



# **Kazakhstan**

## **Country Progress Report on the Implementation Action Plan for the Transport and Trade Facilitation Strategy**

**Prepared by**

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## **I. Transport and Trade Facilitation**

1. The Government of Kazakhstan (the Government) established, in 2007, an Interdepartmental Commission for Transit Development with the following mandate:

- development and effective utilization of transit-transport potential of the Republic of Kazakhstan (Kazakhstan);
- coordination of activities of the government, business sector, and nongovernment organizations (NGOs) on the development of international transport corridors and removal of barriers to international transit;
- improvement of legislation on transit directed at eliminating barriers to border crossing (e.g., tariff policy, taxation, insurance, licensing, certification, and standardization);
- joining multilateral agreements regulating transit transport, instead of operating bilateral and intergovernmental agreements; and
- development of multimodal transportation and transport logistical services.

2. The Government is actively pursuing Public-Private Partnership (PPP)/Private Sector Participation (PSP) opportunities for transport sector development. For example, the Government is implementing railway projects through concession such as Mangyshlak–Bautino,<sup>1</sup> Beineu–Shalkar,<sup>2</sup> and Zhezkagan–Saksaulnaya railway sections,<sup>3</sup> which complement the Action Plan for the Transport and Trade Facilitation Strategy (the Action Plan).

## **II. Status of Investment and Technical Assistance Projects**

3. Below are specific updates on the status of 10 investment and two technical assistance (TA) transport projects in Kazakhstan.

### **A. Transport**

4. **Roads and Road Transport.** The four investment projects seek to rehabilitate road segments in Kazakhstan. All investment projects will start in 2009 as originally planned. The two TA projects will help the Government examine how to foster a competitive environment for private transport operators and will provide the Government with analytical assistance on transport and trade facilitation issues.

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<sup>1</sup> The project cost is estimated at 22.7 billion tenge (or about \$152 million at exchange rate of \$1=150 tenge). Total railway length is 135.1 kilometers (km). The Project will be implemented during 2009–2011.

<sup>2</sup> The project cost is estimated at 164 billion tenge (or about 2 billion). Total railway length is 471 km. The Project will be implemented during 2009–2011.

<sup>3</sup> The project cost is estimated at 179.9 billion tenge (or about \$2 billion). Total railway length is 571 km. The Project will be implemented during 2009–2011.

<b>Investment Project (IP)</b>	<b>Status</b>
KAZ IP 1: Astana-Karaganda Road Rehabilitation	<ul style="list-style-type: none"> <li>• The new project cost estimate is 134.244 billion tenge (or US\$895 million).</li> <li>• Kazakhstan PPP Center approved in November 2008 the project feasibility of the project based on the feasibility study prepared by "KazDorProject.</li> <li>• Review of project documentation is nearing completion.</li> <li>• Project will be implemented during 2009–2012.</li> </ul>
KAZ IP 2: Almaty-Kapchagay Road Rehabilitation	<ul style="list-style-type: none"> <li>• The new project cost estimate is 70 billion tenge or \$583 million.</li> <li>• Kazakhstan PPP Center approved in November 2008 the project feasibility of the project based on the feasibility study prepared by KazDorNii.</li> <li>• Project will be implemented during 2009–2011.</li> </ul>
KAZ IP 3: Aktau-Beyneu Road Rehabilitation	<ul style="list-style-type: none"> <li>• Project will be implemented during 2009–2012.</li> <li>• Financing is being sought for the feasibility study.</li> <li>• The investment project will be financed through concession.</li> </ul>
KAZ IP 4: Rehabilitation of Western Europe-Western PRC Transit Corridor (ongoing)	<ul style="list-style-type: none"> <li>• Since 2007, the reconstruction of Karabutak-Irgiz-gr. Kyzylordinsky area is ongoing.</li> <li>• In 2008, 8.85 billion tenge was spent for civil works and on the development of project documentation for the reconstruction of Karabutak-Irgiz, purchase of land in Tashkent-Shymkent, and development of the FEAST on 1984 km on Kyzylordinsky, South Kazakhstan, Zhambylsky, and Almaty areas.</li> <li>• Plan for 2009 includes construction works in Kyzyl Orda oblast (789 km), Zhambyl oblast (183 km), and Almaty oblast. Works in Aktyubinsk oblast is planned to begin in 2010.</li> <li>• The Project will be completed by 2012.</li> </ul>

<b>Technical Assistance Project (TA)</b>	<b>Status</b>
KAZ TA 1: Transport Sector Services Study	<ul style="list-style-type: none"> <li>• New project cost estimate is \$80,000.</li> <li>• The Government has upgraded the project priority from medium to high.</li> <li>• Implementation is expected to start in 2011.</li> <li>• Funding source is yet to be determined.</li> </ul>
KAZ TA 2: Coordinator for CAREC (new to ongoing)	<ul style="list-style-type: none"> <li>• To be funded under ADB's RETA: Working with the Private Sector (\$2 million) approved in 2009.</li> </ul>

5. **Railways and Railway Transport.** Three investment projects involve electrification of existing railway lines and one railway project is a new railway construction project (Korgas-Zhetysen section). All investment projects will start in 2009 as originally planned.

