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The World Bank

Report No: 64044-KZ

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
SOUTH-WEST ROADS PROJECT: WESTERN EUROPE-WESTERN CHINA
INTERNATIONAL TRANSIT CORRIDOR (CAREC 1B & 6B) PROJECT
(APRIL 30, 2009)

TO THE
REPUBLIC OF KAZAKHSTAN

MAY 7, 2012

Central Asia Country Unit
Sustainable Development Department
Europe and Central Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 29, 2012)

Currency Unit = Kazakhstan Tenge (KZT)
KZT 147.65 = US\$ 1.00

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
APL	Adaptable Program Loan
CR	Committee for Roads
EA	Environmental Assessment
EARF	Environmental Assessment Review Framework
EBRD	European Bank for Reconstruction and Development
EMP	Environment Management Plan
EIRR	Economic Internal Rate of Return
ESIA	Environmental and Social Impact Assessment
HDM4	Highway Development and Management Model (Version 4)
IBRD	International Bank for Reconstruction and Development
MoTC	Ministry of Transport and Communications
NPV	Net Present Value
OP	Operational Policy (of the World Bank)
ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PCR	Physical Cultural Resources
PMC	Project Management Consultants
RAP	Resettlement Action Plan
RMS	Road Management System
RPF	Resettlement Policy Framework
SBD	Standard Bidding Document
SIL	Specific Investment Loans
WE-WC	Western Europe – Western China

Regional Vice President:	Philippe H. Le Houérou, ECAVP
Country Director:	Saroj Kumar Jha, ECCU8
Sector Director:	Laszlo Lovei, ECSSD
Sector Manager:	Henry G. R. Kerali, ECSSD
Task Team Leader:	Jacques Buré, ECSSD

**MEMORANDUM AND RECOMMENDATION OF
THE PRESIDENT OF THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
TO THE EXECUTIVE DIRECTORS
ON A PROPOSAL TO RESTRUCTURE
THE KAZAKHSTAN SOUTH-WEST ROADS PROJECT: WESTERN EUROPE-
WESTERN CHINA INTERNATIONAL TRANSIT CORRIDOR (CAREC 1B & 6B)
LOAN IBRD-76810**

1. I submit for your approval a proposal to restructure the Kazakhstan South-West Roads Project: Western Europe – Western China International Transit Corridor (CAREC- 1b & 6b), Loan IBRD-76810.

2. The proposed restructuring would reallocate savings which were obtained in the amount of US\$441 million, including US\$375 million of the Loan and US\$66 million of the Government co-financing, following the completed bidding process for the civil works financed under the Project. The savings would allow the financing of the upgrade of an additional 80 kilometers of the same highway, as an extension to the section currently financed west of Shymkent city. The savings will also allow the construction of a 4 lane highway instead of a 2 lane highway for the Kyzylorda bypass. The proposed restructuring calls for an adjustment of the project's development objective to include the additional 80 kilometers of roads that are outside the original project location. The restructuring also includes an extension of the project closing date by 18 months to allow for the additional civil works. The safeguards category remains the same and the project does not trigger any new safeguards policy.

3. **Recommendation.** I am satisfied that the proposed restructuring of the Kazakhstan South-West Road Project: Western Europe – Western China International Transit Corridor (IBRD-76810) would comply with the Articles of Agreement of the Bank. I recommend that the Executive Directors approve this proposal in accordance with the terms of this Memorandum and attached Restructuring Paper. Upon approval, the Loan Agreement will be amended accordingly.

Robert B. Zoellick
President

by Sri Mulyani Indrawati
Managing Director

Washington DC
May 7, 2012

Regional Vice President	Philippe H. Le Houérou
Country Director	Saroj Kumar Jha
Sector Manager	Henry G. R. Kerali
Task Leader	Jacques Buré

REPUBLIC OF KAZAKHSTAN
SOUTH-WEST ROADS PROJECT: WESTERN EUROPE-WESTERN CHINA
INTERNATIONAL TRANSIT CORRIDOR (CAREC 1B & 6B)

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Restructuring	Status: Submitted to SECPO
Restructuring Type: Level one	
Last modified on date : 05/29/2012	

1. Basic Information	
Project ID & Name	P099270: SOUTH WEST ROADS
Country	Kazakhstan
Task Team Leader	Jacques Bure
Sector Manager/Director	Henry G. R. Kerali
Country Director	Saroj Kumar Jha
Original Board Approval Date	04/30/2009
Original Closing Date:	12/31/2013
Current Closing Date	12/31/2013
Proposed Closing Date [if applicable]	06/30/2015
EA Category	A-Full Assessment
Revised EA Category	A-Full Assessment-Full Assessment
EA Completion Date	12/30/2008
Revised EA Completion Date	12/31/2012

2. Revised Financing Plan (US\$m)		
Source	Original	Revised
BORR	375.00	375.00
IBRD	2125.00	2125.00
Total	2,500.00	2,500.00

3. Borrower		
Organization	Department	Location
Republic of Kazakhstan		Kazakhstan

4. Implementing Agency		
Organization	Department	Location
Committee for Roads	Ministry of Transport and Communications	Kazakhstan

5. Disbursement Estimates (US\$m)		
Actual amount disbursed as of 06/05/2012		772.87
Fiscal Year	Annual	Cumulative
2011	0.00	772.87
2012	400.00	1172.87
2013	360.00	1532.87
2014	325.00	1857.87
2015	238.18	2096.05
2016	28.95	2125.00
	Total	2125.00

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Does the restructured projects trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	Y

Safeguard Policy	Last Rating	Proposed
Environmental Assessment (OD 4.01)	X	
Natural Habitats (OP 4.04)		
Forestry (OP 4.36)		
Pest Management (OP 4.09)		
Physical Cultural Resources (OP 4.11)		
Indigenous Peoples (OD 4.20)		
Involuntary Resettlement (OP 4.12)	X	
Safety of Dams (OP 4.37)		
Projects in International Waterways (OP 7.50)		
Projects in Disputed Areas (OP 7.60)		

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The proposed Project aims to increase transport efficiency along the road sections between Aktobe/Kyzylorda Oblast border and Shymkent and to improve road management and traffic safety in Kazakhstan.

