holdings and 21% in commercial banks were women.[50]

Table 8. Women-owned businesses as of January 1, 2021

	Active SMEs	Employed, people
Total SMEs, units	1,357,311	3,472,606
Legal entities, units	282,686	1,818,525
Sole proprietors, units	857,910	1,353,776

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[48] According to the Bureau of National Statistics "Wages of employees in the Republic of Kazakhstan by main professions and positions" publication, 57 out of a total of 73 sectors reported men having higher wages.

[49] https://stat.gov.kz/api/getFile/?docId=ESTAT464767

[50] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan (2021), Women and Men in the Republic of Kazakhstan for 2016-2020, pp.75-76.

Farms, units		216,715	300,505
Women SMEs, units		587,284	1,078,313
Women legal entities, units		79,498	476,356
Women sole proprietors, units		453,197	540,645
Women farms, units		54,589	61,312
Women SMEs, % of total		43.3	31.1
Women legal entities, % of total		28.1	26.2
Women sole proprietors, % of total		52.8	39.9
Women farms, % of total		25.2	20.4

The majority of women-owned SMEs focus on the trade and services sectors. Furthermore, within sectors, women-owned SMEs make up the majority of the education sector, real estate transactions, accommodation and catering services, trade and health care. More details on employment are presented in Annex 4.

3. Enabling environment for gender-equal housing

3.1 Kazakhstan in global gender rankings

Overall trends in gender equality in Kazakhstan can be understood using internationally comparable gender indicators. Several international rankings of gender gaps in other countries are reviewed for this purpose below.

Gender Development Index (**GDI):** the GDI is calculated by UNDP as a difference between male and female values on income, life expectancy and education. The main gap between men and women is observed in Gross National Income per capita: in 2019 women were assigned only to 57.3% of men's GNI, although women's life expectancy and years of schooling is higher than men's.

Because of the high GDP per capita, Kazakhstan ranked in a cohort of countries with very high development by the Human Development Index (HDI>0.800) and Gender Development Index (group 1), together with Russia and Belarus.

Table 9. HDI and GDI for Kazakhstan and neighboring countries for 2019

HDI rank	Country	Gender Dev. Index	Human Development Index (HDI)		Life expectancy at birth (years)		Expected years of schooling (years)		Mean years of schooling (years)		GNI per capita (PPP 2017), USD	
		GDI	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male
99	Mongolia	1.023	0.744	0.727	74.1	65.8	14.8	13.7	10.7	9.7	8,756	12,981
52	Russia	1.007	0.823	0.817	77.8	67.1	15.3	14.8	11.9	12.1	19,694	33,640
53	Belarus	1.007	0.824	0.819	79.6	69.7	15.7	15.2	12.2	12.4	14,911	22,721
74	Ukraine	1.000	0.776	0.776	76.8	67.1	15.3	14.9	11.3	11.3	10,088	16,840
81	Armenia	0.982	0.766	0.78	78.5	71.3	13.6	12.6	11.3	11.3	9,737	18,574
51	Kazakhstan	0.980	0.807	0.823	77.7	69.2	15.8	15.1	10.9	11.9	16,791	29,296

120	Kyrgyzstan	0.957	0.677	0.707	75.6	67.4	13.2	12.7	11.2	11	2,971	6,798
88	Azerbaijan	0.943	0.73	0.774	75.5	70.5	13	12.8	10.2	10.9	8,919	18,664
106	Uzbekistan	0.939	0.695	0.74	73.8	69.6	11.9	12.2	11.6	12	5,064	9,230
54	Turkey	0.924	0.784	0.848	80.6	74.7	16	17.1	7.3	9	17,854	37,807
125	Tajikistan	0.823	0.586	0.712	73.4	68.9	10.7	12.6	10.2	11.3	1,440	6,427

https://hdr.undp.org/sites/default/files/2020_statistical_annex_table_4.pdf

Gender Inequality Index (GII): the GII is used to measure gender disparities in three dimensions: reproductive health, empowerment, and economic status. Kazakhstan's GII is one of the worst in comparison to developed and even neighboring countries[51]. This index varies from 0 to 1 -- 0 meaning 0% inequality and 1 meaning 100% inequality. In addition to Scandinavian countries having a low gender inequality index, so do South Korea, United Arab Emirates and Canada (0.04-0.08). Russia, Ukraine and Armenia reached 0.2 inequality, and Uzbekistan received an index lower than 0.3. The GII for Kazakhstan was 0.351 in 2019, and worsened to 0.426 in 2020[52].

Table 10. The Gender Inequality Index by selected countries, 2019

Country	GII	Country	GII	Country	GII
Netherlands	0.043	China	0.168	Turkey	0.306
Norway	0.045	Latvia	0.176	Tajikistan	0.314
South Korea	0.064	United States	0.204	Mongolia	0.322
United Arab Emirates	0.079	Russia	0.225	Azerbaijan	0.323
Canada	0.080	Ukraine	0.234	Georgia	0.331
Poland	0.115	Armenia	0.245	**Kazakhstan**	**0.351**
Belarus	0.118	Uzbekistan	0.288	Kyrgyzstan	0.369

https//hdr.undp.org/en/content/gender-inequality-index-gii

The analysis of GII's components indicates that the most critical gap is in the area of reproductive health, which can influence women's capabilities to cope with housing/family issues. Reproductive health is measured here by maternal mortality and adolescent fertility rate, the latter is a marker of high risk for both a young woman and her child, detracts human capital investment, economic productivity, household savings and financial investments[53].

At the same time, the share of educated women is high (21.6% of women have higher education compared with 17.8% of men). This did not translate into a higher labor participation rate amongst women, which was 63.7 vs. 75.5 among men in 2020. Moreover, in terms of political participation, Kazakhstan still has not reached parity or the 30% share of women, which was the target at the time of the adoption of the Beijing Platform for Action in 1995.

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[51] Gender Inequality Index (GII) | Human Development Reports (undp.org) mistakenly calculated the GII for Kazakhstan as 0.190, https//hdr.undp.org/en/content/gender-inequality-index-gii, 2020_statistical_annex_table_5.xlsx (live.com)

[52] *https://gender.stat.gov.kz/ru/category/12* , *National Statistics Bureau, 2022*

Women and men of Kazakhstan, 2016-2020, Bureau of National Statistics, 2021, www.stat.gov.kz

[53] Determinants and Consequences of High Fertility: A Synopsis of the Evidence, The World Bank, June 2010 https://openknowledge.worldbank.org/bitstream/handle/10986/27497/630690WP0P10870nants0pub08023010web.pdf?sequence=1&isAllowed=y

During the last 12 years Kazakhstan's GII has demonstrated a steady positive decline from 2009 until 2020. Unfortunately, during the pandemic, maternal mortality, which is a marker of the overall health and healthcare infrastructure of the country, almost tripled resulting in a dramatic increase of the GII (0.44 in 2021)[54].

Global Gender Gap (GGG): In the GGG ranking of the World Economic Forum, Kazakhstan improved its position 80th in 2021 to 65th out of 146 countries in 2022. Improvements in closing the gender gap were tracked in all four sub-indexes (see Table 11). Specifically, compared to 2021, Kazakhstan had significant progress in educational attainment, health and survival, and economic participation. There was a modest progress in closing the gender gap in political empowerment. With such a position, Kazakhstan ranks 4th among countries included in the group of Central Asian countries – Moldova, Belarus and Georgia are among the three top-ranking countries, while Armenia, Tajikistan and Turkey are at the bottom.[55]

Table 11. Global Gender Gap Index for Kazakhstan, 2021-2022

Index and subindex	2022		2021	
	score	rank	score	rank
Global Gender Gap Index	0.719	65	0.710	80
Economic Participation and Opportunity	0.756	29	0.728	47
Educational Attainment	1.000	27	0.995	65
Health and Survival	0.977	44	0.975	55
Political Empowerment	0.143	103	0.141	106

Source: World Economic Forum (2022), Global Gender Gap Report 2022, p.212, https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

These indices demonstrate that despite notable improvements in closing gender gaps, Kazakhstan must take a more strategic approach in the implementation of gender equality commitments to ensure that changes in favor of gender equality are more sustainable and cut across social, economic and political spheres.

3.2 Gender equality legal and policy commitments

At the international and national level, Kazakhstan is showing a clear commitment to the achievement of gender equality. For this purpose, it ratified all relevant conventions, including the Convention on Elimination of all Forms of Discrimination Against Women, International Covenants on Political and Civil Rights and Economic, Social and Cultural Rights, ILO Convention 111 – Discrimination (Employment and Occupation), ILO Convention 100 on Equal Remuneration and other ILO conventions on maternity protection and workers with family responsibilities. In 2021 during the Generation Equality Forum, Kazakhstan became an official member of the two global coalitions: Action to Combat Gender-Based Violence and Economic Justice and Law.[56] Kazakhstan provided financial contributions to the EU-UN Regional Spotlight Initiative, and is committed to leading the regional (Central Asian) knowledge platform on gender equality and women's empowerment.

These commitments, however, are not fully translated into national legislation and policies, and based on ranking do not yield equal results for women and men in the country. The Constitution of Kazakhstan proclaims the prohibition of discrimination on various grounds, including that of sex. The Law "On State Guarantees of Equal Rights and Equal Opportunities of Women and Men" was adopted in 2009. It

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[54] https://gender.stat.gov.kz/page/frontend/detail?id=105&slug=-89&cat_id=12&lang=en

[55] The following countries are included in the group "Central Asia" in this report: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkey, Ukraine.

[56] Global coalitions are the global, innovative, multi-stakeholder partnerships that are mobilizing governments, civil society, international organizations, and the private sector for joint actions.

prohibits discrimination on the grounds of gender and sex. However, the definition of discrimination established by the Law does not cover direct and indirect discrimination in public and private spheres as prescribed by CEDAW. It further establishes several guarantees for gender equality in public service, health, education and the labor market. However, the Law does not stipulate any tough enforcement or oversight mechanisms. Kazakhstan still lacks comprehensive anti-discrimination legislation and mechanism to eliminate it.

In 2016, the Concept of Gender and Family Policy of Kazakhstan was adopted, in 2021 revisited and updated. Gender policy as a part of it, is aimed at achieving parity of rights, results, obligations and opportunities of men and women in all aspects of society, and overcoming all forms and manifestations of sex-based discrimination.

Interestingly, the Concept established the indicator "proportion of women owning assets (property (housing, transport), intellectual property)" under the priority area "improvement of economic and political empowerment". By 2030 it is anticipated that the proportion will increase by 10%. However, the Concept does not establish any baseline for this indicator, and the body of text does not include analysis of women's access to assets, including housing. Neither the Law nor the Concept mentioned above discuss women's access to housing compared to men, and there are no explicit commitments to addressing gaps in women's access to housing as a means to improve their economic opportunities.

The Concept of Family and Gender Policy only mentions housing problems among the issues which raise concerns for rural families of Kazakhstan.

There are several achievements in Kazakhstan's legislation and policies on gender equality. Election legislation introduced a mandatory quota of 30% for women and youth in electoral party lists, as well as discrimination of mandates among members of parliament. Moreover, Kazakhstan fully repealed the list of jobs where the use of women's labor was prohibited. Such a list was one of the reasons for horizontal discrimination of women in the labor market. Kazakhstan introduced social benefits to compensate loss of income due to pregnancy and birth, child adoption, childcare until one year of age. Additionally, subsidies for mandatory pension contributions were introduced for working women to ensure that breaks for childcare could be taken.[57]

Despite these achievements, important elements of effective gender mainstreaming in the national development of Kazakhstan, such as gender expertise legislation and gender budgeting, are missing. In line with the implementation of the SDG agenda, Kazakhstan undertook the assessment of SDG integration in the national planning and budgeting process. Gender analysis of education, health, and social protection was conducted. The process of integrating gender budgeting, climate budget tagging, and child-focused budgeting under the umbrella of SDG financing is ongoing in Kazakhstan.[58]

In practice, however, there are several gaps which still need to be closed. The most important of them refer to gender wage gap; vertical and horizontal discrimination of women in the labor market; gender

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[57] Office of Prime Minister of Kazakhstan (2022), Voluntary National Review Kazakhstan 2022 on Implementation of the 2030 Agenda for Sustainable Development, p.83, https://hlpf.un.org/sites/default/files/vnrs/2022/VNR%202022%20Kazakhstan%20Report%20English.pdf; Concept of Family and Gender Policy in the Republic of Kazakhstan until 2030, https://adilet.zan.kz/rus/docs/U2200000853#z5

[58] Office of Prime Minister of Kazakhstan (2022), Voluntary National Review Kazakhstan 2022 on Implementation of the 2030 Agenda for Sustainable Development, pp.23-24, https://hlpf.un.org/sites/default/files/vnrs/2022/VNR%202022%20Kazakhstan%20Report%20English.pdf

segregation in education when women select fields of study based on stereotypical perceptions about "women's" and "men's" jobs, and high burden of women in performing care and household work.

3.3 Access to housing

There is no gender disaggregated statistical data on home ownership. Instead, there is disaggregated data on land ownership, which does not reflect women home ownership but can provide an idea on gender structure of major assets owners. Thus, statistics on land ownership demonstrates that fewer women than men own land in Kazakhstan. The women and men statistical publication notes that 16.9% of land owners were women in 2021.[59] On the gender statistics website of the Bureau of National Statistics of Kazakhstan it is specified that the share of adult women who own land was 1.57%, compared to 8.22% of men.[60] This data does not provide any disaggregation on the purpose of land use, e.g. if some of the land is used for construction of individual's houses or other related purposes.

Another source of information about land ownership is the Land Committee of the Agricultural Ministry, which provided some data in 2019 for the UN Women-supported report "Gender and Entrepreneurship".[61] The average share of land possession is 5.95%. The highest share for women is observed in Aktobe, West Kazakhstan and Kostanai regions, and the lowest share in Kyzylorda and Mangistau regions.

Table 12. Land ownership by gender in Kazakhstan, 2018[62]

	Total, %	Men, %	Women, %	Ratio of Men/Women
Kazakhstan	6.0	9.7	2.6	3.7
Akmola	7.4	12.4	2.9	4.3
Aktobe	6.3	7.0	5.7	1.2
Almaty	10.4	19.3	2.1	9.3
Atyrau	3.1	4.5	1.8	2.5
West Kaz	10.3	14.9	6.2	2.4
Jambyl	4.1	7.0	1.3	5.3
Karagandy	6.9	10.1	4.1	2.5
Kostanai	11.7	11.3	12.0	0.9
Kyzylorda	3.2	6.3	0.2	33.3
Mangistau	0.8	1.7	0.0	165.0
Pavlodar	13.9	29.4	0.3	91.8
North Kaz	3.1	5.2	1.1	4.7
Turkestan	15.3	30.1	2.7	11.2
East Kaz	8.8	13.2	4.9	2.7

On average, the share of men-land owners exceeds the share of women-lend owners by 3.7 times. The highest differences were observed in Mangistau (165 times), Pavlodar (92 times) and Kyzylorda (33 times). The most even distribution was in the Kostanai and Aktobe regions (close to 1).

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[59] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan (2021), Women and Men in the Republic of Kazakhstan for 2016-2020, p.6.

[60] https://gender.stat.gov.kz/page/frontend/detail?id=4&slug=-4&cat_id=1&lang=ru

[61] This report was drafted by Sange, but was not published officially. It is available from authors of the market study.

[62] Sange (2019), Gender and Entrepreneurship, UN Women.

4. State support measures in housing

4.1 Legal and institutional framework

Housing issues are established by the Constitution of Kazakhstan and further detailed in the respective laws and regulations of the country. The Constitution sets people's rights on housing and ensures that specific groups of citizens who are in need can receive housing allocated from the state housing fund on affordable price in line with the procedures established by the legislation. The Law on Housing Relations (1997) specifies, *inter alia,* this procedure. The state housing fund includes housing owned by communal housing fund, housing fund of state enterprises and housing fund of state institutions, which are an integral part of the state or communal property. The Law specifies various mechanisms of acquiring housing in Kazakhstan, including through participation in the housing mortgage programs. These programs are run by the state through relevant institutions and private sectors. General rules of housing mortgage are established by the Law on Banking Sector and the Law of Kazakhstan on Real Estate Mortgage. In addition, the Law on banking activity establishes special conditions on the provision of housing mortgage to individuals who are not engaged in entrepreneurial activities. There are no gender-specific provisions related to right to housing, or restrictions for women to own housing or take housing mortgage loans.

The state policy on housing is directed toward creating a favorable environment for housing provision in the Republic of Kazakhstan. The Constitution of the Republic of Kazakhstan (1995)[63] requires conditions to be created in the country to provide citizens with housing. To assure that, a number of legal acts and strategic documents at different levels were adopted by the State authorities. The following form the framework for regulating the housing market and housing relations, and set the basis for the state housing policy:

- The Civil Code of the Republic of Kazakhstan (adopted in 1994);

- The Land Code of the Republic of Kazakhstan (adopted in 2003);

- On housing construction savings in the Republic of Kazakhstan Law of the Republic of Kazakhstan (adopted in 2000);

- The Law of the Republic of Kazakhstan "On Housing Relations" (adopted in 1997);

- The Law of the Republic of Kazakhstan "On architectural, urban planning and construction activities" (adopted in 2001);

- The Law of the Republic of Kazakhstan "On state registration of rights to real estate" (adopted in 2007);

- Order of the Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated January 21, 2021 No. 24 "On approval of the Rules for the use of lump-sum pension payments to improve housing conditions in accordance with the legislation of the Republic of Kazakhstan" (registered in the Register of State Registration of Regulatory Legal Acts No. 22100);

- Strategic Development Plan of the Republic of Kazakhstan until 2025, approved by Decree of the President of the Republic of Kazakhstan dated February 15, 2018 No. 636;

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[63] Adopted on August 30, 1995 and entered into force on September 5, 1995.

- Forecast scheme of the spatial development of the country until 2030, approved by Decree of the President of the Republic of Kazakhstan dated October 9, 2019 No. 185[64];

- Message of the Head of State to the people of Kazakhstan dated October 5, 2018 "Growing the welfare of Kazakhstanis: increasing incomes and quality of life";

- Message of the Head of State to the people of Kazakhstan dated September 2, 2019 "Constructive public dialogue is the basis of stability and prosperity of Kazakhstan";

- Decree of the President of the Republic of Kazakhstan dated June 19, 2019 No. 27 "On measures to implement the election program of the President of the Republic of Kazakhstan", "Prosperity for all! Continuity. Justice. Progress", and proposals received during the nationwide action "Birge".

As an authorized body in the field of housing relations, the Construction and Housing-Communal Services Affairs Committee of the Ministry of Industry and Infrastructural Development of the Republic of Kazakhstan[65] is tasked with:

- providing coordination and methodological guidance to local executive bodies in the field of housing relations;

- within its competence, developing and approving normative legal acts and technical documentations related to construction and urban planning;

- defining a unified procedure for the implementation of state accounting of the housing stock;

- developing and approving the method of distribution of dwellings from the state housing stock or dwellings rented by the local executive body in private housing stock;

- developing rules for the provision of housing assistance to socially vulnerable groups and monitoring this work.

The Committee is responsible for implementing the state policy on housing (including implementation of the Nurly Zher program[66]) at the national level, while Akimats (regional/municipal authorities) are responsible at the regional level. In particular, Akimats provide land plots for private ownership and use, including for the purposes of housing construction; keep records of citizens in need of housing; transfer housing from the communal housing stock to private ownership; carry out state control in the field of housing stock management; inspect housing (usually through a specialized unit within the Akimat); and provide housing assistance to low-income citizens at the expense of budgetary funds.

At the operational level, state policy is implemented through state-owned institutions (subsidiaries of the National Managing Holding "Baiterek" JSC). These are:

- Otbasy Bank JSC - builds a system of housing construction savings within which depositors can get housing loan on attractive terms after reaching certain amount of savings.