Investment Project (IP)	Status
KAZ IP 5: Electrification: Almaty-Aktogay Railway Section	<ul style="list-style-type: none"> <li>• New project cost estimate is 153.3 billion tenge (or about \$1 billion).</li> <li>• The project feasibility study was completed in December 2008.</li> <li>• Project will be implemented during 2009–2013.</li> </ul>
KAZ IP 6: Electrification: Dostyk-Aktogay Railway Section	<ul style="list-style-type: none"> <li>• New project cost estimate is 76 billion tenge (or about \$507 million).</li> <li>• The project feasibility study was completed in December 2008.</li> <li>• Project will be implemented during 2009–2012.</li> </ul>
KAZ IP 7: Electrification: Aktogay-Mointy Railway Section	<ul style="list-style-type: none"> <li>• New project cost estimate is 115.7 billion tenge (or about \$770 million).</li> <li>• The project feasibility study was completed in December 2008.</li> <li>• Project will be implemented during 2009–2012.</li> </ul>
KAZ IP 8: Construction of Korgas-Zhetygen Rail Line	<ul style="list-style-type: none"> <li>• New project cost estimate is 93 billion tenge (or about \$620 million).</li> <li>• The feasibility study was prepared in February 2009.</li> <li>• Project will be implemented during 2009–2011.</li> </ul>

6. **Airports and Civil Aviation.** The original scope of the airport project has been scaled down, focusing on Shymkent, in response to reduced air traffic demands because of the global economic downturn. Upgrading of Semey and Kokchetau airports has thus been postponed.

Investment Project (IP)	Status
KAZ IP 9: Reconstruction of Shymkent airport (formerly Expansion of Shymkent, Semey, and Kokchetau Airports) (Ongoing)	<ul style="list-style-type: none"> <li>• Project is ongoing and will be completed in 2011.</li> <li>• The new cost estimate is 5.35 billion tenge (or about \$36 million).</li> <li>• The Government will finance the Project.</li> </ul>

6. **Ports and Shipping.** The Project seeks to increase the capacity of Aktau port to 20 million tons of oil cargo and 3 million tons of general cargo per year.

Investment Project (IP)	Status
KAZ IP 10: Expansion of Aktau Port (Ongoing)	<ul style="list-style-type: none"> <li>• Construction of pier and breakwater is ongoing, with the latter expected to be completed in July 2009.</li> <li>• Plan for 2009 includes (i) determination of additional financing plan and arrangements, (ii) establishment of traffic control systems for port Kuryk and the Ural-Caspian traffic and reconstruction of Ust-Kamenogorsk and Buhtarminsk gateways, (iii) a study on capacity development or training design for sea experts/specialists, and (iv) development of a law on trading navigation for regulating the creation of sea management.</li> </ul>

## **B. Corridor Performance Measurement and Monitoring Activities**

7. The Asian Development Bank (ADB), acting as the secretariat, and the partner forwarder/carrier and logistics association(s) in each Central Asia Regional Economic Cooperation (CAREC) country signed a memorandum of understanding (MOU) at the Corridor Performance Measurement and Monitoring (CPMM) meeting held in Guangzhou, People's Republic of China (PRC) on 23–24 February 2009. The MOU defines the roles and responsibilities of both parties and covers 1 year of CPMM activities, renewable for another year. Data collection by partner forwarder/carrier and logistics associations started in March 2009.

## **III. Follow-up Actions**

8. The following actions are suggested to ensure the effective implementation of the Action Plan:

- (i) Define the national focal point;
- (ii) Conduct research on
  - (a) simplified border-crossing procedures,
  - (b) development of multimodal transit,
  - (c) transport component in the cost of goods and services,
  - (d) insurance mechanism for civil liability of vehicle owners,
  - (e) taxation for transport service providers,
  - (f) physical and non-physical barriers to transport,
  - (g) competitive market environment for transport services, and
  - (h) macroeconomic effects of investment in road network development and international transits.
- (iii) Develop agreement on multimodal transit among CAREC countries; and
- (iv) Draft a program for multimodal transit in Kazakhstan up to 2015.