- Kazakh Housing Company JSC - provides affordable rental housing to public sector employees and socially vulnerable people.

- Kazakhstan Mortgage Company JSC - is a financial operator in the implementation of an instrument for subsidizing a part of the interest rate on mortgage housing loans issued by second-

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[64] Some parts of the Forecast Scheme of Spatial Development migrated to Nurly Zher program after its adoption, but still there are several provisions that influence the housing policy.

[65] https://www.gov.kz/memleket/entities/kds/about?lang=en

[66] The nationwide program aiming at improving accessibility and comfort of housing and development of housing infrastructure. Has several components, including construction of residential property.

tier banks. It also funds STBs and financial organizations through the acquisition of rights to claim mortgage loans and mortgage-backed securities of financial institutions.

- Baiterek Development JSC - returns funds allocated for anti-crisis measures and provides financing for completion of problematic shared-equity construction projects.

- The Housing Construction Guarantee Fund - provides guarantees for the completion of the construction of a residential building in case a construction company fails to fulfill its obligations to shared construction participants.

4.2 State housing policy and programs

Since 2005, the Government of Kazakhstan has adopted seven government housing construction programs. While the initial programs were aimed at satisfying housing needs on the market, the recent program, Nurly Zher (approved in December 2016 for the period 2016-2021, and a new one approved on December 31, 2019 N1054 for the period 2020–2025), aims to ensure housing affordability for households with different incomes, increase comfort of housing and develop housing infrastructure. In terms of improving housing affordability, the program's key goals are:

- **2.1** increase annual volume of housing commissioning (from all sources of financing) to 20.7 million sq. m. by 2025;

- **2.1** increase average living area per one inhabitant to 26 sq. m. by 2025;

- **2.1** reduce wearied housing to 18.1% out of the country's total housing stock.

The program's total budget over five years is estimated at around KZT 5.3 trillion, out of which approximately KZT 3.2 trillion will be financed by the government (through both state and local budgets)[67]. Budget lines of the program worth mentioning due to their importance for housing and housing construction activities are: (i) Credit subsidies for private developers – KZT 23.3 billion; (ii) Regional authorities' bond issue devoted to social housing construction in the region – KZT 832 billion; (iii) Technical assessment of regional housing stock (residential properties) – KZT 2.53 billion. Housing affordability goals will be achieved through stimulating affordable residential property construction, increasing access to mortgage lending, and renting social housing. The main tools for supporting construction are developing engineering communications in areas of mass construction and providing subsidized loans to developers.

The system of housing construction savings and mortgage programs implemented by the State aim to increase population access to housing. In addition, there are two schemes for renting housing -- renting social housing without the right to buy it out and with the right to buy it out. The first scheme (without buying option) is provided to socially unprotected segments of the population who do not have sufficient income to purchase housing: the disabled, orphans, large families, as well as working youth in large metropolitan areas. The second scheme (with buying option, aka Rent-to-Own) is designed for those on the waiting list of Akimats: socially vulnerable segments of the population, and civil servants in some industries (healthcare, culture, sports, etc.).

Table 13. Acting state supported affordable mortgage and renting programs

Type of a loan	Min down payment	Interest rate, annual	Max term, years	Max amount, mln KZT	Operator	Description
Targeted programs						

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[67] The rest, KZT 1.9 trillion, will be financed by other sources not prohibited by the legislation of the RK (source: Nurly Zher Program).

Rent-to-Own	n/a	n/a (rent per 1 sq. m. is fixed)	20	n/a	KHC	At the end of the lease term, the property belongs to the tenant. The borrower has the possibility of early redemption of rental housing.
Bakytty Otbasy	10%	2%	20	15	Otbasy Bank	Beneficiaries are mothers/families with many children; incomplete families; families with/raising children with disabilities.
Mortgage under Nurly Zher program	20%	5%	25	n/a	Otbasy Bank	Beneficiaries are people on wait-lists in the regions and depositors of the Otbasy Bank.
Shanyrak (5-10-20)	10%	5%	20	18	Otbasy Bank	Beneficiaries are people on wait-lists in the regions.
Askery Baspana	15%	3.5% - 8%	25	100	Otbasy Bank	Designed for Military and Secret Service employees.
Mortgage for acquiring a home in the primary market (7-20-25)	20%	7%	25	20	Commercial banks	For all groups of population.
Otbasy Bank products						
Own home	20%	7%	25	100	Otbasy Bank	For all groups of population.
Housing loan	50%	3.5% - 5%	25	100	Otbasy Bank	For all groups of population.
Interim loan	50%	7% - 8.5%	25	100	Otbasy Bank	For all groups of population.
Preliminary loan	20%	7%	25	100	Otbasy Bank	For all groups of population.

Source: Nurly Zher program, Baiterek Holding Company JSC and Otbasy Bank

There are also housing finance programs realized by local authorities for the local population (e.g. Almaty Zhastary implemented by Almaty city authorities with Otbasy Bank).

The determining factors for being included in the targeted state housing programs are absence of housing (must be on waiting list), and meeting the criteria set for particular target group (in most cases household income must not exceed certain amount). **Neither the state housing policy nor the implemented housing programs target women as a separate group**.

## 5. Current access to housing finance and supply

5.1 Mortgage market

Although mortgages were introduced in 1995, the mortgage market only began to function in 2001 when the first mortgage loan was issued. Since then the mortgage market has come a long way in formation and development. It is notable that, unlike most ex-Soviet countries, the development of the mortgage

lending system in Kazakhstan took place without the participation of international donors[68]. Moreover, Kazakhstan's mortgage market combines both the "American model" (securitization of mortgage loans and transfer credit risk to investors) and the "German bausparkasse model" (system of housing construction savings). The main players in the mortgage market are commercial banks -- 22 commercial banks as of the end of 2021. The market itself is highly concentrated, with four banks (Otbasy Bank, Sberbank, BCC, and Halyk Bank) holding 94% of the market.

Following the period of rapid growth from 2001–2006 (share of mortgage loans in total credit portfolio increased to around 9%), banks slowed down their mortgage lending activities[69] until 2016. Since 2016 mortgage lending has grown rapidly, reaching 18% of the total portfolio (KZT 3.3 trillion) as of the end of 2021[70] and 20% (KZT 4.1 trillion) as of August 2022.

Figure 14. Banks total and mortgage loan portfolio
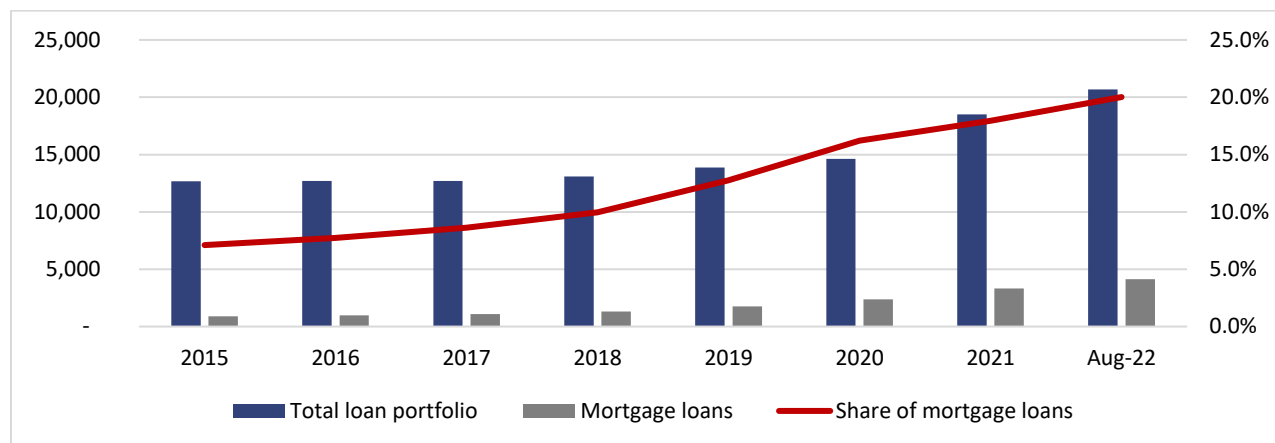
Source: National Bank of Kazakhstan

Such growth of the mortgage portfolio was not associated with an increase in household incomes or other structural changes in the economy. The main drivers for the growth were the state mortgage lending support programs -- particularly "7-20-25", "Baspana Hit", and housing construction saving plans of Otbasy Bank[71]. As a result, the weighted average interest of mortgage loans declined to 7.5% by the end of 2020. In 2021, this program was closed -- the KZT 600 billion budget was entirely allocated to more than 64 thousand beneficiaries[72]. Due to the completion of the "Baspana Hit" program, banks started activating their own mortgage programs based on market terms. Consequently, mortgage loan interest rates started climbing (the weighted average rate on mortgage loans disbursed during January-August 2022 was around 8.5%). The Study shows that around 13% of respondents got a mortgage loan during the last five years.

**Figure 15. Mortgage loans annual disbursements and weighted average rates (in KZT billions)**

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[68] https://unece.org/sites/default/files/2022-01/CP_Kazakhstan_web.ENG_.pdf

[69] Due to negative impact of global financial crises 2006–2009 on the economy and financial markets.

[70] NBRK statistics.

[71] In accordance with NBRK Financial Stability report for 2020.

[72] https://www.inform.kz/ru/budet-li-zakryta-programma-7-20-25-v-etom-godu_a3911567
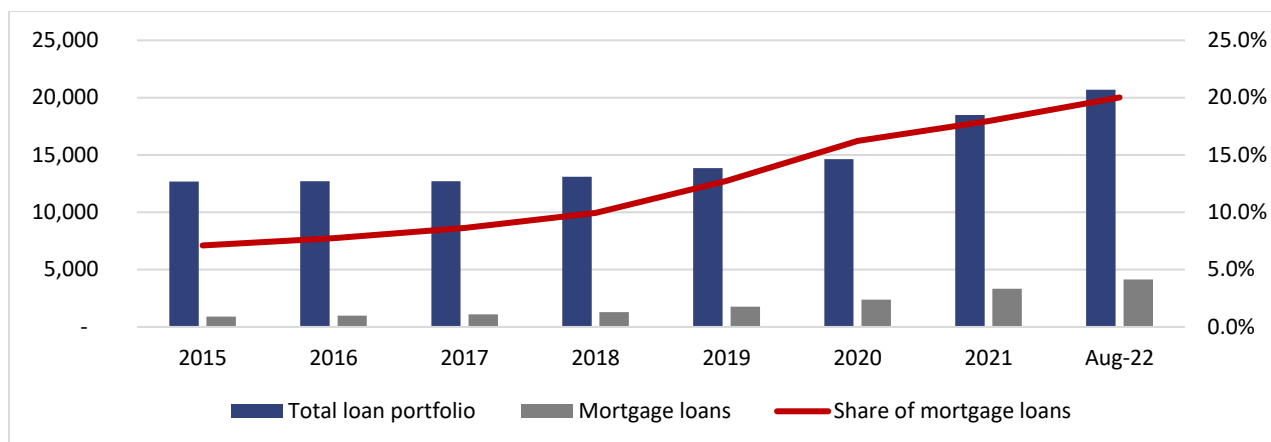
The sharp increase in mortgage lending volumes in 2021 was due to the government's decision to allow people to use the surplus of their pension savings for financing their housing needs. In accordance with the law "On amendments and additions to certain legislative acts of the Republic of Kazakhstan on the restoration of economic growth", savings can be used to pay back a mortgage loan, buy new housing, make a down payment, build a house, partially or fully repay the debt under long-term lease agreements or refinance a housing mortgage loan. As of December 2021, these funds can also be used for replenishing savings accounts in Otbasy Bank. Since its inception, the state initiative allowed 1,127,005 Kazakhstani citizens to use pension surpluses to purchase housing property in the amount of KZT 2.67 trillion[73] (Table 15), of which about 11% went toward obtaining mortgage loans. More than 90% of these funds were used for housing purchase on the secondary market. Details are presented in Annex 6.

By geographical distribution, as of the end of 2021, more than 50% of mortgage loans (by volume) were disbursed in the capital city of Astana (29%) and in Almaty (23%)[74]. The share of other regions varies from the lowest -- 0.4% (Turkistan region) to the highest -- 6.1% (Karaganda region).

During the first half of 2022, banks disbursed mortgage loans totaling around KZT 900 billion, assuring growth of the total portfolio by 18.2% (KZT 3.9 trillion as of the end of June 2022). Compared to the same period in 2021, banks disbursed mortgages by more than 19.5% in 2022. No major changes were observed in mortgage loan interest rates.

5.2 Mortgage products

Based on information available on bank websites, 13 out of 22 banks operating in Kazakhstan (as of the beginning of 2022) offer housing finance products. Furthermore, 8 banks participate in the State "7-20-25" program and, along with the state program, offer their own housing finance products. The types of mortgage products offered by banks is very limited, and in the case of most banks consists of only one product – loan for home/apartment acquisition. Only 2 banks (Otbasy and Halyk banks) offer housing loans for home/apartment renovation, and only Otbasy Bank has a loan product for home construction. However, the terms and conditions of renovation and construction loans are the same as for acquiring loan products and do not consider renovation/construction specifics. Details of housing finance products offered by banks are presented in Annex 7.

Table 14. Market average terms of mortgage loans (financed by own resources)[75]

Max Amount	Loan closing fee	Interest	Maturity (months)	LTV	Insurance

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[73] https://enpf.kz/ru/indicators/pa/withdrawal-data.php

[74] https://www.nationalbank.kz/ru/news/ipotechnoe-kreditovanie-naseleniya-v-regionalnom-razreze/rubrics/1669

[75] Banks websites screening (mid-May 2022).

Up to KZT 200 million	1 – 2%	16 – 23%	Up to 240	Up to 80%	Property insurance, title insurance

Most banks take into account both documented/documentary and indirectly/partially confirmed income of borrowers. In the case of indirectly/partially confirmed income, the interest rate is higher by about 2 p.p. compared to loans to borrowers with documented/documentary verified income. The interest rate also depends on the closing fee. Borrowers have the option to pay an upfront closing fee and get a loan at a lower rate, or not pay upfront fees but get a loan with a higher rate. Some banks offer slightly lower interest on housing loans for employees of corporate clients.

According to information published on their websites about housing products, other than Otbasy Bank under the ADB project, no other banks currently offer special housing finance products for women borrowers. Banks treat male and female borrowers equally and offer the same terms and conditions to all applicants. Credit decisions are made based on creditworthiness of applicants (income, credit history) and collateral. However, there are two banks (Bank of China and Eurasian Bank) which set different requirements on male and female borrower's age. Specifically, the maximum eligible age for women is lower than for men[76].

Within the framework of the study, the team met with two commercial banks (BCC and Freedom Finance) and lending staff of Otbasy Bank in several regions. All interviewees assured that there is no particular prejudice against male or female borrowers. The only factors considered when making a credit decision are a borrower's creditworthiness, credit history and collateral[77]. Nevertheless, the majority of respondents noted that, in general, women have lower incomes than men. In turn, lower incomes result in lower loan amounts compared to those that male borrowers receive. This further impacts women's ability to accumulate down payments (this is confirmed by the results of clients' database analyses presented in the next section).

Treating clients equally, regardless of gender, obviously also relates to defaulting clients/borrowers. Banks are guided by the same procedures and implement the same actions regardless of whether the defaulted borrower is a man or woman. In general, banks consider foreclosure as the final option, and work with a defaulted client to try to find mutually acceptable options (restructuring, providing grace period, etc.). In any case, the absence of social protection mechanisms of defaulted borrowers (providing social housing instead of foreclosure) is more harmful for women than men. This was confirmed by the Parliamentarism Development Fund, an organization that deals with housing for vulnerable population groups and provides legal and other types of assistance to defaulted borrowers.

5.3 Client base analysis

The main objectives of client base analyses are to detect possible differences between loans to men and women, identify women borrowers' profile and their preferences, etc. Ideally, the analysis should have been conducted using databases of several banks (the main active in mortgage lending). However, given the difficulties in obtaining data from other banks, the client base analysis was conducted using Otbasy Bank's data[78]. To get results that are closer to current conditions and more characteristic of borrowers

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[76] Source: Bank of China and Eurasian Bank websites.

[77] The team also had a meeting with Developers Association of Kazakhstan aiming not only to get information about the construction market but also to identify any problems women might face in acquiring a home. However, as informed by the representative of the association, developers treat all potential clients equally, and the main factor they consider is the ability of the clients to pay.

[78] Given the Bank's share in the mortgage market (50%), its country-wide presence and overall dominance of state-financed lending, the findings of the analysis are considered to be sufficient to extrapolate to the entire market.

taking loans in market conditions, only data on intermediary and housing loans disbursed from January 2021 to April 2022 was analyzed[79]. The main findings from the analyses are as follows:

- **Loan amounts to women are less than to men.** By number, the share of women borrowers is around 51%. However, by volume, the share of women is only 49% (**contractual loan amount of women is lower than men – KZT 15.8 million vs. KZT 17 million**);

- **Women borrowers do not prevail in all regions.** The share of women borrowers by region varies from the lowest in Mangystau Region - 36.6%, to the highest in Almaty region - 58.6%;

**Figure 16. Distribution of women borrowers by region**
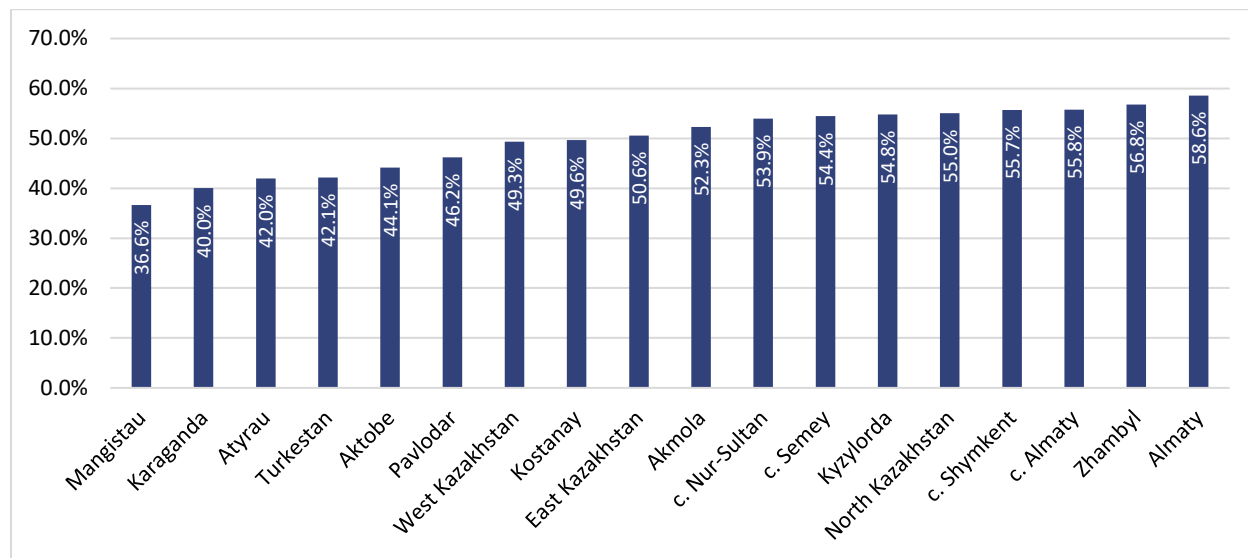
- **Income affects type of loan product women choose.** By type of loan, both men and women prefer intermediary loans[80]. However, **the share of women in housing loans is 57.1%**. This can be explained by the fact that, compared to men, **fewer women are able to make the 50% down payment** (own-contribution) required by the terms of intermediary loans. Correspondingly, **the women's share in intermediary loans is 49.5%**;