## **Appendixes**

- 1 - List of Projects in Kazakhstan (Appendix 1)
- 2 - Updated Project Profiles (Appendix 2)

## **List of Projects in Kazakhstan**

### Investment Projects

- 1 KAZ IP 1: Astana-Karaganda Road Rehabilitation
- 2 KAZ IP 2: Almaty-Kapchagay Road Rehabilitation
- 3 KAZ IP 3: Aktau-Beyneu Road Rehabilitation
- 4 KAZ IP 4: Rehabilitation of Western Europe-Western PRC Transit Corridor
- 5 KAZ IP 5: Electrification: Almaty-Aktogay Railway Section
- 6 KAZ IP 6: Electrification: Dostyk-Aktogay Railway Section
- 7 KAZ IP 7: Electrification: Aktogay-Mointy Railway Section
- 8 KAZ IP 8: Construction of Korgas-Zhetygen Rail line
- 9 KAZ IP 9: Reconstruction of Shymkent Airport (formerly Expansion of Shymkent, Semey, and Kokchetau Airports)
- 10 KAZ IP 10 Expansion of Akatu Port

### TA Projects:

1. KAZ TA1: Transport Services Sector Study
2. KAZ TA2: Coordinator for CAREC (new to ongoing)

**KAZ IP1: Astana – Karaganda Road Rehabilitation****Country: Kazakhstan****CAREC Corridor: 1-a, c**

<b>1.</b>	<b>Project Name:</b> Astana – Karaganda Road Rehabilitation
<b>2.</b>	<b>Type of the Project:</b> Road rehabilitation and capacity improvement
<b>3.</b>	<b>Project Area:</b> Akmolinskaya and Karagandinskaya Oblasts
<b>4.</b>	<b>Sector/Subsector:</b> Transport/Roads
<b>5.</b>	<b>Background and Rationale:</b> Part of the major trunk road between Almaty and Astana and also on CAREC 1-a, 1-c. Rapid increase in traffic requires capacity expansion. The existing intensity of traffic in 2008 is 9,291 buses per day. Predicted annual increase in traffic is about 6–8%. The purpose of the project is to increase traffic between the country's capital and one of the industrial centers of central Kazakhstan.
<b>6.</b>	<b>Objectives:</b> Build a fast road between Astana and Almaty.
<b>7.</b>	<b>Project scope:</b> Rehabilitation of 238 km of road with a bypass of Karaganda.
<b>8.</b>	<b>Estimated cost:</b> 134.244 billion tenge or US\$895 million at \$1=150 tenge exchange rate.
<b>9.</b>	<b>Financing Plan and Arrangements:</b> Concession
<b>10.</b>	<b>Implementation Schedule:</b> From February 2009 to 2012 (contract depends on the laws on concession and law on motorways).
<b>11.</b>	<b>Executing Agency:</b> Ministry of Transport and Communications
<b>12.</b>	<b>Estimated Benefits and Beneficiaries:</b> Savings in vehicle operating costs and time. Capacity expansion of this trunk road is expected to attract investments and will contribute to economic growth.
<b>13.</b>	<b>Social and Environmental Issues:</b> No negative social or environmental impacts.
<b>14.</b>	<b>Priority of Project:</b> High
<b>Project Status:</b> Decision by the Kazakhstan PPP Center on the economic examination of the feasibility study prepared by "KazDorProject was received in November 2008. Review of project documentation is nearing completion.	
<b>15.</b>	<b>Follow up Action Required:</b>
<b>16.</b>	<b>Issues/Constraints:</b>
<b>17.</b>	<b>PPP/PSP Opportunities:</b> concession or toll operation opportunities.

**KAZ IP2: Almaty–Kapchagay Road Rehabilitation****Country: Kazakhstan****CAREC Corridor: 1-b, 3**

<b>1. Project Name:</b>	Almaty-Kapchagay Road Rehabilitation Project
<b>2. Type of the Project:</b>	Road rehabilitation and capacity improvement
<b>3. Project Area:</b>	Almatinskaya Oblast
<b>4. Sector/Subsector:</b>	Transport/Roads
<b>5. Background and Rationale:</b>	The road presently has 4 lanes, which because of traffic increases, needs to be expanded to 6 lanes. The existing intensity of traffic in 2008 is 15,754 buses per day. Predicted annual increase in traffic is about 6–8%. Reconstruction of the highway will also contribute to the economic development of a resort zone of Kapshagajsky water basin, and areas surrounding Almaty.
<b>6. Objectives:</b>	Increase capacity of existing highway
<b>7. Project scope:</b>	Capacity expansion on 104 km of road
<b>8. Estimated cost:</b>	70 billion tenge or \$583 million.
<b>9. Financing Plan and Arrangements:</b>	Concession
<b>10. Implementation Schedule:</b>	2009–2011.
<b>11. Executing Agency:</b>	Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b>	Reduce congestion, savings in vehicle operating costs and time.
<b>13. Social and Environmental Issues:</b>	No negative social or environmental impacts.
<b>14. Priority of Project:</b>	High
<b>15. Project Status:</b>	Decision by the Kazakhstan PPP Center on the economic examination of the feasibility study prepared by KazDorNii was received in November 2008.
<b>16. Follow up Action Required:</b>	
<b>17. Issues/Constraints:</b>	
<b>18. PPP/PSP Opportunities:</b>	Construction and maintenance contracts.