- **Women's income is lower than men. The average income of women borrowers is around 82% of men's average income**. This ratio is lowest in Turkistan and West Kazakhstan regions (51% and 63%), and highest in Pavlodar and Akmola regions (90% and 91%);

**Figure 4. Women's average income in relation to men's average income**

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[79] Otbasy Bank also provides preliminary loans. However, these loans are only disbursed within specific/targeted state programs and can be used only for acquiring home/apartment in the primary market.
[80] Share of housing loans in total is only about 18%.
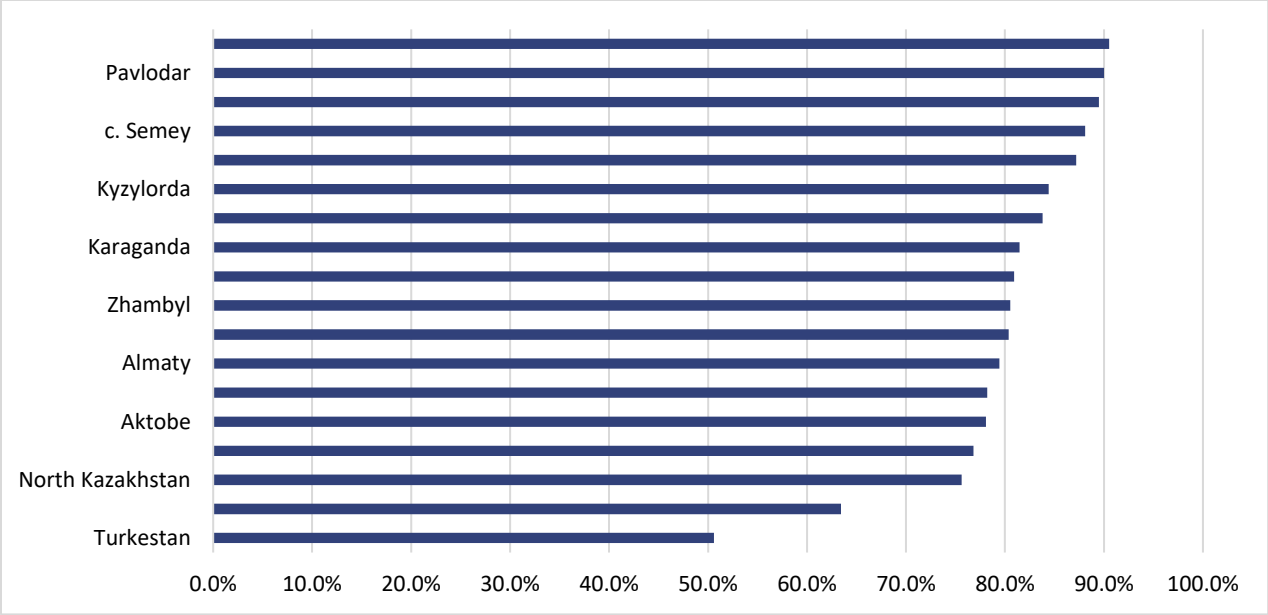
- **Monthly average income is highest among borrowers aged 35-40 years** (for both men - KZT 570,000 and women - KZT 480,000). It is noteworthy that **the average monthly income by age group increases, reaching a maximum in the 35-40 year old group**, and then continuously decreases;

Figure 18. Distribution of borrowers' income by age group
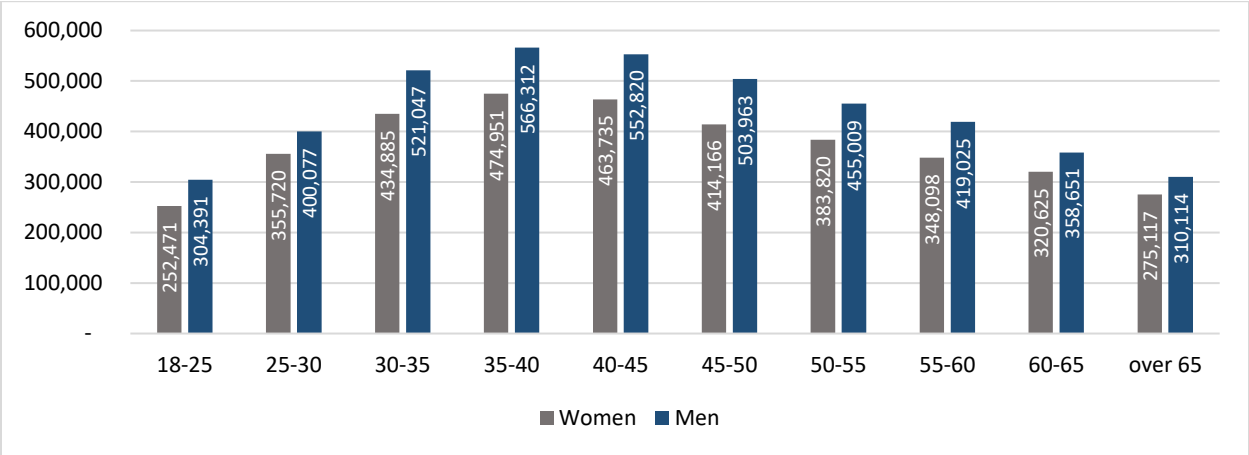
- **Single women's income is comparable to single men's income.** Another interesting fact is that in the 25-30 age group **the average income of women is 87% of the average income of men, while in the following age groups it drops to about 82-84%.** This can be explained by the fact that 25-30 year old women are getting married (bearing children), and thus spending more time doing unpaid work at home. This is confirmed to some extent when **comparing incomes of single men and single women: the difference is less than 10% in the 25-40 age groups. In the following age groups, the average income of women is equal to or greater than the average income of men**;

- **Average age of women is higher than men.** Approximately 38% of all borrowers are between 30 and 40 years of age. However, 31% of women are within this age range while among men 44% are aged 30 to 40. In general, the share of men aged 18 to 40 in the total number of male

borrowers is 59%, while the share of women is only 40%. **Accordingly, the average age of women is 44 years, and men is 40 years**.

Figure 19. Borrowers' distribution by age
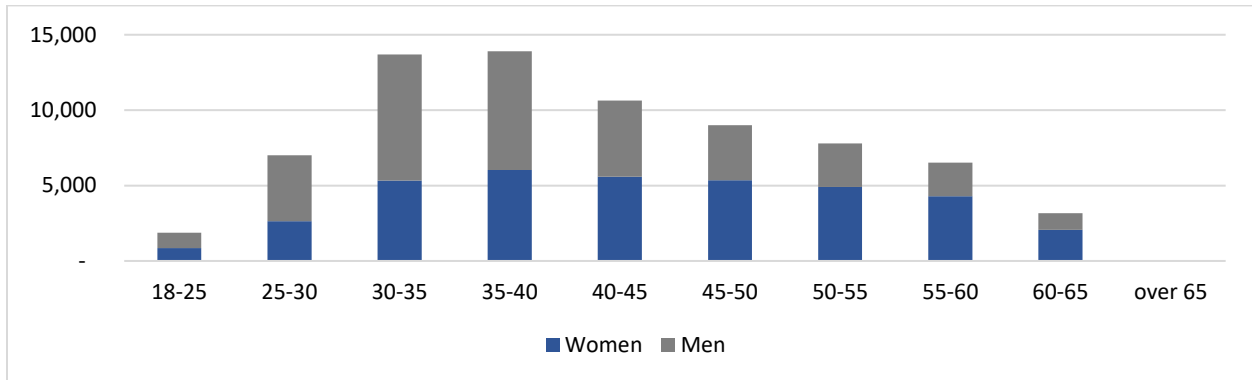
- ▪ **Women rely more on co-borrowers.** In 26% of cases, the borrower acts with a co-borrower. By gender, **31% of women act with a co-borrower versus 21% of men**. In 73% of cases with a co-borrower, the income of the co-borrower is higher than the income of the borrower. By gender, in 79% of cases of loans to women acting with a co-borrower, the income of the co-borrower is higher. That figure for men is 64%;

- ▪ **Single women – target niche.** Approximately 82% of male borrowers are married and 14% are single. **Among women, these indicators are 52% and 32%, respectively**. This data directly contradicts the popular opinion held by bank employees that the proportion of women in the Bank's portfolio is higher because they care more about having a family;

- ▪ **Vast majority of borrowers are salaried employees.** Only around 13% of all borrowers are individual entrepreneurs. However, the share of women entrepreneurs is above average (16.4% vs. 12.3% of men). The average monthly income of individual entrepreneurs is more than two times higher than the income of salaried employees (by around 2.3 in the case of women and 2.1 in the case of men).

6.   Opportunities for women-focused housing finance

6.1   Financial inclusion of women

There are no gender segregated official statistics available on financial inclusion. Therefore, to assess the situation we used data from the WB's Global Findex Database (a source of data on global access to financial services from payments to savings and borrowing)[81].

According to this data, the level of women's access to financial services in Kazakhstan is quite high. Moreover, by almost all indicators the share of women exceeds not only the share of men in Kazakhstan but also the same indicator for Europe and Central Asia (ECA)[82]. Thus, 84% of women have an account in a financial institution compared to 78% of men and 74% of women in ECA. Additionally, 65% of women have a debit or credit card, compared to 61% of men and 55% of women in ECA.

In general, women in Kazakhstan have more savings (42% vs. 38% of men). However, the share of men and women who save at financial institutions is the same – 19% (in accordance with the results of our survey, the share of women who prefer make savings in a financial institution is slightly higher 26% vs 24.5%)**.** It is worth noting that 17% of women save for old age, compared to only 12% of men.

Approximately 47% of women borrowed any money, compared to 48% of men. However, the figures for borrowing from a formal financial institution are 30% of women versus 29% of men. According to 2017 data, 19% of women had housing loans versus 22%[83] of men.

Compared to men, women are more likely to use the internet and digital technologies for financial services.

Table 15. Use of internet and digital technologies

	Women	Men
Made or received a digital payment	82%	74%
Used a mobile phone or the internet to buy something online	40%	36%
Used a mobile phone or the internet to pay bills	53%	48%
Used a mobile phone or the internet to send money	48%	46%
Made a digital merchant payment	60%	54%

6.2   Banking products for women available in the market

Currently, there are no banking products especially designed for and offered to women only. Banks and other financial institutions treat all clients equally and offer the same products with the same terms and conditions. The only exceptions are housing finance products offered by Otbasy Bank (Umai product) under the ADB Promoting Gender Equality in Housing Finance program, and business loans offered by BCC, KMF, Shinhan Bank, Forte Bank and Arnur Credit offered under the EBRD Women in Business program[84]. This indicates that in general, financial institutions do not consider women as a separate target group and thus, do not expect to receive additional benefits.

6.3   International experience in housing finance programs for women

There is little international experience concerning special housing finance products for women borrowers. Like any other commercial organization, financial institutions consider clients not based on gender but on

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[81] The 2021 edition, based on nationally representative surveys of over 125,000 adults in 123 economies during the COVID-19 pandemic, contains updated indicators on access to and use of formal and informal financial services. Age of respondents 15+.
[82] Excluding high income countries.
[83] This information is missing from the 2021 data.
[84] https://ebrdwomeninbusiness.com/

their ability to pay for a product. However, some financial institutions consider women as a special target group and add some features in the product terms to make them more attractive for women. For instance, Bulgarian UniCredit bank launched the "Donna" Mortgage product for women, with the specific feature of reduced repayment installments during the first three years of maternity[85]. The "Donna" mortgage was just one of the products designed for women[86]. Other specifics usually applied by financial institutions include offering slightly lower interest rates and longer maturity to women borrowers (very popular in India).

India is perhaps the only country where support for women to become homeowners is provided at the state policy level. The Pradhan Mantri Awas Yojana program is a central government-backed initiative aiming to ensure affordable housing for the economically weaker sections[87]. The 'housing for all' scheme offers an interest subsidy on home financing to construct, improve, buy, or extend a house. Women-focused benefits from the program are:

- **Benefits on subsidy:** Under the Pradhan Mantri Awas Yojana guidelines, it is mandatory to register at least one female member of a family as the owner of the house. With a woman co-owner, the maximum available subsidy is up to Rs. 2.67 lakhs. Furthermore, women belonging to the Lower Income Group and Economically Weaker Sections categories can get a subsidy of 6.5% on a loan of up to Rs. 6 lakhs.

- **Tax benefits:** Apart from home loan subsidy benefits for PMAY**,** purchasing a home with a woman co-owner also makes buyers eligible for a tax rebate. If the home is self-occupied, buyers can receive an additional tax rebate on the interest amount of up to Rs. 2 lakhs every financial year. Moreover, a married couple co-owning a property can claim separate tax allowances if the woman has an independent source of income. The deductions will depend on the individual ownership share of each co-buyer.

- **Discount on stamp duty:** Stamp duty is a tax that is levied on any property purchase, and is calculated as a percentage based on the market value or the agreed value of the property -- whichever is greater. The stamp duty percentage differs from state to state. State governments in India offer a certain amount of discount to women property buyers or to the joint registration where one of the applicants is a woman.

- **No prepayment penalties:** There are no prepayment charges for women under the PMAY.

In addition to state-offered incentives to women borrowers, many lenders offer discounted processing fees and lower interest rates for women homebuyers, as well as longer maturity and higher loan amounts. These terms can vary from one lender to another.

We anticipate that the situation will change in the near future, and women's access to housing finance will improve globally. This is due to the fact that international financial institutions have begun to pay more attention to the problem. In fact, in October 2020 IFC signed a USD 70 million loan agreement with the Global Bank for on-lending mortgage loans to women in Panama[88]. This was IFC's first investment focused on housing for women. Following that, in June 2021 IFC signed a USD 50 million agreement with Banco La Hipotecaria to support the growth of residential mortgage lending to low- and middle-income

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[85]   https://www.unicreditbulbank.bg/en/about-us/media/news/according-to-data-of-unicredit-bulbank-women-hold/

[86] The product series included deposits, consumer loans, investment loans, credit card, debit card, and car leasing.

[87]   https://www.tatacapital.com/blog/home-loan/why-should-you-keep-women-as-a-co-owner-to-avail-pmay-benefits/

[88] https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=18618

families in Panama and El Salvador. Considering that the housing finance gap is larger for women, approximately 50% of the investment will be aimed at women, supporting female headed households.

Another noteworthy finding from international experience is that female borrowers pay higher interest on their mortgages compared to male borrowers (USA data: https://resources.ownup.com/women-pay-more-for-their-mortgage-than-men)[89]. The main reason for this is because, on average, women's earnings are lower than men's; therefore, the debt-to-income ratio in the case of female borrowers is higher, causing banks to charge higher rates. In addition, due to their lower income, women save less and thus make lower down payments (average LTV is higher). As with DTI, higher LTV is deemed riskier, and banks charge higher interest.

7.   Women's access to housing finance survey results

The primary objective of the survey was to provide a detailed analysis of women versus men (as control group) in terms of social status, income, housing conditions and needs, experience in mortgage lending, major challenges faced in obtaining mortgage loans from banks, future plans to apply for housing finance, etc.

The phone-based survey was conducted among 1,500 respondents in 10 regions (Aktobe, Almaty, Atyrau, West Kazakhstan, Jambyl, Karaganda, Kostanay, Turkestan, Pavlodar and East Kazakhstan) and 3 cities (Astana, Almaty and Shymkent). As the focus of the study was on women, 60% of respondents were women.

Table 16: Sample size and distribution

Regional quota	Total	Women	Men
Aktobe region	110	66	44
Alma-Ata's region	115	69	46
Atyrau region	110	66	44
West Kazakhstan region	110	66	44
Jambyl region	115	69	46
Karaganda region	115	69	46
Kostanay region	110	66	44
Turkestan region	115	69	46
Pavlodar region	110	67	43
East Kazakhstan region	115	69	46
Astana city	125	75	50
Almaty city	125	75	50
Shymkent city	125	75	50
General	1,500	901	599

Background/general information

The share of women having higher education is higher than of men: All respondents were of working age: 18–60 years for women, and 18–63 years for men. Approximately 66% of respondents were aged 18

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[89] There is no such research across Europe or any other country. This is likely because US lenders are required to publicly disclose loan-level information about their mortgages through the Home Mortgage Disclosure Act (HMDA).

to 50. **About 60% of respondents had higher education**, 30% had technical/vocational training, and 9% had secondary education. By gender, **the share of women having higher education is 64% vs. 52% of men**. Correspondingly, the share of men having technical/vocational and secondary education exceeds the share of women.

Table 17. Respondents by age (years)

	18-30	31–40	41-50	51-55	56-60/63
Women	20.1%	21.5%	23.4%	19.9%	15.1%
Men	23.9%	24.2%	20.2%	18.0%	13.7%
Grand Total	21.6%	22.6%	22.1%	19.1%	14.5%

The majority of women are employees: About **73% of respondents are salaried employees** -- 40% are employed in private sector and 33% in public. The share of self-employed workers is 14.5%. The rest are pensioners, students, home keepers, women on maternity leave, and temporary unemployed. **The share of women dominates among pensioners, home keepers, unemployed and public sector employees**, while the share of men is higher in private sector employees, self-employed and students**. In 76% of families[90] both spouses are employed (including self-employment).**

Salary is the main income source for the majority: Respectively, **the main income source for 70% of respondents is a salary, and for 17% the main income is business**. The slight differences between shares in employment status and income source is because some employees responded that they also engaged in business activities. **Other noted sources of income are money transfer, renting, pension, parents**. Around 11% of respondents noted that they have two sources of income and three respondents said they have three sources of income.

Trade and services are the sectors where more than 51% of respondents are engaged: By sector, **the highest share of respondents (34%) are engaged in the services sector, followed by trade (16%), public administration (10.1%), and education (9.1%)**[91].

Figure 20. Distribution of respondents by their engagement in the economy sectors
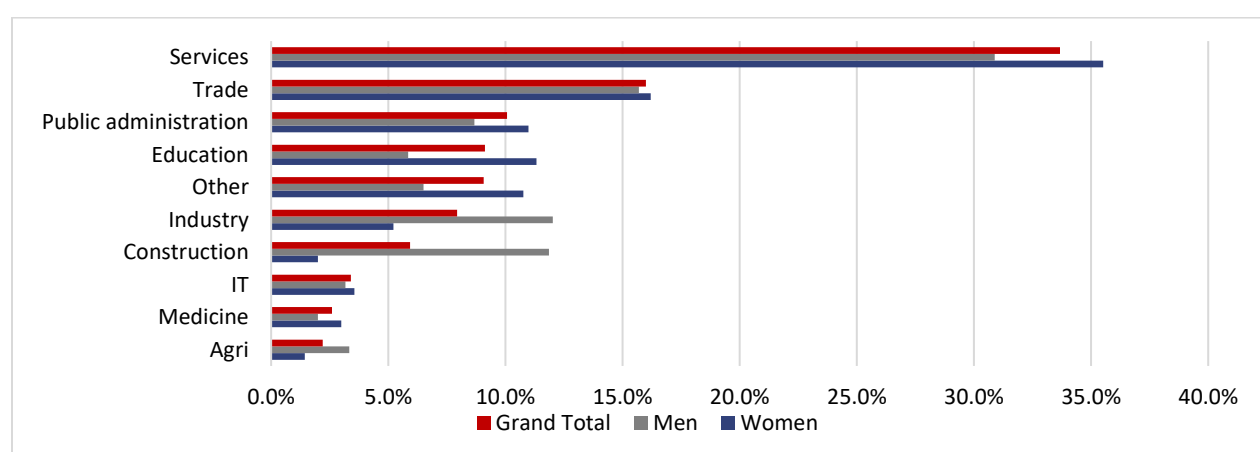
The proportion of divorced and widowed women is more than twice that of divorced and widowed men: By family status, **70% of respondents are married, 18% are single, and 12% are divorced/widowed**.