### KAZ IP3: Aktau–Beyneu Road Rehabilitation

Country: Kazakhstan

CAREC Corridor: 2-a

1.	<b>Project Name:</b> Rehabilitation of Aktau – Beyneu Road Project
2.	<b>Type of the Project:</b> Road rehabilitation
3.	<b>Project Area:</b> Mangistauskaya Oblast
4.	<b>Sector/Subsector:</b> Transport/Road
5.	<b>Background and Rationale:</b> This road is a major road connection along CAREC Corridor 2-a for transit and trade from Europe to Central Asia coming from Aktau Port. Expected increases in traffic require road rehabilitation. The existing intensity of traffic in 2008 is 1,063 buses per day. Predicted annual increase in traffic is about 6–8%. Some segments of the highway are in very poor condition and about to crack. This negatively affects road transport along the road section.
6.	<b>Objectives:</b> Rehabilitation of a major road connection along Corridor 2a.
7.	<b>Project Scope:</b> Rehabilitation of 417 km of road
8.	<b>Estimated Cost:</b> \$550 million for investment and \$600,000 for feasibility study
9.	<b>Financing Plan and Arrangements:</b> Financing for the feasibility study is to be determined, but the investment will be through concession
10.	<b>Implementation Schedule:</b> 2009–2012
11.	<b>Executing Agency:</b> Ministry of Transport and Communications
12.	<b>Estimated Benefits and Beneficiaries:</b> Savings in vehicle operating costs and time for road users; improve competitiveness of corridor.
13.	<b>Social and Environmental Issues:</b> No major negative social and environmental impacts. Project will be subject to an environmental impact assessment.
14.	<b>Priority of Project:</b> High
15.	<b>Project Status:</b>
16.	<b>Follow up Actions Required:</b> secure fund for the feasibility study
17.	<b>Issues/Constraints:</b>
18.	<b>PPP/PSP Opportunities:</b> Concession

**KAZ IP4: Rehabilitation of Western Europe – Western PRC Transit Corridor**  
**Country: Kazakhstan**  
**CAREC Corridor: 1-b, 6-b, c**

<b>1. Project Name:</b>	Reconstruction of Western Europe – Western PRC Transit Corridor
<b>2. Type of the Project:</b>	Road rehabilitation
<b>3. Project Location:</b>	PRC border in Xinjiang, Almatinskaya, Zhambylskaya, South Kazakhstan, Kizilordinskaya and Aktubinskaya oblasts.
<b>4. Sector/Subsector:</b>	Transport/Roads
<b>5. Background and Rationale:</b>	The Government has given high priority to the Project along CAREC Corridor 1b, 6b and 6c. It has requested external financing for the Project. This road is the shortest route linking PRC and countries of Central Asia with the western part of Russian Federation and Europe.
<b>6. Objectives:</b>	Rehabilitate the road to support the growth of local and international traffic in western Kazakhstan.
<b>7. Scope:</b>	Rehabilitation of 2,815 km of road. Government has completed 478 km and is constructing 531 km.
<b>8. Estimated cost:</b>	\$6.7 billion
<b>9. Financing Plan and Arrangements:</b>	National Budget with external sources: ADB (\$700 million), JICA (\$100 million), EBRD (\$180 million), IsDB (\$414 million), World Bank (\$2.125 billion), and the private sector (\$2.221 billion). The Government of Kazakhstan will provide about \$909 million.
<b>10. Implementation Schedule:</b>	Ongoing-2012
<b>11. Executing Agency:</b>	Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b>	The Project will improve transport efficiency and road safety and will make the road corridor more competitive. Road users will benefit from vehicle operating cost and time savings. The Project will improve the competitiveness of the corridor and will have a direct positive impact on economic growth and job creation. It will also contribute to increased transit and trade volume in Kazakhstan.
<b>13. Social and Environmental Issues:</b>	
<b>14. Priority of Project:</b>	High
<b>15. Project Status:</b>	Since 2007, the reconstruction of the Karabutak-Irgiz-gr. Kyzylordinsky section is ongoing. Plan for 2009 include works in Kyzyl Orda oblast (789 km), Zhambyl oblast(183 km), and Almaty oblast. Works in Aktyubinsk oblast is planned to begin in 2010. The Project will be completed by 2012, except for sites of Aktobe-Karabutak and Almaty-Bishkek which were rehabilitated in 2004–2005. About \$4 million for the development of the integrated transport model for road and railroad infrastructure will be included in tranche 2 of ADB's financing under a multitranchise financing facility.
<b>16. Follow up Actions Required:</b>	
<b>17. Issues/Constraints:</b>	
<b>18. PPP/PSP Opportunities:</b>	Road could be given to concession for maintenance or could be tolled.