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[90] Families with both spouses.

[91] Share of women and men are calculated within their groups.

In the absence of significant differences between married men and women, **the share of women in the divorced/widowed group is more than 2 times higher than the share of men (15% vs 6%)**.

In most households, the man makes the decision: In **41% of cases the man is the decision maker in the household/family**, compared to **22% of cases where the decision maker is the woman**.

Figure 21. Household/family structure by decision maker
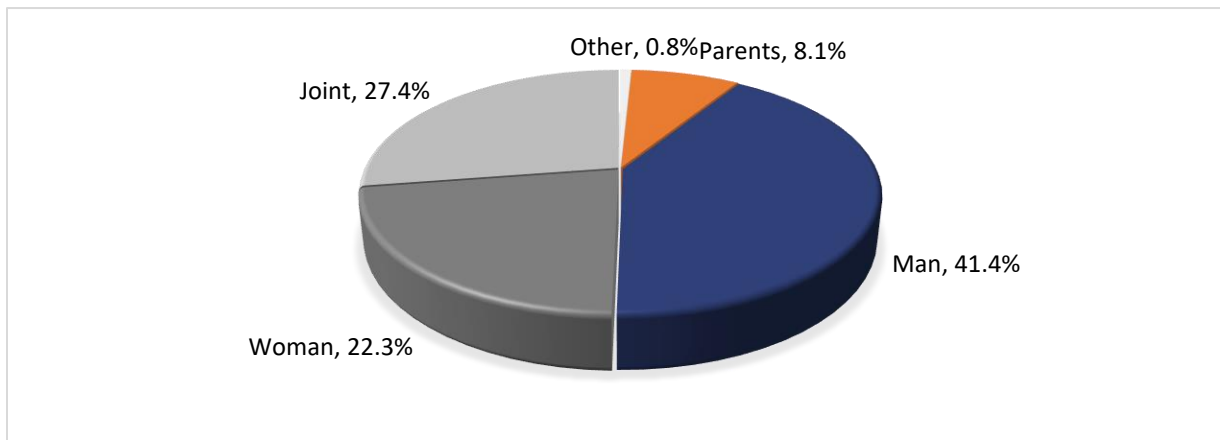
In households where **a woman has a mortgage loan, the share of male decision makers is 34%. In 46% of cases decisions are made jointly, and in 16% of cases the decision maker is a woman.** Only in 27% of cases a decision maker's income is more than 50% of a family's/household's income.

Housing conditions and ownership

Figure 22. Type of housing respondents are living in
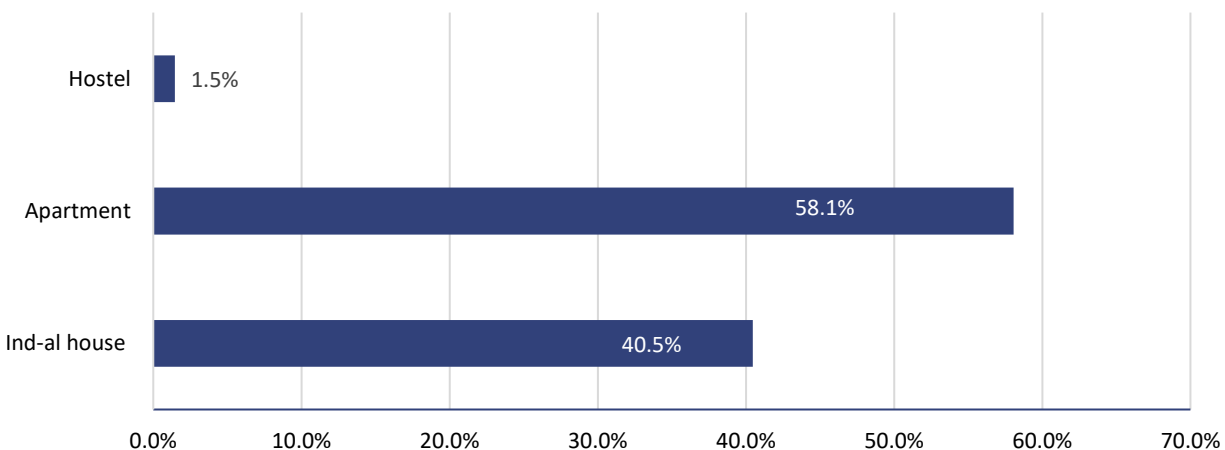
More than 30% of households are living in overcrowded homes: Analyses of home areas and household/family structures show that **in 32% of households/families, the home area per inhabitant is less than 15 sq. m.**, while in 24% of cases this indicator is more than 30 sq. m. The calculated 32% is close to official statistics (see page 8), according to which the share of households with a home area of less than 15 sq. m. per inhabitant is 29%.

Figure 23. Housing area per household/family member
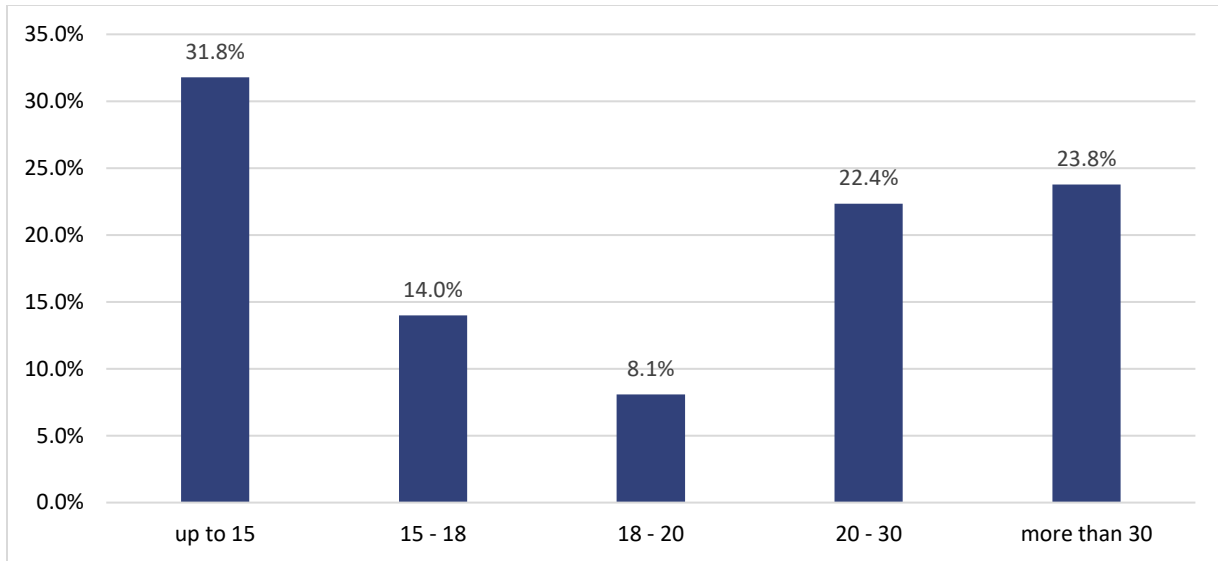
There is high demand on renovation: About 51% of respondents rated the physical condition of the building they live in as excellent (10%) or good, and noted that there was no need for major repairs. At the same time, **35% believe that internal repairs of their apartment/home is needed**. Around 89% of respondents noted that the house/apartment they are living in provided all amenities.
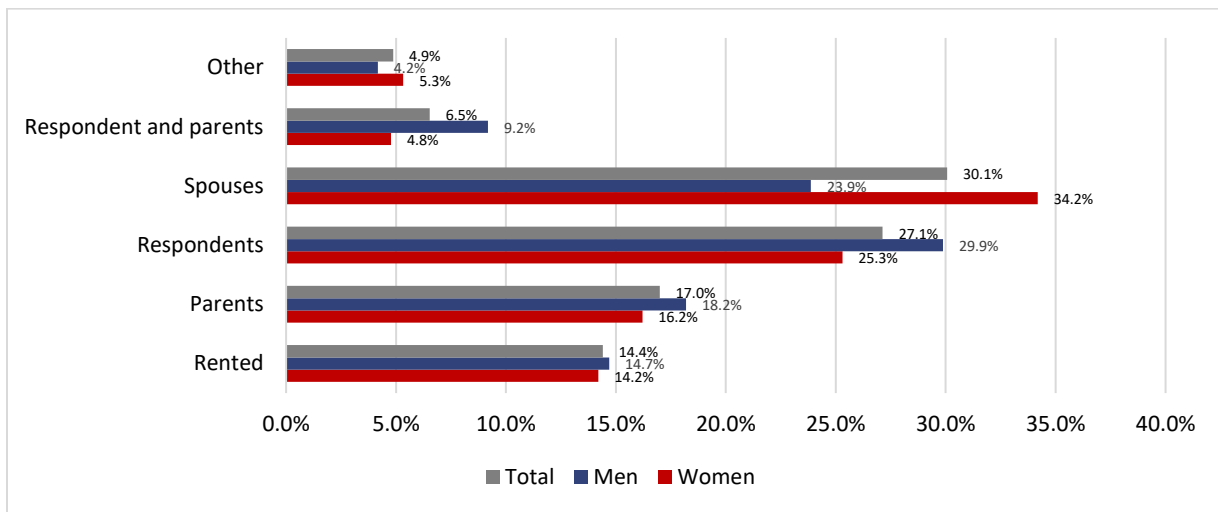
Men are more likely to be homeowners: The ratio of **male ownership is around 5 pp higher than that of women (30% vs 25%)**. Approximately **34% of women and 24% of men noted that they have joint ownership (with spouse)** of the home they are living in.

Figure 24. Ownership structure

The "Other" group (in Figure 24) includes joint ownership with relatives, the state, children, a company, etc. **In 51% of cases, the ownership was acquired as a result of purchase, and in 18% of the construction of the house**. The proportion of inherited ownership is 12%.

Approximately each 8-th household is living in rented home: Around 14% are living in rented homes (this number can indicate potential demand in housing and mortgage loans). Considering monthly rent equal to monthly payment of mortgage loan, we calculated **the potential demand for mortgage loans**

from those living in rented housing at around KZT 9 trillion (USD 18.2 billion) [92]**.** Given that shares of both men and women is almost equal, we can conclude that half of this amount is the share of women.

Income and savings

The income of 82% of households does not exceed KZS 400,000. Given that the average number of households is 3.5 people, this is close to official statistics that in the case of 80% of the population, income per capita does not exceed KZT 100,000[93].

Figure 25. Household/family income
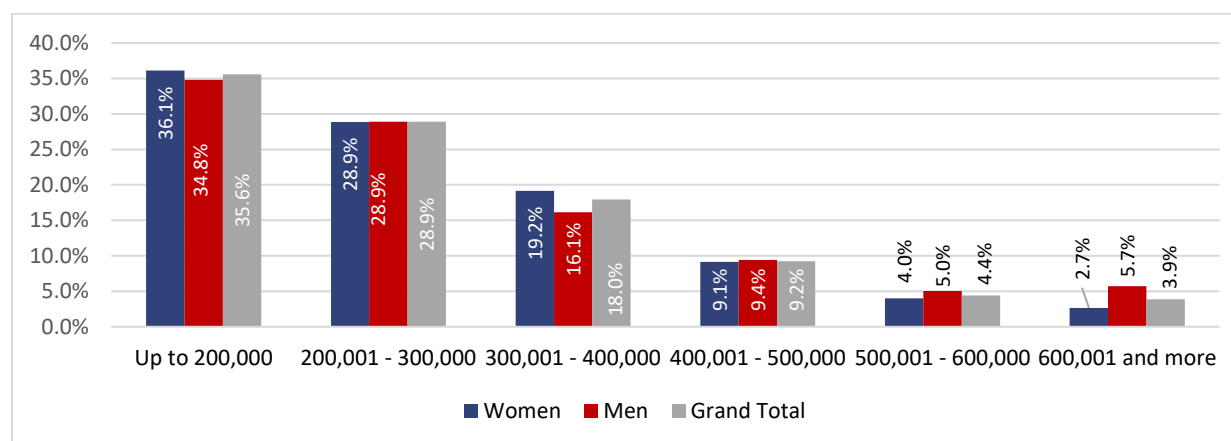
On average, men income is higher than that of women: As can be seen **in higher income groups, men prevail**. This figure alone may not indicate that women's incomes are lower than men's (household incomes are taken into account, and the grouping by men/women is done by gender of respondents and not by gender of those who receive the income).

However, **women having lower income than men is confirmed when we analyze the share of the respondent's income in the household's/family's income**. Thus, **the share of women whose income in the family budget is more than 50% is only 30%, compared to 53% of men**. A comparison of the incomes of single (including divorced and widowed) men and women shows that **the share of women in the income group up to KZS 400,000 exceeds the share of men (90% vs. 82%)**, while in **the higher income group (KZS 400,000 and more) the picture is opposite – 18% men vs. 10% women**.

Income seasonality: 39% of respondents noted that **their household/family income changes significantly throughout the year** (seasonality). Interestingly, both self-employed and salaried employees indicated seasonality of their income. This might be explained by the **fact that the highest share of respondents are engaged in the services sector**.

Around income of one third of households may not be fully confirmed documentary: 34% of respondents' family/household income can be either partially verified or not verified at all.

Access to banking services

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[92] For each group (grouped by rent payment) maximum loan amount was calculated based on the following assumptions: loan maturity – 240 months, interest – 12%, monthly payment - upper boundary of each group. Total volume is calculated by multiplying loan amounts of each group by estimated number of households in each group.

[93] Bureau of the National Statistics of Kazakhstan under the Agency of Strategic Planning and Reform of Kazakhstan.

More women have bank account than men: 72% of women and 69% of men have a bank account. As can be seen from the graph below, **the share of men with bank accounts is higher in younger age groups**, which can also be the result of inequality between the income of men and women.

Figure 26. Distribution of men and women by age and availability of a bank account
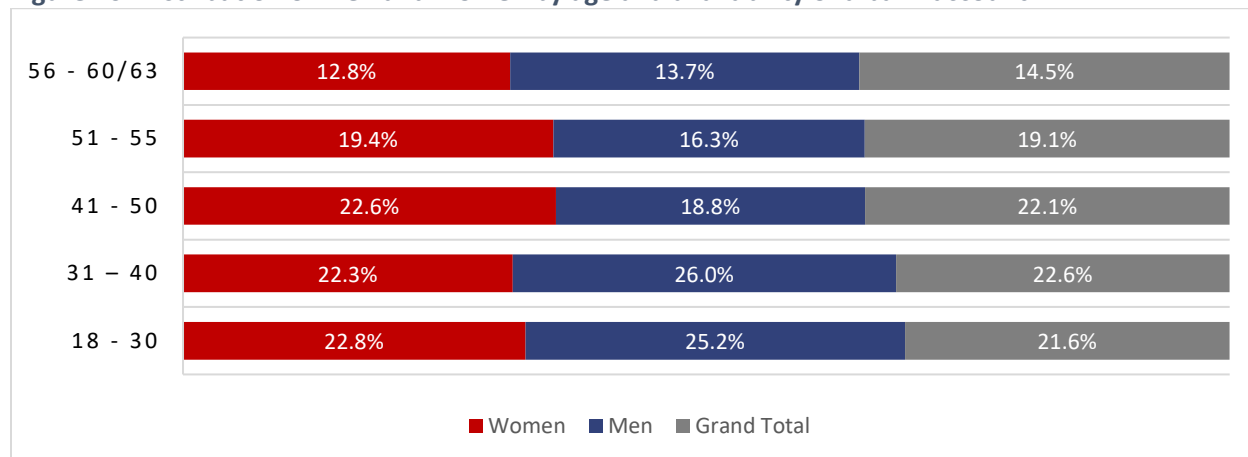
The possession of a **credit card is almost equal between women and men – 33.6% and 33.1%**, respectively. The age of 51% of those who have a credit card is up to 40 years.

Women more often take consumer loans: In total, **47% of respondents have an existing loan**, and **the share of men exceeds that of women by more than 5 pp** (50.4% vs. 45.1%). By type, **the vast majority (76% of all loans) are consumer loans**. It is notable that compared to men, **women tak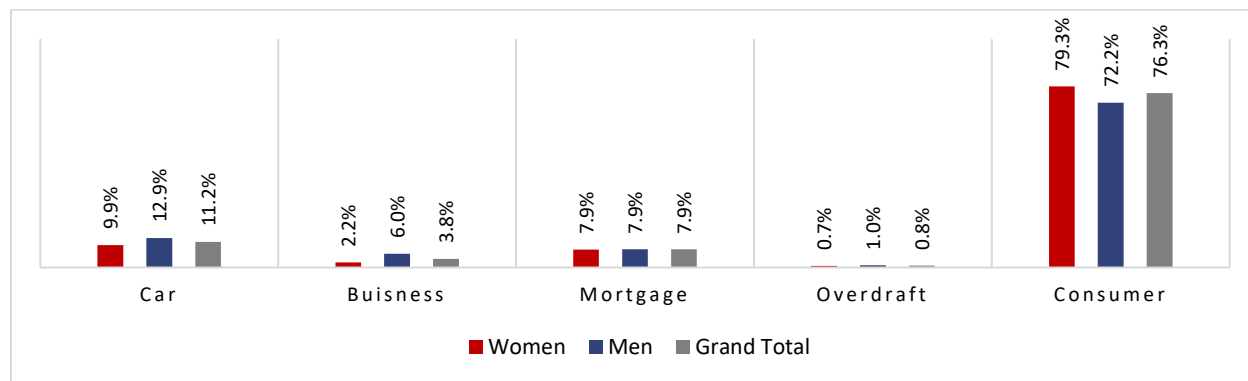e more consumer loans (79% vs. 72%)**. In turn, men take more car and business loans (respectively, 13% vs. 10% and 6% vs. 2%). In the case of mortgage loans, there is equality – 8%.

Figure 27. Types of loans by borrower's gender

Women prefer to save in banks: In general, **62% of respondents contribute to savings regularly**. The proportion of **men who have savings is greater than the proportion of women (65% vs. 60%)**. However, compared to men, **the share of women with savings accounts in a commercial bank is slightly higher (26% vs. 24.5%)**. Approximately 31% of women and 32% of men responded they do not have enough income to contribute to savings. Moreover, **6.5% of women responded that their spouses do not allow them to have savings** (in the case of men this indicator is 1.2%). **This indicates that at the household level some discrimination/inequality still exists.**

The amounts of periodic savings for men and women differ – women save smaller amounts (which can also indicate that women's income is lower than men's).

Figure 27. Men and women monthly savings
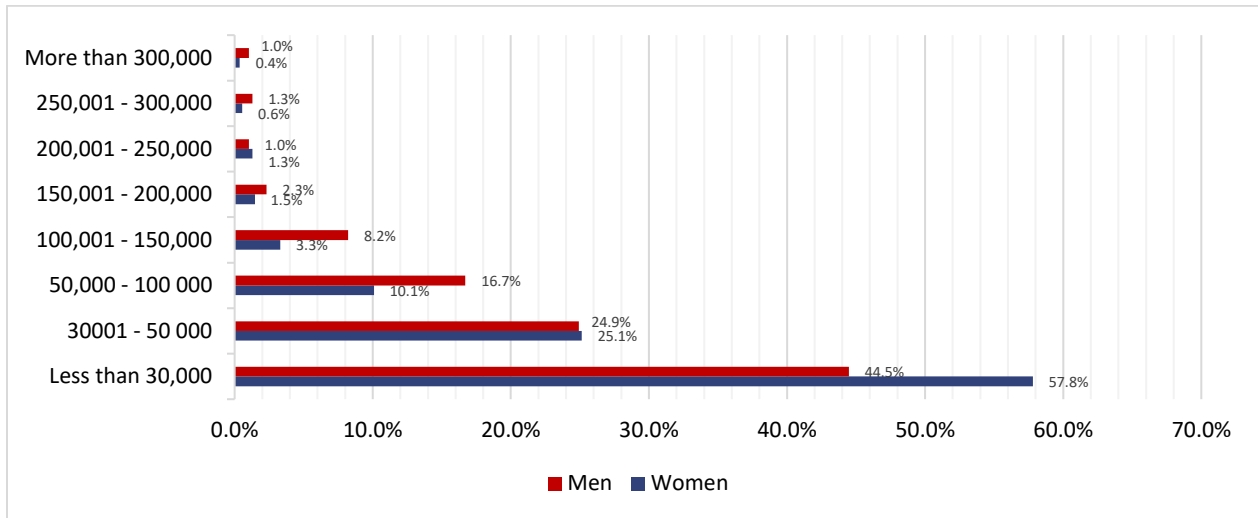
Compared with men, more women are ready to use savings for housing: Approximately **40% of those without a savings account are interested in opening one**. Around **56% of those who have or are interested in opening a savings account consider it possible to use savings for housing** – the vast majority will use their savings to buy a home/apartment. **The share of women who are ready to use their savings for housing exceeds that of men (61% vs. 49%)**.

The following were noted as the main reasons for not being interested in opening a savings account:

- Low interest offered by banks on savings accounts (46%);
- Lack of confidence in banks (25%);
- Preference to save informally (24%).

Experience in mortgage lending

Around a quarter of respondents applied for mortgage loan: Over the past five years, **23% of respondents have applied for a mortgage loan (25% of women and 20% of men)**. Of those who applied, 45% were rejected, with **the rate of rejection being higher for men than women (48% vs 43%)**.

Figure 29. Mortgage application rejection rate
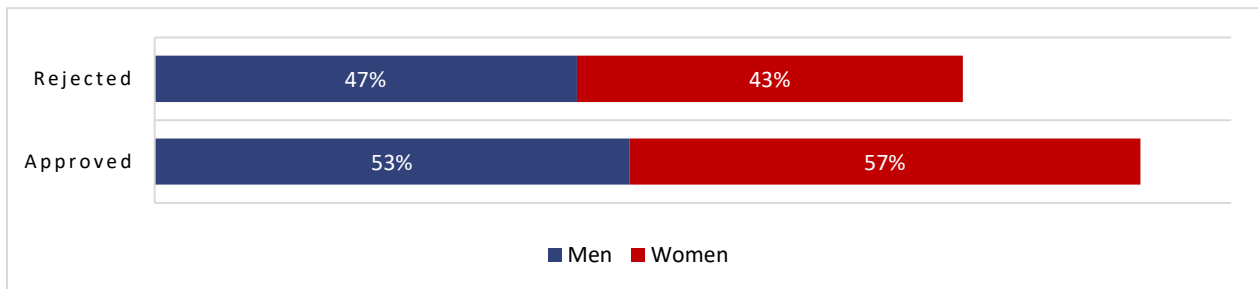
Men applications are rejected more often: The main reason for rejecting an application is insufficient income. Interestingly, **more men than women were rejected due to insufficient income**. This may indicate that **men are more likely to apply for an amount that exceeds their ability**. Approximately 52% of mortgage loans were granted under the state programs.

Figure 30. Reasons for rejection

Figure caption area — horizontal bar chart

Category	Total	Men	Women
Not eligible for the program applied	7.2%	3.6%	9.4%
Credit history	8.6%	8.9%	8.3%
Collateral	11.2%	10.7%	11.5%
Undocumented income	8.6%	10.7%	7.3%
Insufficient income	64.5%	66.1%	63.5%

■ Total ■ Men ■ Women
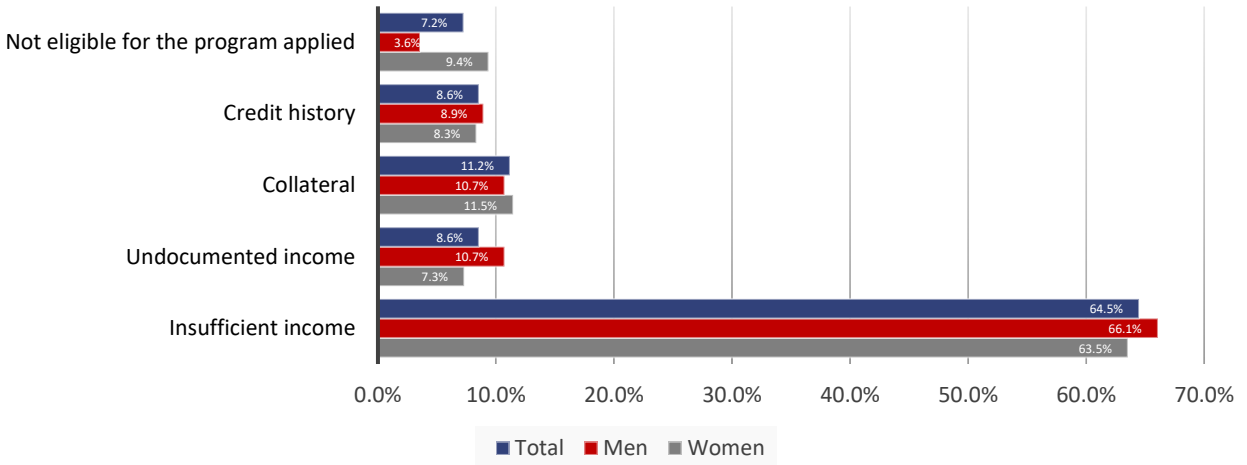
The main problems applicants faced relate to bureaucracy: Of those who received a mortgage loan, **28% did not encounter any problems in the lending process**. The main three problems respondents noted were (up to three answers were possible):

- Bureaucracy / complex application process;
- Slow process / long wait time until approval / disbursement;
- High commission / fee.

In vast majority cases mortgage loan is used for financing home purchase: Purpose of mortgage loans: Around **88% of mortgage loans were used for home/apartment purchase**, 7% for renovation, and 3% for construction (the rest were for refinancing existing loans).

By number small mortgage loans prevail: About **75% of mortgage loans amount up to KZS 15 million**. There is no pattern in the amount of loans for men and women. Of those who got a mortgage, 12% noted that the loan amount was insufficient.

Figure 31. Mortgage loan groupings by amount
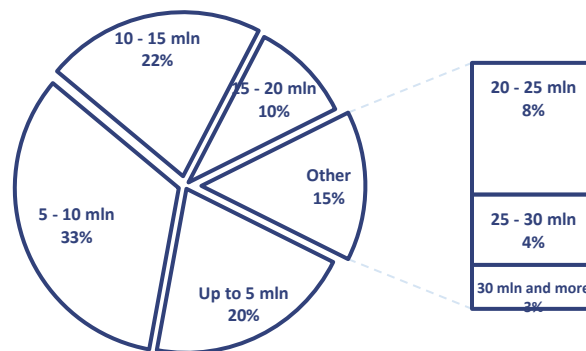
Women are more likely to act with a co-borrower: In 55% of cases, borrowers acted jointly with co-borrowers. **More women than men had co-borrowers (60% vs. 45%)**.

People prefer mid-term mortgages: The maturity of **58% of mortgage loans lies within 6 to 15 years**. Loans with a maturity of more than 15 years constitute only 15%[94].

Figure 32. Mortgage loan maturity
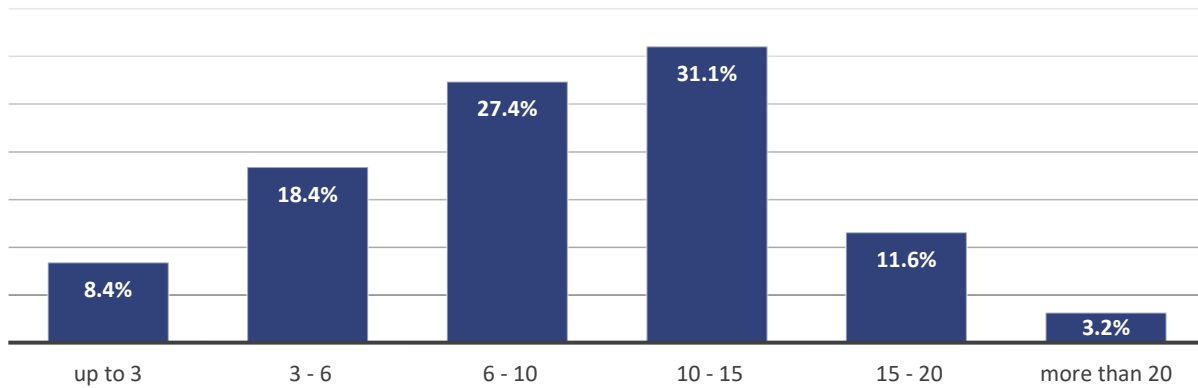
Interest: Given the high share of mortgages under state programs, in **57% of cases the interest rate is up to 10%**. Loans with a 10-15% interest rate constitute 23%.

Loan repayment: Around **25% of borrowers faced temporary problems** with making payments on time. **Men faced repayment problems almost twice as often as women (37% vs. 20%)**. The main reasons for being late on loan repayment were: unexpected expenditures (56%), delayed salary (21%), and temporary unemployment (17%).

Demand on mortgage loans

Interest in housing investments: 61% of women and 53% of men respondents are interested in making investments in housing during the next five years – the vast majority (80%) is considering the purchase of an apartment/house. There is a slight difference in the preferences of women and men – **women are more likely to buy an apartment, while men are more likely to buy a house**.

Figure 33. Preferences in housing investments

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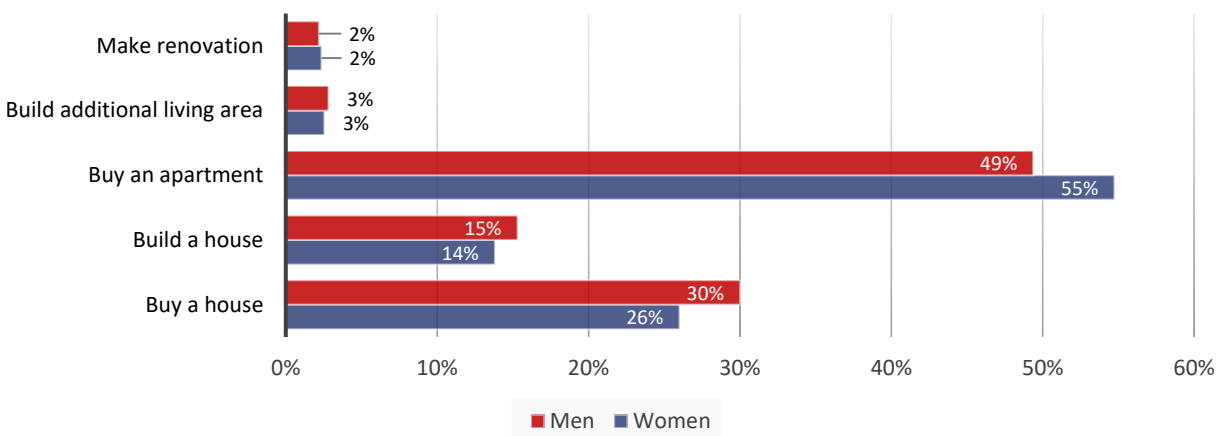
[94] As results of FGDs show, people prefer to take short term loans for making less interest payments

Women prefer comfortable housing: Purpose of investing in housing: The main reasons for investing in housing are, **to live in a better area (41%), enlarge living space (41%), and rent out the house/apartment (12.2%).** Here, some differences between men's and women's preferences are noted as well. **Women are more interested in improving housing conditions** rather than enlarging living area. Also, **women are less interested in acquiring a house/apartment for the purpose of renting it out**.

Figure 34. Purpose of investing in housing

For children: Women 2.0%, Men 1.3%, Grand Total 1.7%
Get your own home: Women 3.6%, Men 5.3%, Grand Total 4.3%
Making investment/for rent out: Women 11.5%, Men 13.4%, Grand Total 12.2%
Living in better quality home: Women 44.4%, Men 35.0%, Grand Total 40.9%
Enlarging living space: Women 38.5%, Men 45.0%, Grand Total 40.9%

■ Women ■ Men ■ Grand Total

For more than half of those interested in investing in housing there is no difference between the primary and secondary ma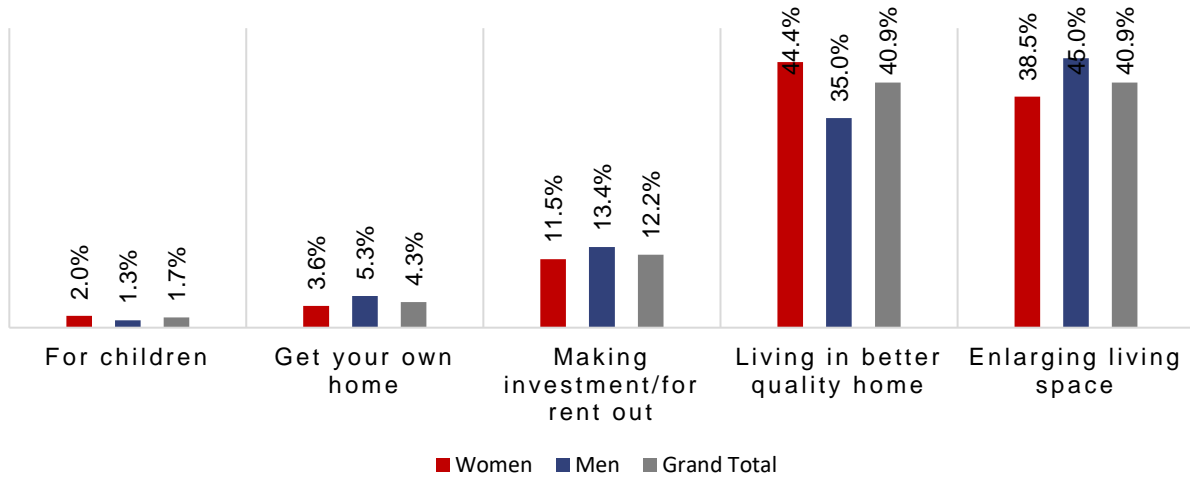rkets: Approximately 52% of those interested in investing in housing are ready to buy a house/apartment from either secondary or primary markets, while **36% target only the primary market**. Around 26% plan to sell their existing property to finance their future investment.

Figure 35. Assessed value of investments in housing

More than 40 mln 7%
35-40 mln 9%
30-35 mln 10%
25-30 mln 10%
20-25 mln 15%
15 - 20 mln 19%
10 - 15 mln 17%
Up to 10 mln 13%
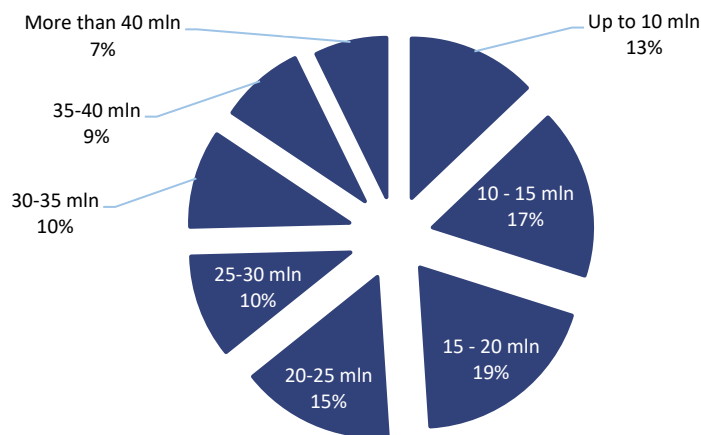
Mortgage loan is the main source for financing investments in housing: Approximately **67% of those who are interested in investing in housing (39% of total respondents) are going to use borrowings/debt** to finance their housing investments. Of those, 93% are going to use official borrowings (loans from banks and other financial institutions), while the rest plan to borrow from friends and/or relatives.

Potential demand on mortgage loans is huge: Around **39% of respondents (total households) are interested in financing future investments in housing by debt** (official and unofficial borrowings) and can

be considered as potential mortgage loan borrowers. **Given the average number of household members (3.5) and total population, the number of potential loans is estimated at around 2.2 million, which translates to KZT 23 trillion (around USD 67 billion).** Furthermore, given that the share of women among those interested in debt/loans is around 52%, we can consider **women's potential demand on mortgage loans to be around KZT 16.5 trillion (USD 34 billion)**.

Estimated payable demand on mortgage loans is also huge: The above assessments are based on respondents' willingness to take a loan/debt to finance their housing investments, and the desired amount of the debt/loan. These calculations do not consider the capability of respondents to service the desired debt/loan. Obviously, not all who responded positively to the question about their willingness to finance a housing project through debt/loan will be eligible for a mortgage loan. Thus, a review of responses on monthly payments respondents can make and desired loan amounts allows us **to conclude that not all respondents have a clear understanding of the relationship between loan amount and their monthly payment**. *In other words, in some cases the monthly payments that respondents can make is not consistent with their desired loan amount. If we consider only those who indicated monthly payments in line with their desired debt/loan amount, then the number of potential borrowers declines to around* **910,000, and the total volume of potential mortgage loans declines to KZT 13.6 trillion (USD 28 billion)**[95]*.*

Preferential terms of loans under the state programs make them demanded: 43% would like to take a mortgage loan under one of the state programs, while 35% consider those loans to be too restrictive.

In most cases desired mortgage loan amount is up to KZT 20 million: The most demanded loan/debt amount lies within the **range of KZT 10 to 15 million (24%), followed by loans/debts from KZT 5 to 10 million and KZT 15 to 20 million (each 16%)**. The most desired maturities are from 6 to 10 years (33%) and 10 to 15 years (27%).

Savings are considered to be the most desired source for making down payment: The main sources for making **down payments were noted as savings** (personal and family), borrowings (from relatives/friends and financial institutions), and proceeds from sale of an asset.

Low interest rate and down payment are the most important factors.

Figure 36. The most important features of a mortgage loan

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[95] A respondent is considered capable of servicing a desired debt/loan if the calculated monthly payment on that debt/loan matches his/her specified monthly payment. To calculate the monthly payments, the loan term was taken to be 20 years and the interest rate was 12%.
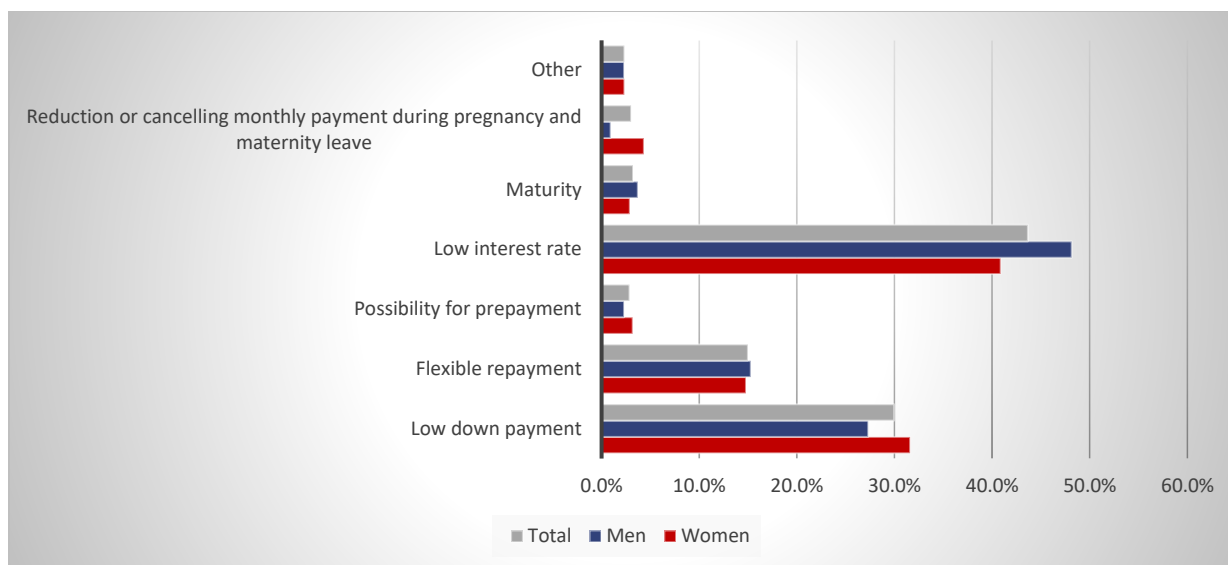
The main reasons for not being interested in getting a mortgage loan are:

- High interest rate;
- Insufficient income;
- Lack of confidence in banks;
- Overly complicated procedures.