## KAZ IP5: Electrification of Almaty – Aktogay Railway Section

**Country: Kazakhstan**

**CAREC Corridor: 1-a**

<b>1. Project Name:</b>	Electrification of Almaty – Aktogay Railway Section
<b>2. Type of Project:</b>	Railway electrification
<b>3. Project Location:</b>	Almatinskaya Oblast
<b>4. Sector/Subsector:</b>	Transport/Railways
<b>5. Background and Rationale:</b>	Railway section links Almaty with Ala Shankou. Increased traffic justifies considering electrification.
<b>6. Objectives:</b>	Increase in train speed and capacity with savings in fuel.
<b>7. Scope:</b>	Electrification of 650 km rail line.
<b>8. Estimated cost:</b>	76 billion tenge or \$506.67 million at \$1=150 tenge exchange rate
<b>9. Financing Plan and Arrangements:</b>	Concession
<b>10. Implementation Schedule:</b>	2009–2013
<b>11. Executing Agency:</b>	Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b>	Reduction in congestion and operating costs by approximately 10%.
<b>13. Social and Environmental Issues:</b>	No negative social or environmental impacts.
<b>14. Priority of Project:</b>	High
<b>15. Project Status:</b>	Feasibility study has been prepared.
<b>16. Follow up Actions Required:</b>	
<b>17. Issues/Constraints:</b>	
<b>18. PPP/PSP Opportunities:</b>	Concession

**KAZ IP6: Electrification of Dostyk – Aktogay Railway Section**

**Country: Kazakhstan**

**CAREC Corridor: 1-a**

<b>1.</b>	<b>Project Name:</b> Electrification of Dostyk – Aktogay Railway Section
<b>2.</b>	<b>Type of Project:</b> Railway electrification
<b>3.</b>	<b>Project Location:</b> Almatinskaya Oblast
<b>4.</b>	<b>Sector/Subsector:</b> Transport/Railway
<b>5.</b>	<b>Background and Rationale:</b> Increase in traffic from and to Xinjiang justifies considering electrification of rail line. This railway section is also the most cargo overloaded in the southeastern part of Kazakhstan.
<b>6.</b>	<b>Objectives:</b> Increase in train speed and capacity with savings in fuel.
<b>7.</b>	<b>Scope:</b> Electrification of 312 km of rail line
<b>8.</b>	<b>Estimated cost:</b> 76 billion tenge or \$506.67 at \$1=150 tenge exchange rate.
<b>9.</b>	<b>Financing Plan and Arrangements:</b> Concession
<b>10.</b>	<b>Implementation Schedule:</b> 2009–2012
<b>11.</b>	<b>Executing Agency:</b> Ministry of Transport and Communications
<b>12.</b>	<b>Estimated Benefits and Beneficiaries:</b> Reduction in congestion and operating costs by approximately 10%.
<b>13.</b>	<b>Social and Environmental Issues:</b> No negative social or environmental impacts.
<b>14.</b>	<b>Priority of Project:</b> High
<b>15.</b>	<b>Project Status:</b> Feasibility study has been prepared
<b>16.</b>	<b>Follow up Actions Required:</b> Implementation after the feasibility study.
<b>17.</b>	<b>Issues/Constraints:</b>
<b>18.</b>	<b>PPP/PSP Opportunities:</b> Concession