The society feels there is inequality between men and women: In total, **31% of respondents think that women have less access to mortgage loans** than men. It is notable that this question has an equal share of men and women.

At the end of the questionnaire respondents were asked to select statements, related to gender equality, that they agreed with[96].

Table 18. Statements respondents agreed with

N	Statement	Women	Men	Total
1	Women tend to have lower income	30.8%	27.2%	29.4%
2	Women often prefer a spouse to be responsible for such decisions in the name of the household	20.6%	27.1%	23.1%
3	Women have more difficulties in fulfilling formal requirements for a loan	13.9%	12.4%	13.3%
4	Women do not own property which can be used as collateral	13.7%	12.0%	13.1%
5	Cultural perceptions on the women role in society	8.4%	10.5%	9.2%
6	The government and banks exaggerate women inferiority	7.5%	5.3%	6.6%
7	Other	5.0%	5.6%	5.3%
	Total	**100.0%**	**100.0%**	**100.0%**

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[96] Each respondent could choose up to three statements; 2,091 answers were collected.

Though there is no explicit discrimination based on gender, and legal framework (especially those related to access to finance) is equal for all, the society feels there is a difference between men and women. This not only relates to measurable things (like income, Statement N1) but also the treatment of women (Statements N2 to N5).

8.   Focus group discussions

To verify findings from the Survey as well as get additional information not captured by the survey, nine FGDs were organized in six regions and three urban areas (as presented in the table below). FGDs were organized among both male and female "mortgage clients" (those who have a mortgage loan, including mortgage loan for women) and "non-mortgage clients" of the banks. Three FGDs were conducted with men and six with women, participants were selected in accordance with the screening questionnaire. In total, 74 people participated in FGDs (8-9 per each group).

Table 19: Focus group discussions

N	Region/city	Number	Group	Participants	Date
1	c. Astana	1	Women clients	9	10 September, 2022
2		1	Men clients and non-clients	9	10 September, 2022
3	Kosshy	1	Women non-clients	8	11 September, 2022
4	Karaganda	1	Women-clients	8	17 September, 2022
5		1	Men clients and non-clients	8	17 September, 2022
6	c. Almaty	1	Women-clients	7	25 September, 2022
7	Taldykorgan	1	Men clients and non-clients	8	1 October, 2022
8		1	Women non-clients	8	1 October, 2022
9	Kaskelen	1	Women non-clients	9	2 October, 2022
	Total	**9**		**74**	

In general, the FGDs confirmed the main findings from the Survey (**high demand on housing improvement, women lower income (compared with men), main constrains in applying for mortgage loan (required down payment, high interest rate, insufficient and/or undocumented income), perception of women as more vulnerable, dependent on men**). In addition, live and direct communication allowed to supplement the information obtained from the reviewed publications/statistics and the Survey results. The following topics summarize the main findings from FGDs.

Housing conditions and demand

Most of the participants live in 2-3 room apartments, less often in houses with 3-4 rooms (which are not always provided with all utilities). Compared to Astana and Almaty, in peripheral cities (such as Karagandy and Taldykorgan) the housing conditions are very dilapidated. In rural areas, where from some participants moved, these problems are more acute.

Majority of non-clients are living in a home inherited from parents or with parents (parents in law in case of women). It is also common when children have a home but are living with parents and rent out his/her home. Around 10% of participants (mostly who moved from other areas) are living in rented apartments. In case of clients, both spouses are ownership of the home they bought are living in.

Despite of currently only a few participants have urgent needs for improving housing, most of non clients (as well as some of clients) plan to invest in housing in the next years. Other than improving housing conditions, reasons are assistance to children and getting income (rent out, sell at higher prices). In case of women the reason also is desire to live separate from husband parents (bad housing conditions and overcrowded were noted as source of quarrels in a family).

Mortgage lending is considered as an important tool for financing future investments in housing and the state programs are preferable option. The interest rate and the down payment are the most cited problems in making a decision on taking a mortgage.

Experience with mortgage lending

Majority of clients got a mortgage loan under one of the State programs (7-20-25, Baspana Hit, 50/50, etc.)[97]. Even the terms and conditions under the State programs are the same, there are still specifics between banks in clients assessment. There were cases when a client, under the same program, was rejected in a few banks before getting a loan. Some participants noted that they could get a loan only because of assistance of so called "helpers"(помогайки). The helpers act as intermediaries between banks and clients and against payment arrange loan approval. This might be seen as a mortgage brokering activity. However, the warning is that they arrange loan approval for non-eligible clients. It is even possible to get a loan without making (or making partially) a down payment (in collusion with developers).

To qualify under the state programs also participants go on a trick. Particularly, fiction divorces are very common for qualifying for a loan to single mother, for not showing existing property, etc.[98]

For many women clients it was difficult to collect money for making down payment (they think it should be decreased to 10-15%). In general, selling of an existing home for making a down payment is very common.

It is also noteworthy that among those who have a mortgage loan, there are those who have taken a loan before (even up to 3). Whether a husband or a wife act as a borrower, depends on specific requirements of a program and the income. Co-borrowing was mentioned by some participants. Other than spouses, parents or close relatives (brother/sister or aunt/uncle) acts as a co-borrower.

Experience with banks varies from very negative (it took more than one month to get a loan) to positive (loan was approved and disbursed within less than 10 days). The main problem noted is bureaucracy, non-efficient organization of works, technical problems.

Otbasy Bank, Sberbank, Halyk Bank and BCC were mentioned as the main lenders.

Savings and income

Almost all participants mentioned they do periodic savings. Many of them have saving accounts with Otbasy Bank. However, it is not always possible to make savings each period due to fluctuations of income and expenses. In terms of gender differences, women are better savers and try to save even small amounts. Men are more sceptic in saving small amounts due to inflation. This is particularly relevant for financing future investments in housing. Many participants (especially men) noted that home prices were rising at a rates which make it impossible to accumulate even a down payment (50% in case of Otbasy Bank).

The fact that in average women gets paid lower compared with men was confirmed by almost all participants. Other than maternity leave, taking care of family, etc. women income is lower because of men more often are involved in additional works (e.g. field visits) and thus get additional payments.

It is also notable that many of those women who had a loan under any state program are complaining about high interest rate (high monthly payments). It seems that they did not assess their ability correctly. Given that people involved in private sector have higher income, their repayment capacities are higher.

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[97] There were no one who has borrowed under Umai program. A few participants noted that they were interested but because of high interest did not apply

[98] This is very similar to the situation when provision of significant targeted social assistance (TSA) provoked many families to divorce to remove husband's contribution from the total family income to become eligible for social support.

Women have a lower but more regular income. The participants assert that women are more disciplined in monthly payments and more responsible.

Gender perception and challenges

Focus-group participants both women and men agree that women are in inferior position compared with men due to the lower salaries, employment in less profitable sectors such as education and medicine, maternity leaves, necessity to take care of children, husband, and parents more often than men do. It was also recommended that under the program for women loan interest rate has to be reduced when a women gives birth. However, a few men-participants were rigorously against women's mortgage not to let women be "too independent". They think that women mortgage programs stimulate wives to get divorced, to destroy family values[99]. Nevertheless, all focus-group participants think that should be programs for single mothers, especially after losing a breadwinner.

Many feel that women rights are being violated on the household level. It is also difficult for women to get employed – many employers do not want to hire young women because she can go on maternity leave.

It is also interesting, that there is no solidarity among women concerning privileges on mortgage loans to large families (families with many children). Some of women thinks that women must be treated equally no matter the number of children she has.

Other findings

On applicants' consultation: According to participants, banks do not consult potential clients on loan application in an efficient way. Getting information and consultation (included paid) from bloggers is common and participants (especially women) highly appreciate their services. This allows to conclude that financial literacy of at least significant part of population is not at appropriate level.

On financial literacy: Based on discussions it can be concluded that financial literacy among the majority of participants (especially women) is at a low level.

On contractual saving scheme: Other than inflation and high property price many participants (especially men) opposed to the scheme (preliminary and intermediate loans) as there is requirement to pay interest on the whole contractual amount (until saving 50% or 3 years pass). It was also noted that requirement on making monthly saving (upon reaching 50%) is too rigorous and it would be better if a borrower is allowed to make payments on the loan rather than making savings.

On construction under the state programs and distribution of social homes: Participants noted that houses constructed under the State programs are of a low quality. In addition, constructed homes/apartments are not distributed fairly (due to corruption schemes).

On using the state programs funds: Buying an apartment/house under the state programs not for living (improving current housing conditions) but for getting an income is very common. Some rent out these homes and use proceeds for repaying their mortgage, the others sell them shortly as prices increase (especially in case of new constructed homes).

On terms and conditions of loans under the state programs: Some participants complained that limits set on loan/home price do not reflect the current situation and must be adjusted. In addition, it is necessary to extend the period (after obtaining approval) during which the applicant must find an apartment.

On women status: Women are trying to achieve financial independence in order to be ready for different situations and not rely totally on men.

On banks requirements:

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[99] This proves that there is still part of the society that do not see women equal to men.

- Requirement on mandatory registration of an applicant (so called "propiska") is formal and increases costs of some borrowers (internal migrants). Often homeowners register such borrowers in their own for money (KZT 5-6 thousand per month). There are cases when in a small apartment/home around 30 people are registered;
- Considering only documented income force people to make fake certificates, limiting many people's access to mortgages. It is better to consider the real income;
- Required level of down payment is high;
- Property appraising is done by a bank's selected appraiser who often underestimate price of the property.

9.   Findings from the meetings with Otbasy Bank lending staff

As part of the market study, the team interviewed Otbasy Bank's lending staff in selected branches in both large cities and regions (see Annex 8). The main purpose of these interviews was to get a sense of/opinion on the research topic -- women's access to housing finance -- from those who are directly involved in the sale of housing finance products and know firsthand about the problems that potential borrowers face. The other objectives were to get interviewee feedback on lending under the Project, and to listen to their recommendations on further improvements of housing finance products for women.

The main findings:

1. **Types of loans:** The vast majority of loans (to both men and women) originated by the interviewees are **preliminary loans, which is explained by the fact that people prefer to buy a home immediately** (even making 50% down payment and relatively higher interest rate as required by terms of the preliminary loan product) rather than wait for three years and get a housing loan with lower interest.
2. **Equal opportunities:** Banks treat both men and women equally. **Lending decisions are made based on objective factors: income level, credit history, down payment,** etc. These factors are the same for both male and female applicants. All the interviewees noted that this is the case in the market as a whole – banks make credit decisions based only on objective factors.
3. **Prevalence of women borrowers:** Other than in Shymkent, the interviewees noted that **the share of women in their loan portfolios (loans they originated) is at least 50%**. Reasons for having more women borrowers among their clients the interviewees explained by the fact that women are more family oriented and tend to assure well-being of their families and therefore apply for a loan more often.
4. **Employment status of women borrowers:** The overwhelming **majority of women borrowers are salaried employees** (with some bias toward public sector employees, like doctors, teachers, administration officials, etc.) **The share of individual entrepreneurs is up to 20%**. The reasons noted for the low share of individual entrepreneurs vary: usually individual entrepreneurs have enough income and can finance their housing projects without a loan; do not want to make mandatory savings; official income declared in tax reports (base for analyzing creditworthiness) is lower (though in fact they have more); declared income varies substantially between two reporting periods, etc.
5. **Income assessment:** Taking into account **only officially verified income decreases potential clients (including women**). Application of alternate income verification methodologies will be beneficial

for women having unregistered businesses (mostly in agriculture, trading on markets, home-based work like sewing and handicrafts, etc.).

6. **Property appraisal:** Taking into account the fact that appraisers accredited by the bank are not represented in all regions, in some cases it takes too long for them to visit the site and appraise the property to be financed (appraisers wait until there are several cases before they conduct a site visit).

7. **Home renovation products:** There is no demand on home renovation products. **People prefer fast consumer loans (buy materials in installments)** rather than applying for a mortgage loan.

8. **Umai product:** After increasing household income limits, **the Umai product is in high demand**. The main reasons are low down payments and the possibility of purchasing a house in the secondary market. The main problem of the Umai product is that a co-borrower can only be a husband. Another problem is the **mandatory saving requirement** (sum of monthly savings and interest is more than scheduled repayment of interest and principal).

9. **Interviewee's opinion:** At the end of the interviews all interviewees were asked to provide their opinion/vision on features of a mortgage loan product for women. Almost all interviewees described the loan as a **conventional mortgage loan with low interest rate and lower down payment**.

10.   Recommendations

The results of the study **confirm the high demand (including women demand) for housing in Kazakhstan**. By our estimates this number in **total, around 4.3–5.5 million people** need to improve their housing conditions, out of which **2.2–2.8 million are women.** Obviously, that part of this demand will be met through mortgage lending.

The study also shows **that although both men and women have equal rights and are treated equally by banks, in practice women's ability to obtain a mortgage loan is limited compared to men**. From these perspectives, importance of the ADB project is very high. Not only because of providing funds for on-lending to women, but for rising the issue and setting basis for making women's access to housing finance permanent.

In general, support measures promoting access to housing finance for women can be implemented at the state level and/or individual lender level. At the state level, the government **can initiate a special program similar to the existing ones but only for women** (providing subsidized funds to banks for on-lending to final borrowers), or design **a new program -- e.g. subsidies interest, interest-free funds for making down payments, insure credit risk (mortgage insurance) for lowering down payments, etc**. As additional tools, the government can provide **some incentives to target women borrowers in terms of tax benefits** -- e.g. lowering income tax rate for the life of the loan. Obviously, the state program should not cover all but only those with limited income, and/or based on their status (e.g. single women, main income earner in the family, etc.). The program could be implemented either through Otbasy Bank (as a possible continuation of the ADB project) or through other commercial banks (similar to "7-20-25"). Support of **IFIs/DFIs in designing and implementation of such projects definitely will increase their efficiency**.

At the lender level, it is crucial that the lender understands **benefits it can get from targeting women**. In general, lower level of risk (compared to that of men clients) and growing potential for benefiting from attracting new clients (unserved women) are the main drivers for FIs in offering special financial products for women. These products differ from that offered for all by some special features that FIs introduce for making the products more attractive for women. The results of the Study show that the **most demanded housing finance product for women is a conventional mortgage loan** with low required down payment

and low interest rate, which can be used for home financing in either the primary or secondary market (these are conditions which assured the success of Umai product). However, introducing of such a product at Otbasy Bank requires some legal changes. Therefore, along with this option we consider other options as well.

Product options	Pros	Cons	Notes
Continue offering Umai product	1. No legal changes are needed; 2. No major changes required in the Bank's internal procedures/policies; 3. The product is already known and demanded.	1. The product must be financed by external borrowings; 2. Current situation in the economy and globally, rising funds at acceptable costs is not possible; 3. In case of declining market rates the product can become not competitive.	Depending on target group and current situation in the economy, some changes are possible in the existing eligibility criteria.
Introduce conventional mortgage product for women borrowers	1. Increased affordability for women borrowers; 2. Increased the Bank's competitiveness in the market; 3. Easier for servicing (as there is no saving component).	1. Requires legal changes (long term process, if accepted); 2. Increases liquidity risk (risk of delaying granting loans under contractual saving scheme).	If this option is accepted the loan must be available only to certain category of women (limited income, single, only income earner in the family, etc.).
Modify current products to make them more attractive for women borrowers	1. No legal changes are needed; 2. Can be introduced quickly; 3. Can support achieving social goals.	1. Can affect the Bank's profitability.	The best target group for this option can be young women. The Bank can provide incentives to women in terms of reduced monthly payments during maternity (or slightly increase rate on savings).

It is also worth to consider introducing a new product (type of housing loan) for financing down payment in case of a client prefers to get a mortgage loan from a commercial bank (other lender). Particularly, a client can save 50% of contractual amount, which in this case is agreed amount of down payment. Upon reaching, the client gets savings and rest 50% in terms of loan and use this amount for making down payment on a conventional mortgage loan. This will substantially shorten waiting period needed for accumulating down payment. In addition, the weighted average cost of both loans will decrease substantially (e.g., if the mortgage rate is 18% and Otbasy Bank's loan rate is 5%, the average rate of both

loans will be 13.35% (70% mortgage loan, 15% savings and 15% Otbasy Bank's loan). Obviously, the loan should not have a maturity as long as the mortgage loan. The pros is that its introducing does note require legal changes.

Selecting an option depends on the Bank and the State/Government's willingness to make changes in the housing policy. The team is ready to support the Bank in elaborating the selected option in more detail, including identifying potential target groups, developing eligibility criteria, etc.

In addition, the Bank can consider the appropriateness of introducing a methodology for verifying undocumented/partially documented income, as well as allowing flexible repayment schedule to borrowers with seasonal income.

Annex 1. Apartments and amenities

With regard to regional situation of basic amenities provision, for the water supply the lowest indicator is in the Mangistau region (80.5%). The Kyzylorda region has a weak sewerage infrastructure - only 38.2% of residential premises are equipped with it. In the Turkestan region, there is practically no central heating - 96.2% of the premises use individual heating adjustments along with almost no hot water supply in the region, only 0.5% of houses are equipped with it. Astana is the least gasified (29.4%), but given domination of MARBs with electric plates this figure is not critical for the city.

Table 1. Provision of amenities in the housing stock (in % of total)

Equipped with:	- water supply	- sewerage	-centralized heat supply	- individual heating system	- bathtub or shower	- centralized heat water-supply	- heat water supply from individual system	- gas supply	- floor electric heaters
Availability of amenities in the national housing stock									
Share of total	98.2%	72.5%	42.8%	58.1%	42.9%	37.0%	13.5%	86.8%	11.9%
Availability of amenities in multi-apartment residential buildings									
Share of total	99.4%	89.2%	78.4%	23.0%	74.8%	69.6%	7.5%	76.7%	22.3%
Availability of amenities in multi-apartment residential buildings in urban areas									
Share of total	99.9%	96.9%	91.4%	10.3%	85.6%	81.8%	6.0%	73.2%	25.8%

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Table 2. Housing stock distributed by number of rooms of apartments, in urban and rural areas and large urban agglomerations (in number of apartments)

Number of rooms	one	two	three	four	five	six+
Rural	131,420	326,062	665,884	417,662	154,779	91,584
Urban	795,537	1,316,700	1,022,037	394,944	121,224	104,047
Karaganda region ᵃ	*64,001*	*173,267*	*126,645*	*46,480*	*7,978*	*3,568*
East Kazakhstan region ᵇ	*74,054*	*122,163*	*87,249*	*26,536*	*4,093*	*2,202*
Astana	*118,075*	*131,395*	*88,254*	*26,677*	*6,774*	*6,948*
Almaty	*174,910*	*229,901*	*185,135*	*61,525*	*19,950*	*27,136*
Shymkent	*39,342*	*67,064*	*58,784*	*39,219*	*23,549*	*19,828*

Source: Statistical book "On housing stock" by the Bureau of National Statistics, 2021

ᵃ As of 2021 the region was represented by large human settlements: Karaganda (501,095 residents), Temirtau (185,409 residents), Zheskazgan (86,967 residents), Balkhash (78,863 residents), Shakhtinsk (37,653 residents), Satpayev (69,892 residents), Abay (28,363 residents)

ᵇ As of 2021 the region was represented by large human settlements: Oskemen (346,127 residents), Semey (323,721 residents), Ridder (49,705 residents), Ayagoz (37,593 residents), Altay (36,116 residents)

Considering the distribution of apartments by area in terms of the number of rooms, nothing unusual is observed. In addition to a relatively large share of 5 and 6-room apartments in the housing stock with an inclination towards apartments with 150 square meters and larger (Table 3). In large cities the average size of apartments across number of rooms per type of an apartment is the following: (i) one room – 35.3 m²; (ii) two rooms – 51.1 m²; (iii) three rooms – 69.1 m²; (iv) four rooms – 91.8 m²; (v) five rooms – 134 m²; (vi) six rooms and more – 206.7 m².