### KAZ IP7: Electrification of Aktogay–Mointy Railway Section

Country: Kazakhstan

CAREC Corridor: 1-a

1.	<b>Project Name:</b> Electrification of Aktogay – Mointy Railway Section
2.	<b>Type of the Project:</b> Rail electrification
3.	<b>Project Area:</b> Kazakhstan, Karaganda Oblast
4.	<b>Sector/ Subsector:</b> Transport/Railway
5.	<b>Background and Rationale:</b> Aktogay – Mointy is a key connection for trade along Corridor 1a between Xinjiang, and Kazakhstan and Russian Federation. Mointy connects to the double track electrified rail line from Chu to Astana. Significant increase in traffic justifies electrification.
6.	<b>Objectives:</b> Increase in train speed and capacity with savings in fuel
7.	<b>Scope:</b> Electrification of 521 km of rail line
8.	<b>Estimated cost:</b> 115.7 billion tenge or \$771 million at \$1=150 tenge exchange rate.
9.	<b>Financing Plan and Arrangements:</b> Concession
10.	<b>Implementation Schedule:</b> 2009–2012
11.	<b>Executing Agency:</b> Ministry of Transport and Communications
12.	<b>Estimated Benefits and Beneficiaries:</b> Reduction in congestion and operating costs by approximately 10%.
13.	<b>Social and Environmental Issues:</b> No negative social or environmental impacts.
14.	<b>Priority of Project:</b> High
15.	<b>Project Status:</b> Feasibility study has been prepared.
16.	<b>Follow up Actions Required:</b> Implementation after the feasibility study.
17.	<b>Issues/Constraints:</b>
18.	<b>PPP/PSP Opportunities:</b> Concession

**KAZ IP8: Construction of Korgas–Zhetygen Rail Line****Country: Kazakhstan****CAREC Corridor: 1-b**

<b>1.</b>	<b>Project Name:</b> Construction of Korgas-Zhetygen Railway
<b>2.</b>	<b>Type of Project:</b> Railway Construction
<b>3.</b>	<b>Project Location:</b> Almaatinskaya Oblast, the Republic of Kazakhstan
<b>4.</b>	<b>Sector/Subsector:</b> Transport/Railway
<b>5.</b>	<b>Background and Rationale:</b> The Project will open a second border crossing point in order to reduce congestion at Dostyk-Ala Shankou, with a reduction in distance from Almaty and Aktau to PRC by 500 km.
<b>6.</b>	<b>Objectives:</b> Reduction of distance from Almaty to PRC by 500 km.
<b>7.</b>	<b>Scope:</b> Construction of a new rail line of 298.4 km.
<b>8.</b>	<b>Estimated costs:</b> 93 billion tenge or \$620 million at \$1=150 tenge exchange rate.
<b>9.</b>	<b>Financing Plan and Arrangements:</b> Concession period until 2036 (28 years)
<b>10.</b>	<b>Implementation Schedule:</b> 2009–2011
<b>11.</b>	<b>Executing Agency:</b> Ministry of Transport and Communications
<b>12.</b>	<b>Estimated Benefits and Beneficiaries:</b> Anticipated volume of operations in 2015 is 15 million tons. Reduction of travel distance from southern parts of Kazakhstan to PRC by 500 km.
<b>13.</b>	<b>Social and Environmental Issues:</b> Environmental impact assessment and resettlement plan will be required.
<b>14.</b>	<b>Priority of Project:</b> High
<b>15.</b>	<b>Project Status:</b> In July 2008 the concessionaire and "Transproject" company signed the contract for the feasibility study. The feasibility study was prepared in February 2009.
<b>16.</b>	<b>Follow up Actions Required:</b>
<b>17.</b>	<b>Issues/Constraints:</b>
<b>18.</b>	<b>PPP/PSP Opportunities:</b> Concession

**KAZ IP9: Reconstruction of Shymkent Airport**  
**(formerly Expansion of Shymkent, Semey, and Kokchetau Airports)**

**Country: Kazakhstan**

**CAREC Corridor: 1b, 3-a, 6-b, c**

<b>1. Project Name:</b>	Reconstruction of Shymkent Airport
<b>2. Project type:</b>	Airport capacity expansion
<b>3. Project Location:</b>	southern Kazakhstan
<b>4. Sector/subsector:</b>	Transport/Airports
<b>5. Background and Rationale:</b>	Increased demand and flight increases require capacity improvements at key regional airports throughout the country. The Shymkent airport has the potential to becoming an international airport. Reconstruction date is 2007. Runway: metal-concrete plates PAG-18; Size: 3300 x 45 meters. Accepts all types of plains without the restrictions. Bearing ability PCN=50; Capacity: 100 persons/hour; Total area: 1,853 square meter.
<b>6. Objectives:</b>	Modernization and capacity expansion of three key regional airports located along CAREC corridors to respond to demand increases and international safety requirements.
<b>7. Scope:</b>	Extension of runways and buildings as follows: Shymkent: runway: length – 2,547 m; width – 45 m, pavement: mixed Airport building: capacity – 200 passengers/hour, total area – 2,041 sq.m
<b>8. Estimated costs:</b>	5.35 billion tenge or \$35.6 milion at \$1=150 tenge exchange rate.
<b>9. Financing Plan and Arrangements:</b>	National budget
<b>10. Implementation Schedule:</b>	Ongoing-2011
<b>11. Executing agency:</b>	Ministry of Transport and Communications (Civil Aviation Department)
<b>12. Estimated Benefits and Beneficiaries:</b>	Airport expansion to meet passenger demand and contribute to economic growth.
<b>13. Social and Environment Issues:</b>	No negative social or environmental impacts.
<b>14. Priority of Project:</b>	High
<b>15. Project Status:</b>	Construction ongoing
<b>16. Follow up Actions Required:</b>	
<b>17. Issues/Constraints:</b>	
<b>18. PPP/PSP Opportunities:</b>	Airport services could be outsourced to the private sector.