Table 4. Share of apartments by the number of rooms across housing area ranges (in %)

Range of total area\ # of Rooms	one	two	three	four	five	six and more
all sizes	9.0%	21.64%	30.18%	19.6%	9.3%	10.3%
up to 50 m²	35.7%	52.8%	10.4%	1.1%	0.0%	0.0%
from 50 to 75 m²	3.2%	28.9%	53.9%	12.8%	1.1%	0.2%
from 75 to 100 m²	2.6%	8.4%	40.2%	38.1%	8.8%	1.9%
from 100 to 150 m²	3.4%	3.4%	21.8%	37.5%	22.3%	11.7%
from 150 to 250 m²	0.3%	1.8%	6.8%	23.8%	29.9%	37.5%
from 250 m² and larger	0.0%	0.0%	2.0%	6.3%	16.3%	74.8%

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Annex 2. Population growth and other demographic statistics

Figure 1. Components of population growth in Kazakhstan (1999-2021 period, in thousand people)
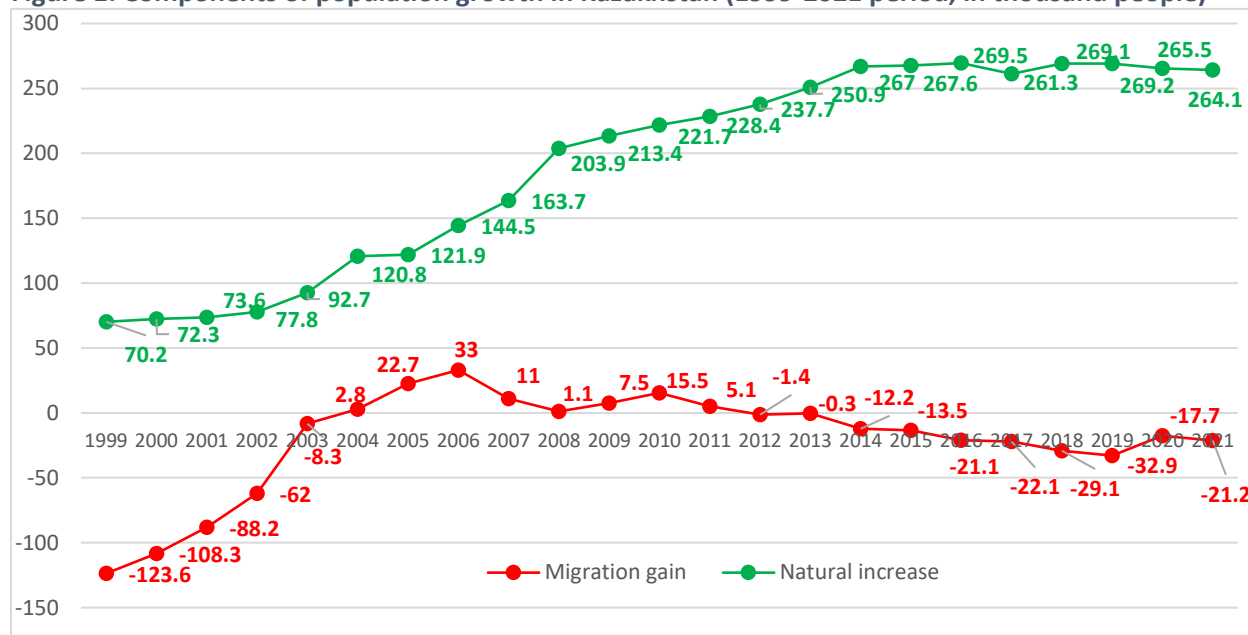
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Despite rapid population growth, population dynamics and concentration differ significantly from region to region. The migration of the population took place precisely at the expense of the northern and central regions of the country, while the southern and western regions grew in number (Figure 9). At the same time, significant growth was observed in the three largest cities - Almaty, Astana and Shymkent. While in 1992, the share of these three cities was 11.1% of the total population, in 2021 this figure reached 23%.

Figure 2. Population gains and losses of regions within (1992-2021 period, in %)
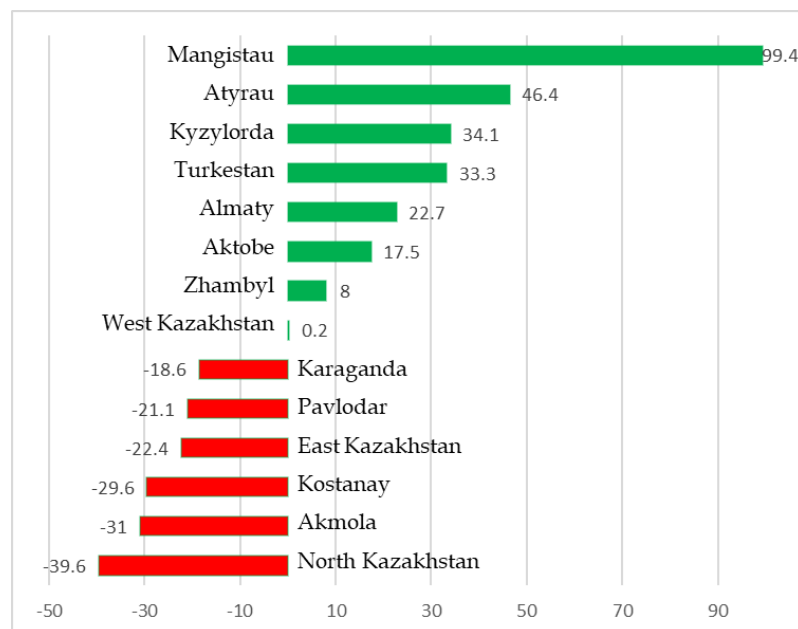
Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

At this point there are two levels of spatial development trends. First, people move from rural settlements to regional centers. Second, from regional centers and less developed adjacent rural areas to the most developed cities that are steadily becoming agglomerations (Almaty, Astana, Shymkent, Karaganda, Aktobe). The reason is the disparity between different locations in income level, quality and quantity of available jobs and disposable basic social infrastructure. Current concentration of Kazakhstan's population portrays these trends.

Figure 3. Population density (people per square kilometer)
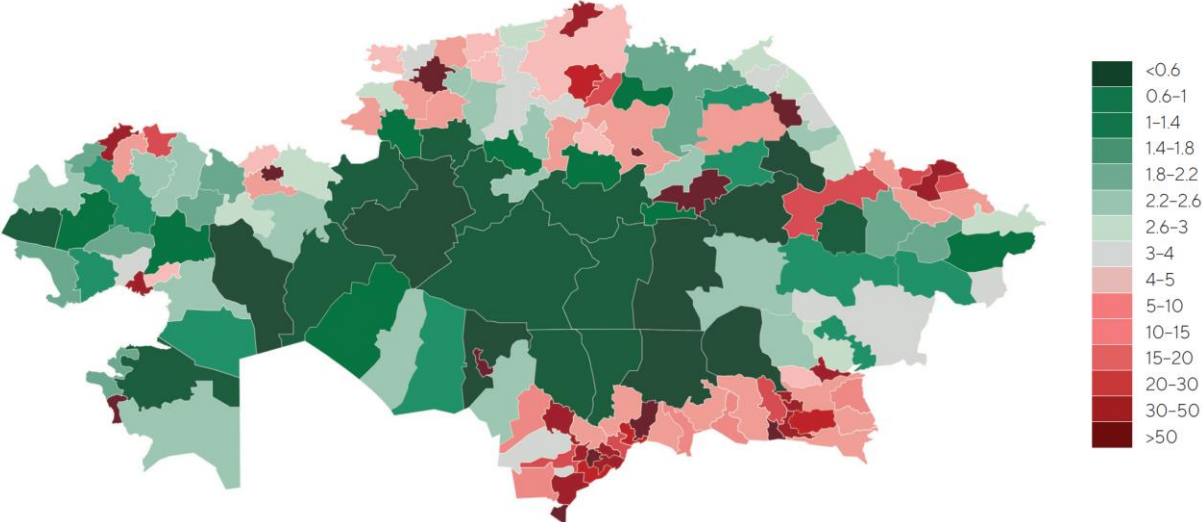
Source: 2020, Statistical bulletin "We are Kazakhstan" by the Bureau of National Statistics and Untied Nations Population Fund (UNPFA)

Annex 3. Gender related statistics

However, if we look at the age composition across gender structure of the population, the observed proportions show an uneven division (Figure 1). As we go further along age groups towards younger population a significant increase in the proportion of people younger than working age with higher share of men can be observed. Among younger age groups men dominate because of the birth of higher proportion of boys born. However, the older age groups change the structure in favor of women because of high death rates of men. Raised retirement age for women slightly increased the share of working-age population[100]

Figure 1. Population gender makeup (2021, in thousand of people)

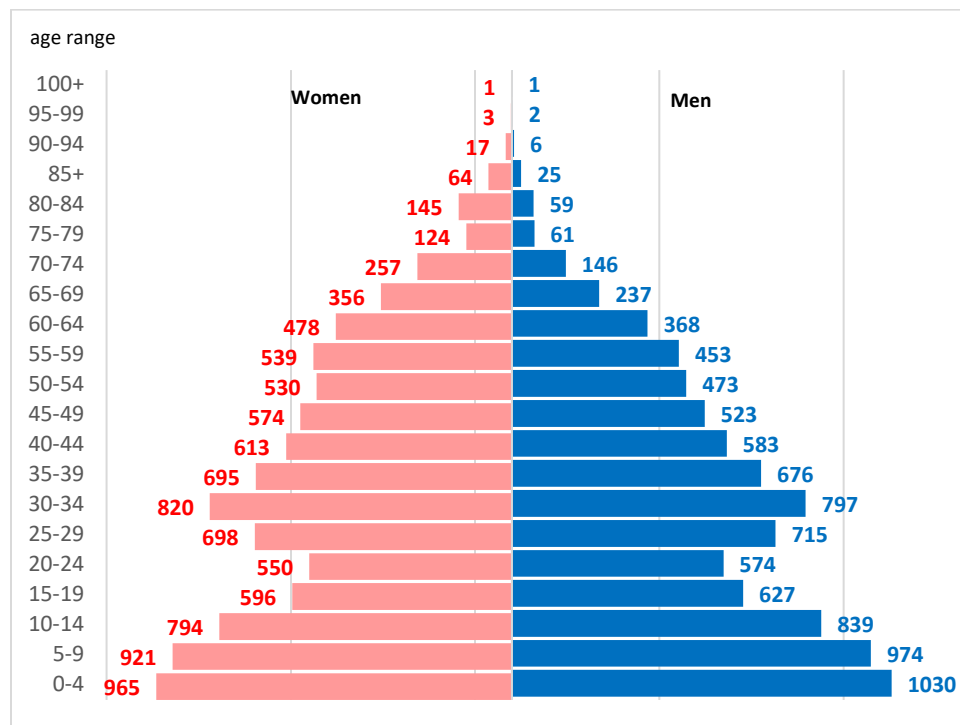*Source: 2021, Statistical book "Men and Women of Kazakhstan" by the Bureau of National Statistics*

The gender distribution of the younger group of population (14-28 years) by regions of the country has its own specifics and deserves out attention. There is a negative balance of women in relation to men in all regions except for the three largest cities where the situation shows exactly the opposite (Table 1).

Table 1. Number of women aged 14-28 years by regions of Kazakhstan

	Men	Women	Difference
Republic of Kazakhstan	**1,912,948**	**1,828,135**	**-84,813**
Akmola region	71,844	66,717	-5,127
Aktobe region	87,440	83,304	-4,136

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[100] From 2018 to 2027, the country started to gradually raise the retirement age for women from 58 to 63 years. The first increase in the retirement age took place in 2018, women could retire at 58.5 years. From January 1, 2022, the retirement age for women again increased by half a year - it is 60.6 years. From 2023, women will retire when they reach 61 years old, in 2024 - from 61.6 years old, in 2025 - 62 years old, in 2026 - 62.6 years old. From 2027, the retirement age for men and women will be equal and will become 63 years.

Almaty region	**203,964**	**189,212**	**-14,752**
Atyrau region	69,046	65,308	-3,738
West Kazakhstan	63,663	59,869	-3,794
Zhambyl	**126,555**	**116,388**	**-10,167**
Karaganda	132,442	125,222	-7,220
Kostanay region	78,549	73,543	-5,006
Kyzylorda region	92,065	84,920	-7,145
Mangistau region	78,487	74,355	-4,132
Pavlodar region	67,088	63,026	-4,062
North Kazakhstan	50,829	46,218	-4,611
Turkestan region	**252,360**	**226,111**	**-26,249**
East Kazakhstan	121,282	112,806	-8,476
Astana	**113,497**	**118,568**	**5,071**
Almaty	**181,422**	**199,805**	**18,383**
Shymkent	**122,415**	**122,763**	**348**

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Considering regional differences in the size of young population we should look at the child birth rate (Table 2). We see that at the age group of 20-24 the number of children per 1,000 women grows, the highest indicator is fixed for the age group of 25-29, then it steadily declines for age groups starting from 30-34 years age group. Women who live in rural area have higher rate in comparison to women who live in cities. The Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK (Bureau of National Statistics) for comparison of birth rates uses the parameter of Total Coefficient Birth Rate[101]. TEBR in Kazakhstan amounted to 3.32, reaching the highest value for the past period since 2000 (increased by 1.84). The value of this indicator confirms the country's natural population growth. Still here we can observe that southern and western regions of the country have higher values for TEBR (Table 8). Interestingly, TEBR does not correlate with the number of marriages registered at particular regions. Further assessment is needed to define the underlying factors of this phenomenon. In summary, the tendency in childbirth is that relatively more children are born in the southern and western regions who live in rural areas.

Table 2. Number of children born across different age groups of women (in 2021, per 1,000 women)

	Age groups						
	15-19	**20-24**	**25-29**	**30-34**	**35-39**	**40-44**	**45-49**
Overall	23.8	180.3	201.5	142.9	90.5	24.6	1.4
urban	19.9	165.72	191.3	127.8	85.9	23.6	1.6
rural	28.2	201.3	219.4	176.5	98.5	26.2	1.0

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Table 3. Number of registered marriages and birthrate among women aged 14-28 (in 2021)

	The number of registered marriages	TEBR (Birthrate total coefficient)

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[101] TEBR is the number of children that an average woman can give birth to in accordance with the current coefficient fertility age in the total population

Republic of Kazakhstan	**140,256**	**3.32**
Akmola region	4,684	2.69
Aktobe region	6,632	3.36
Almaty region	**13,979**	**4.20**
Atyrau region	**5,210**	**4.00**
West Kazakhstan	4,658	3.14
Zhambyl	**7,467**	**4.22**
Karaganda	9,891	2.54
Kostanay region	5,371	1.88
Kyzylorda region	**5,901**	**4.36**
Mangistau region	**5,640**	**4.57**
Pavlodar region	5,197	2.35
North Kazakhstan	3,515	1.97
Turkestan region	**13,897**	**5.10**
East Kazakhstan	9,262	2.64
Astana	12,247	2.99
Almaty	18,816	1.99
Shymkent	**7,889**	**4.06**

Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of RoK

Annex 4. Employment analyses

In order to understand what are the trends in the labor market of Kazakhstan we need to review the last two decades. The unemployment rate had been diminishing since early years of independence and stopped at 5.2% share in 2010. Since then it has been quite stable within the range of 4.8-5.2% (Figure 13). The problem with the unemployment rate though is that it tracks only those who applied to the regional labor departments to seek employment or for state social support designed for disabled or vulnerable groups of population. All other people who are not employed by legal entities and are not registered as unemployed ascribed to self-employed. The share of self-employed continue to shrink along with the unemployed group and reached 23% by the end of 2021. Still this share is high, for example, in comparison to OECD's average indicator of 15.6%. However, the number of self-employed increased a little from 2020 to 2021, by 60 thousand people or 103% to previous year indicator. Thus far, the total number of employed in Kazakhstan grow at the expense of self-employed.

Figure 1: Structure of the workforce in the Republic of Kazakhstan (2000-2021, in %)
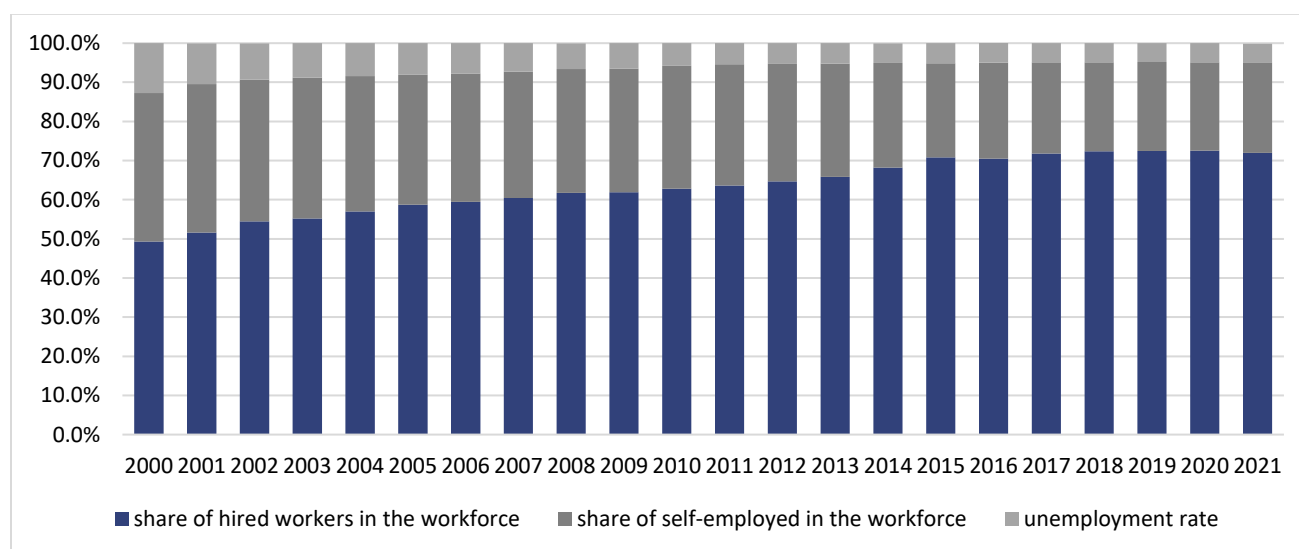
Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Another important indicator for comprehension of the real situation in the labor market is the average salary. Average nominal wage in Kazakhstan as of 2021 is 584 US dollars, which has nominally grown by 9% compared to 2019. However, considering the inflation rate and consumer price index parameters in the period from 2001 to 2021 the average salary has steadily declined. This trend is obvious when we study yearly accrued result (Figure 2).