**KAZ IP10: Expansion of Aktau Port**  
**Country: Kazakhstan**  
**CAREC Corridor: 2A**

<b>1. Project Name:</b>	Expansion of Aktau port
<b>2. Type of Project:</b>	Port expansion
<b>3. Project Location:</b>	Kazakhstan; Aktau is a major port on the Caspian Sea
<b>4. Sector/Subsector:</b>	Transport/Ports
<b>5. Background:</b>	Current throughput at Aktau Port is 11.2 million ton/year, with oil product being 9.9 million tons. Port throughput has been increasing at 15% per annum and is likely to reach 23 million tons before 2015. Port has 4 dedicated oil jetties, 3 dry cargo berths, 1 grain berth and 1 berth for Ro/Ro and another for the rail ferry. With projected traffic growth, the port will be congested and larger tankers cannot be accommodated.
<b>6. Objectives:</b>	To increase capacity of the port to 20 million tons of oil cargo and 3 million ton of general cargo/year.
<b>7. Scope:</b>	Construction of new oil berths (4) and dry cargo terminals (3) and breakwater; dredging; jetty for the Navy.
<b>8. Estimated Cost:</b>	\$ 347.5 million (41.7 billion KZT) Feasibility study – \$ 580,000 (70 million KZT)
<b>9. Financing Plan and Arrangements:</b>	National budget and other sources. Kazakhstan Development Bank (KDB) has allocated \$26.6 million (4 billion tenge) for protection structures; additional financing required. Japan Bank for International Cooperation is financing \$21.4 million equivalent to finance the port development at Aktau through KDB.
<b>10. Implementation Schedule:</b>	Ongoing to 2014. Preliminary work has started (2006); more detailed work during Phase 1: construction of protecting structures, 2008 – 2010; Phase 2: Dredging, 2010; and Phase 3: Construction of oil and dry cargo terminals: to 2014.
<b>11. Executing Agency:</b>	Ministry of Transport and Communications, Aktau International Seaport
<b>12. Estimated Benefits and Beneficiaries:</b>	The Project will reduce transport costs and contribute to the competitiveness of the corridor while generating economic growth.
<b>13. Social and Environmental Issues:</b>	No negative social and environmental impacts are expected but an EIA is required.
<b>14. Priority of Project:</b>	High
<b>15. Project Status:</b>	Construction of pier and breakwater is ongoing, with the latter expected to be completed in July 2009. Plan for 2009 includes (i) finalization of additional financing plan and arrangements, (ii) establishment of traffic control systems for port Kuryk and the Ural-Caspian and reconstruction of Ust-Kamenogorsk and Buhtarminsk gateways, (iii) a study on capacity development or training design for sea experts/specialists, and (iv) development of a law on trading navigation for regulating the creation of sea management.
<b>16. Follow up Actions Required:</b>	Implementation after the feasibility study and additional funding sources are being identified.
<b>17. Issues/Constraints:</b>	Port expansion will need to account for operations at the new Kuryk port.
<b>18. PPP/PSP Opportunities:</b>	PPP opportunities in port operations.

**KAZ TA1: Transport Services Sector Study**  
**Country: Kazakhstan**  
**CAREC CORRIDOR: 1, 2-A, 3, 6**

<b>1. Project Name:</b> Transport Services Sector Study
<b>2. Type of Project:</b> Technical Assistance
<b>3. Project Location:</b> Republic of Kazakhstan (Kazakhstan)
<b>4. Sector/Subsector:</b> Transport
<b>5. Background and Rationale:</b> Transport services in Kazakhstan are provided by local and international companies that own their delivery fleet and prefer road transport over rail due to its greater flexibility and reliability for distances within 1,000 kilometers. There are about 200 members of the Kazakhstan Association of Transport Operators, providing export and import services, brokerage, integrated logistics, or even insurance and sourcing. The Government approved a Transport Sector Development Strategy (the Strategy) to improve the transport system and form an optimum transport network. Kazakhstan's economic and geographic features (vast territory, landlocked though central location, low population density and uneven spatial distribution of population and natural resources) make the country freight-intensive and highly dependent on transport, with high transport use per capita. The share of transport costs in cost of goods is 8% for rail and 11% for road compared to 4.5% in developed countries, indicating high transport burden. The sector made important progress in the mid 1990s, with privatization and competition introduced. However, policies have been unstable and senior staff has frequently changed, so that strategies have not been fully implemented. Some inefficiency, thus, remain and the sector is less able to serve the needs of the economy and population. The asset base is of uneven quality, lacks maintenance, replacement or upgrading. Hence, there are capacity shortages or inefficiencies. There are gaps in regulations and enforcement that makes private sector development difficult and increased costs. Institutions need stability and strengthening while procedures must adapt to a market economy. Policies should promote efficient use of resources, e.g., fares must reflect actual costs, taxes must cover cost of maintenance. The Strategy aims to promote private sector participation in the sector, as virtually all transport services will be provided by them. Since competition among operators will help develop the private transport sector, it is useful to determine whether competitive conditions exist and if not, examine the factors contributing to a less than competitive environment.
<b>6. Objectives:</b> To help the Government examine the nature of business conditions for private transport operators and propose ways to foster a competitive environment.
<b>7. Scope:</b> The study will examine the nature of business conditions operating in Kazakhstan for transport service providers, pinpoint the reasons for a less than competitive environment, and recommend ways to encourage competitive conditions.
<b>8. Estimated Cost:</b> \$80,000
<b>9. Financing Plan and Arrangements:</b> To be determined.
<b>10. Proposed Implementation Schedule:</b> 2011
<b>11. Executing Agencies:</b> Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b> Transport operators and consumers of goods carried by the operators.
<b>13. Social and Environmental Issues:</b> To be determined.
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> Proposed
<b>16. Follow up Actions Required:</b> Secure funding.
<b>17. Issues/Constraints:</b>

**KAZ TA2: Coordinator for CAREC**  
**Country: Kazakhstan**  
**CAREC CORRIDOR: 1, 2-A, 3, 6**

<b>1. Project Name:</b> National Coordinator for CAREC
<b>2. Type of Project:</b> Technical Assistance in Management of CAREC Activities
<b>3. Project Location:</b> Astana, Republic of Kazakhstan
<b>4. Sector/Subsector:</b> Regional Cooperation/Transport/Trade
<p><b>5. Background and Rationale:</b> The CAREC Program is being pursued through regional cooperation work in transport, trade, energy, and other key areas of mutual interest. A coordinating committee in each area consisting of member-government and multilateral institution representatives reviews progress and provides guidance on future work. At the national level, this requires continuous intensive discussions among the relevant government agencies, an exchange of ideas with other institutions, and the acquisition of technical information from experts.</p> <p>The Kazakhstan government has an interdepartmental committee for transit development with the Ministry of Transport and Communications as lead agency. In order to contribute effectively to regional cooperation work and in view of the integration of transport with trade facilitation into a single strategy, the Ministry expressed the need for a full-time National Coordinator to organize discussions, conceptualize agendas, coordinate activities, and most importantly, provide analytical background work which will be the basis for decisions on trade and transport matters. In addition, the Ministry requires expert assistance in drafting its Transit Development Action Plan for 2009–2011.</p>
<p><b>6. Objectives:</b> To provide the Government with analytical assistance on transport and trade facilitation matters in pursuit of the CAREC Transport and Trade Facilitation Strategy and Action Plan and provide inputs into the national Transit Development Action Plan for 2009–2011.</p> <p>To provide organizational and coordination assistance to the interdepartmental committee for transit development.</p>
<b>7. Scope:</b> Analyze transit, transport and trade facilitation issues for the committee, conceptualize requirements for transit development that are consistent with the CAREC Transport and Trade Facilitation Strategy, formulate agenda and organize meetings, conferences and seminars on transit development, and coordinate the activities of the committee members.
<b>8. Estimated Cost:</b> \$2 million
<b>9. Financing Plan and Arrangements:</b> ADB. This will be financed under ADB's RETA: Working with the Private Sector (\$2 million) approved in 2009.
<b>10. Proposed Implementation Schedule:</b> Ongoing to 2011
<b>11. Executing Agency:</b> Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b> Will facilitate decision-making and implementation of CAREC activities in Kazakhstan
<b>13. Social and Environmental Issues:</b>
<b>14. Priority of Project:</b> Urgent
<b>15. Project Status:</b> Ongoing
<b>16. Follow up Actions Required:</b>
<b>17. Issues/Constraints:</b> Overlap with current Regional Coordinator's work, the legal basis for an inter-departmental committee, and mandate for lead agency on trade facilitation matters.