Figure 2: Average salary in the Republic of Kazakhstan (2001-2021, accrued result in %)
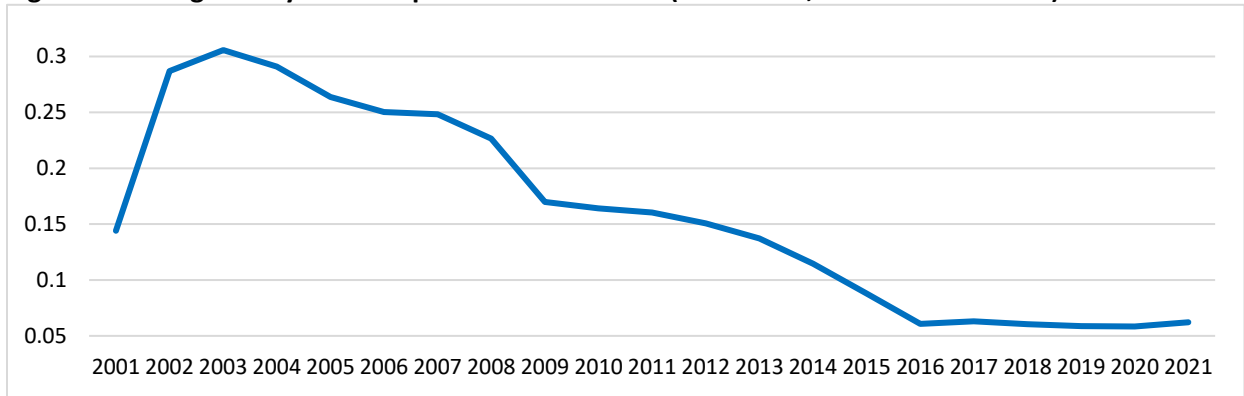
Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

If we look at productivity level and share of self-employed then we would see that the share of self-employed is the highest in agriculture – 33.3% and trade – 32.1%, for the latter the indicator is accompanied by low productivity level – 3.2 million tenge per one employee. In all other economic activities the self-employment is negatively correlated with productivity level. The only exclusion are the sectors in which public sector employees are present (education, healthcare and social services, water supply and waste control).

Figure 3: Parameters of self-employment and productivity level across industries (2020, in million KZT per 1 employee and share in %)
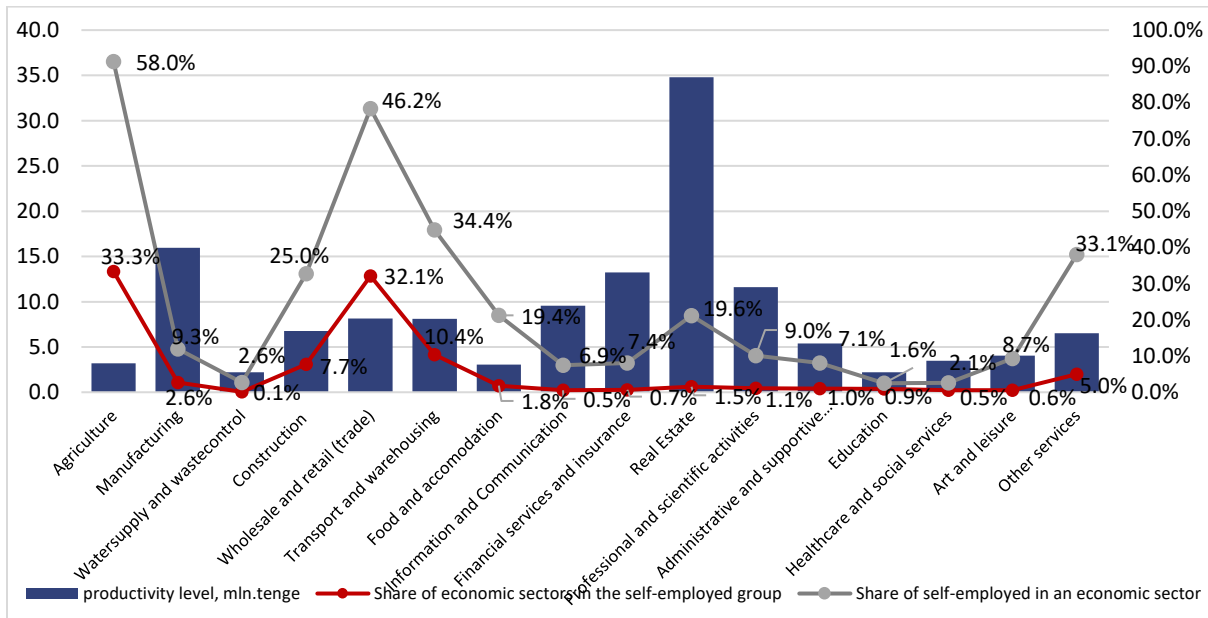
Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

In 2020 the number of employed lost about 36.2 thousand people, nevertheless in 2021 the total workforce of the country gained back 79.6 thousand people. In 2021, the total number of employed grew along with enlargement of self-employed group that represents mostly individual entrepreneurs. This means overflow of employed personnel who undoubtedly lost job during 2020.

Annex 5. Social sector statistics and indicators on quality of life

It may seem that the state budget for social payments has been the largest since early days of independence, but this is not the case. Pre-crisis 2019 secured the largest share of the state budget that has been spent during the last ten years (Figure 17). Total number of people that became recipients of support from the state's social system summed up to 7.21 million people. Historical changes in the types of social support are depicted in the table 9. We can see that the main component of changes is the number of people who receive targeted social support payments. In 2018 the number in this group increased 24 times, then in 2019 almost 4 times compared to previous year reaching 2,177,200 people. Then, in 2020 the number declined to 936,200 people where the number of women is 496.1 thousand or 53% of total.

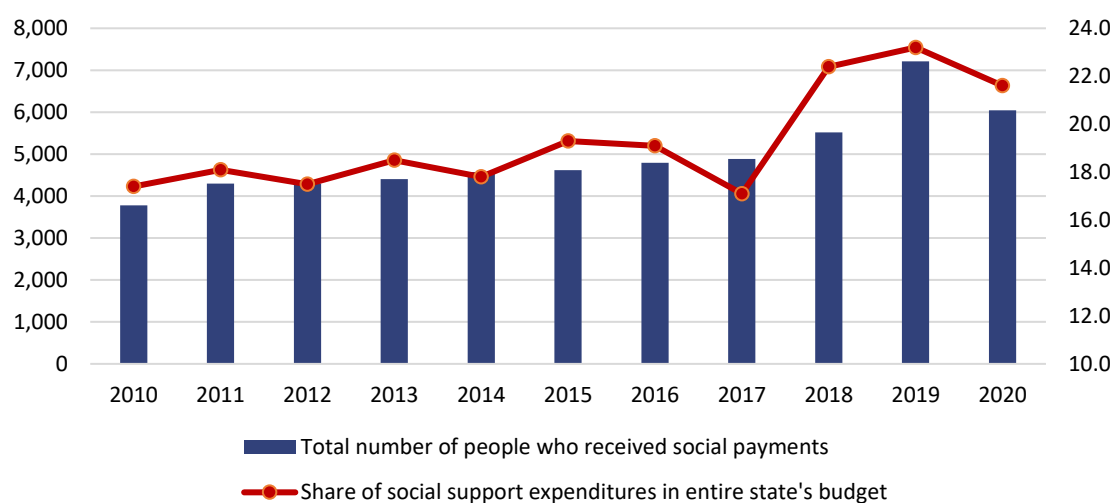**Figure 1: State budget spent on social programs (2010-2020, share in % and thousand people supported)**

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Table 1. Number of beneficiaries of state social payments by type of social support measure (in thousand of people)

	2011	2012	2013	2014	2015	2016	2017	2020	2019	2020	2021
Number of recipients of designated state social benefits	778.5	768.7	791.6	774.1	767.5	785.4	781.7	779.6	787.1	790.4	804.2
Number of recipients of designated special state benefits	1300.3	1303.8	1303.7	1309.0	1319.1	1345.0	1356.8	794.8	764.9	903.5	246.3
Number of recipients of targeted social assistance	141.6	97.3	60.7	56.1	38.2	28.8	23.3	571.6	2177.2	936.2	990.5
Number of families assigned state housing assistance	144.9	124.4	123.3	110.0	93.9	97.1	76.6	68.4	54.5	37.4	32.2
Total number of people who received social payments	**2,365.3**	**2,294.3**	**2,279.4**	**2,249.3**	**2,218.7**	**2,256.2**	**2,238.4**	**2,214.4**	**3,783.6**	**2,667.5**	**2,073.3**

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

The poverty level in Kazakhstan can be looked at different perspectives. While some parameters demonstrate moderate state of affairs, others show a rather negative picture. The last available figure on

proportion of population with purchasing power parity less than 5.5 USD per day[102] is quite insignificant set at 0.8 for 2020. Besides this poverty indicator just ten years ago was at a disturbing rate of 15.3 (Figure 18). Another indicator, the Depth of poverty has not been changing much and as of 2020 was observed at the level of 0.8 (Table 10). This index describes to what extent individuals are below the poverty line on average and in relative terms to subsistence level. Income concentration ratio Gini index[103] was at the level of 0.291 in 2020 and had not changed much over the last few years.

Figure 2: Proportion of population with purchasing power parity less than 5.5 USD per day (2011-2020)
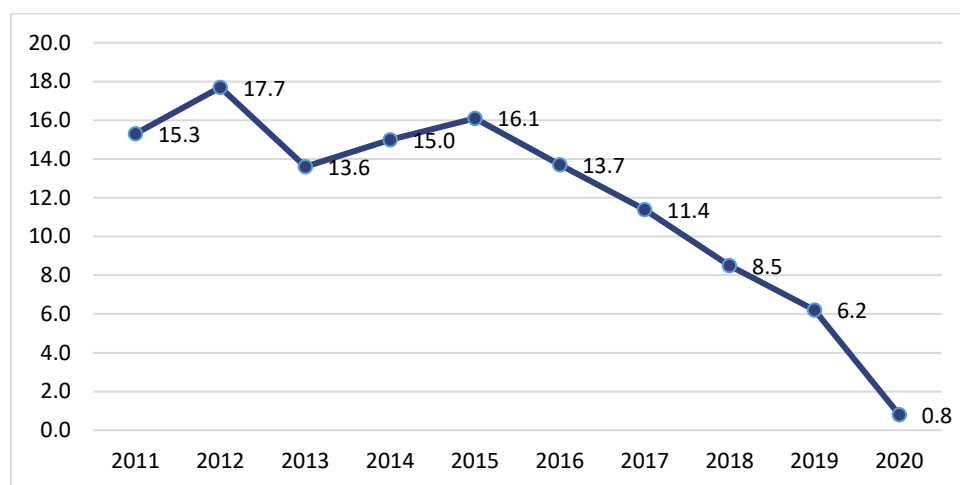
Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Table 2. Depth of poverty (coefficient[104])

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0.9	0.5	0.4	0.4	0.3	0.4	0.4	0.7	0.7	0.8

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

When we look at the minimum subsistence level and difference in income among certain groups of population then the situation no longer looks so positive. The dynamics of changes in the number of people living under Minimum Subsistence Level mimics spikes of COVID-19 frequency and state restrictions imposed over the past two years. We see alarming numbers in the second and third quarters of 2020 (Table 3). Then again, a large number of people below the subsistence level appeared in the second half of 2021. in 2021, the number of people with incomes below the subsistence level officially amounted to 998 thousand people representing 154,420 households. Given the average number of people per household (3.5 people per household), we can assume that the most vulnerable social group in Kazakhstan is large families with many children. Regional distribution of poor households is quite representative, again we see southern regions at the top of the list - Turkestan region (16.2 % of total), Almaty (11%) and Almaty region (7%).

Realizing that subsistence level in Kazakhstan means a lack of financial resources for relatively large number of people who able only to cover basic needs makes many indicators that measure poverty non-

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[102] The World Bank tracks two poverty lines: $3.2 for lower middle income countries and $5.5 for upper middle income countries per person per day. Kazakhstan belongs to the group of upper middle income countries for this parameter.

[103] Gini index is a measure of statistical dispersion intended to represent the income or wealth distribution of a nation's residents, and is the most commonly used measurement of inequality.

[104] Data obtained by using income equivalence scale

representative. In Table 12, we observe that the average value of personal consumption is almost two times higher than the minimum subsistence level.

Table 3. Number of households with earnings below Minimum Subsistence Level (in thousands of people and in %)

	2019				2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Households	131,452	137,363	153,352	125,540	130,680	184,993	187,246	140,562	146,927	157,014	173,180	154,420
Number of people	*761,413*	*797,149*	*843,042*	*715,025*	*749,553*	*1,062,628*	*1,065,179*	*858,454*	*853,113*	*909,259*	*1,005,447*	*928,292*
Share of total population	*4.1%*	*4.3%*	*4.5%*	*3.8%*	*4.0%*	*5.7%*	*5.7%*	*4.6%*	*4.5%*	*4.8%*	*5.3%*	*4.9%*

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Table 4. Average subsistence level and individual consumption per capita

	2019				2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Average subsistence level per capita	27,144	28,673	31,120	30,432	30,343	32,560	35,145	34,010	34,192	36,457	36,792	38,614
Earnings spent on individual consumption	56,221	54,531	57,237	60,549	60,649	57,117	61,291	65,637	64,635	67,318	70,192	73,877
Individual consumption/ subsistence level	*2.1*	*1.9*	*1.8*	*2.0*	*2.0*	*1.8*	*1.7*	*1.9*	*1.9*	*1.8*	*1.9*	*1.9*

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Table 5. Difference in earnings between the 10% of most and least affluent population groups (in billion KZT)

	2019				2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Earnings of 10% **least** affluent people	40,9	41,6	44,4	46,1	46	45,5	48,5	51,1	52,5	54	57	58,5
Earnings of 10% **most** affluent people	249,2	243,7	260	275,2	276,3	258,9	285,4	302,8	299,6	320	342,1	345,7
Relation	*6.1*	*5.9*	*5.9*	*6.0*	*6.0*	*5.7*	*5.9*	*5.9*	*5.7*	*5.9*	*600%*	*591%*

Source: Bureau of national statistics, Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

Annex 6. Information a one-time payment of pension savings received by the UAPF[*]

Authorized operator	Number of applications received	Rejected/ denied	Executed (transferred to special accounts of applicants)		Returned to UAPF		Net of pension surplus money used for housing	
			Number of applications	total (in mln. KZT)	Number of applications	total (in mln. KZT)	number of applications	total (in mln.KZT)
Otbasy Bank JSC	2,035,946	774,240	1,261,527	3,036,726	191,334	440,359	1,070,193	2,596,367
Altyn Bank JSC	1,000	334	666	812	36	82	630	730
Bank CenterCredit JSC	25,905	7,567	18,337	16,966	1,757	2,844	16,580	14,122
Bank FreedomFinance JSC	699	364	335	1,176	58	200	277	976
Halyk Bank JSC	49,491	6,828	42,661	61,818	3,336	3,270	39,325	58,548
Total	**2,113,041**	**789,333**	**1,323,526**	**3,117,498**	**196,521**	**446,756**	**1,127,005**	**2,670,742**

*UAPF - Unified Accumulative Pension Fund. Source: The UAPF official website. As of 5 June 2022

Annex 7. Terms and conditions of second-tier banks' own mortgage loans programs

Bank	Interest rate (confirmed earnings)	Interest rate (special condition)	Maturity (months)	Minimum down payment	Maximum amount	Collateral	Notes
Halyk Bank	To payroll clients - 15% (AEIR[a] - 16.3%) To all clients - 16.5% (AEIR - 18%)	17.5% (AEIR[a] - 19.2%), without confirmation of earnings of a potential borrower	6 - 240	0 – 20% (based on additional collateral, status of a client)	No limitations	Commercial/non-commercial property	For loans subsidized by the State no commission for loan administration/arrangement, for all other - 1% of a loan amount
Forte Bank	17% (AEIR[a] - 20.89%)	n/a	up to 240	15%	up to KZT 50 million	Commercial/non-commercial property	ForteBank does not participate in programs with developers on mortgage loans provided for housing complexes built by a developer
Altyn Bank	16% (AEIR - 18.3%) when there is a closing fee 17.5% (AEIR - 18.9%) when there is no closing fee	19.5% (AEIR - 21.9%), with indirect confirmation of earnings of a potential borrower when there is a closing fee 21.5% (AEIR - 23.7%), with indirect confirmation of earnings of a potential borrower when there is no closing fee	12 - 240	20%	from KZT 3 million to 175 million tenge	Commercial/non-commercial property	When a potential borrower's earnings are confirmed, closing fee is 2%. When earnings are confirmed indirectly, closing fee is 2.5%
Bank Center Credit	13% (AEIR - from 14.1%, depending on chosen conditions)	n/a	up to 180	20%	up to KZT 100 million	Acquired property	Loan is granted only if a borrower's income is verified. Closing fee is 1% for salary project borrowers, 1.5% for cardholder borrowers, and 2% for all other clients.
Bank RBK	18.5% (AEIR - 22.5%) when earnings are fully confirmed and with commission for arranging a loan	22% when earnings are partially confirmed and no commission for arranging a loan	up to 180	30%	up to KZT 75 million	Acquired property	Closing fee is 2% for loans with interest lower than 18.5%

Bank	Rate	Partial confirmation	Term (months)	Down payment	Loan amount	Property	Conditions
Eurasian Bank	15.75% (AEIR - 17.5%)	n/a	up to 180	20%	KZT 15 – 35 million (depending on location)	Commercial/non-commercial property	Potential borrower/co-borrower should have no outstanding debt on mortgage housing loans, confirmed by a credit report of a credit bureau.
Nurbank	13.75% (AEIR - 18.8%) when there is a closing fee 33% (AEIR - 38.3%) when there is no closing fee	With partial confirmation of income + 1% to the nominal rate, without confirmation of income + 2% of the nominal rate	up to 120	35%	up to KZT 50 million	Acquired property	Partial confirmation of income by a client is allowed in case of a down payment in the amount of at least 50% of the value of the acquired property; Lending without confirmation of income is allowed in case of a down payment in the amount of at least 70% of the value of the acquired property.
Jysan Bank	18% (AEIR - 19.75%)	n/a	6 - 240	0%	up tp KZT 30 million	acquired property or a deposit in the Bank	
Bank of China Kazakhstan	23% (AEIR - 26.5%) with full confirmation of earnings	25% (AEIR - 29%) with partial confirmation of earnings	6 - 84 (full confirmation of income) 6 - 60 (partial confirmation of earnings)	50%	No limitation	Apartments in multi-apartment buildings (built no earlier than 1985). Houses with land (built no earlier than 1970), Financed property to be located within 20 km from Almaty city, and 10 km from Aktobe, Astana city	No closing fee
Al Hilal Islamic Bank	**Mortgage financing happens through a product Murabaha** (a transaction for the sale of property purchased by the bank at the request of a client. The selling price of a product to a customer is determined as the sum of the purchase price and the premium (markup) set by the Bank).		36 - 180	30%	KZT 3 - 200 million	The bank is an owner of a property before the price is paid out	Available only for housing property in Astana, Almaty, Shymkent and Turkestan regions Closing fee is 0.5%

[a]AEIR- Annual Effective Interest Rate. Source: websites of the second-tier banks

Annex 8. List of meetings with Otbasy Bank lending staff

N	Branch	Name	Data
1	Almaty	Beysenbaev Nursultan	25.05.2022
2	Astana	Dyusekova Bakhyt	25.05.2022
3	Akmola	Ivancova Ekaterina	25.05.2022
4	North Kazakhstan	Kazbaev Alen	26.05.2022
5	East Kazakhstan	Menkenov Symbat	26.05.2022
6	Shymkent	Akhmetov Kayrat	27.05.2022
7	Turkistan	Ulaeva Elmira	27.05.2022
8	Mangistau	Tastanbekova Asel	30.05.2022
9	Kostanay	Moldashev Darkhan	30.05.2022