7b. Revised Project Development Objectives/Outcomes [if applicable]
The objective of the Project is to improve transport efficiency along road sections from the border of

Aktobe and Kyzylorda Oblasts to the border of South Kazakhstan and Zhambyl Oblasts, improve road management and increase traffic safety in Kazakhstan

SOUTH-WEST ROADS PROJECT: WESTERN EUROPE-WESTERN CHINA INTERNATIONAL TRANSIT CORRIDOR (CAREC 1B & 6B)

RESTRUCTURING PAPER

A. SUMMARY

1. The proposed project restructuring was prepared in response to the request from the Government of Kazakhstan dated November 19, 2011 to reallocate project savings to finance an additional 80 km of the Western Europe-Western China Transit Corridor beyond the original project location. The original project was approved on April 30, 2009, and became effective on December 9, 2009, with a closing date of December 31, 2013. The disbursement at 2011 year-end was US\$800 million out of a total loan amount of US\$2,125 million. The proposed restructuring entails modification of the project's development objective, corresponding upward adjustment of the project's targets, reallocation of proceeds between the categories and an 18-month extension of the project closing date to allow for the completion of expanded activities. The safeguards category remains the same and the project does not trigger any new safeguard policy.

2. Project savings in the amount of US\$441 million, including US\$375 million of the Loan and US\$66 million of Government co-financing, were achieved following the bidding process completed in December 2010 for the civil works financed by the project. The proposed restructuring will reallocate these savings to finance the upgrade of an additional 80 km of the same highway, as an extension to the section currently financed west of Shymkent city to the Shymkent/Zhambyl oblast border. The estimated cost of this upgrade is US\$350.9 million. The savings will also allow the construction of a 4 lane highway instead of a 2 lane highway on 10 km of the 18 km Kyzylorda bypass at an estimated cost of US\$36.7 million.

3. The Project Development Objective (PDO) will be adjusted to reflect the proposed expansion of project scope. The new PDO will read as follows: *"The objective of the Project is to improve transport efficiency along road sections from the border of Aktobe and Kyzylorda Oblasts to the border of South Kazakhstan and Zhambyl Oblasts, improve road management and increase traffic safety in Kazakhstan."*

B. PROJECT STATUS

4. Progress towards the achievement of the Project Development Objective is satisfactory. Overall implementation progress is rated moderately satisfactory due to insufficient progress under the institutional strengthening component. The disbursement ratio for the six months to the end of December 2011 was 24.5 percent. By the end of calendar year 2011, about US\$800 million had been disbursed (38 percent of the loan amount), which matches the original disbursement estimate. Progress with implementation of Part 1 of the project (upgrade and reconstruction of road sections within Kyzylorda Oblast) is satisfactory. The disbursement targets set by the Borrower for 2009, 2010 and 2011 have been achieved. Out of the 14 civil works contracts ongoing in Kyzylorda Oblast, 10 are performing well, and the remaining 4 contracts are on track to perform better in 2012. The overall rate of progress and quality are acceptable. Contractors have proven capable of managing civil works along several hundred

kilometers of the project road sections. The status under Part 2 (upgrade and reconstruction of road sections within South Kazakhstan Oblast) is also satisfactory. All civil works contracts were awarded in 2010 and the disbursement condition related to this component has been met. The civil works began in March 2011 following the completion of the Resettlement Action Plan (RAP). The Environmental Management Plans (EMPs) for the ongoing civil works are being satisfactorily implemented by the contractors with periodic review by the Project Management Consultants (PMC) and the Bank.

5. Implementation of the institutional development component has started as agreed at the beginning of year two. The main achievement consists of the agreement reached between the Bank and the Ministry of Transport and Communications (MoTC) on a Framework of Actions to strengthen the capacity of the Committee for Roads (CR). The Bank team and the CR have also agreed on a set of four strategy notes related to: (i) road safety; (ii) road services; (iii) road asset database; and (iv) institutional strengthening at the CR. Those activities were not addressed at the beginning of the project because of the priority given then to the civil works.

C. PROPOSED CHANGES

PROJECT DEVELOPMENT OBJECTIVE

6. The revised project development objective is: *“to improve transport efficiency along road sections from the border of Aktobe and Kyzylorda Oblasts to the border of South Kazakhstan and Zhambyl Oblasts, improve road management and increase traffic safety in Kazakhstan.”* The Loan Agreement will require an amendment as a result of this change in the Project Development Objective.

RESULTS/INDICATORS

7. The target values for intermediate outcome indicators will be adjusted to reflect the proposed changes to the project Components/Parts. In particular, the total number of kilometers rehabilitated will increase from 1,062 km to 1,142 km. An indicator related to the Road Asset Management System will be added to reflect the fact that this area has now become one of the major focuses of the MoTC and the CR.

8. The proposed changes are reflected in Annex 1 and will be incorporated in a new amended Supplemental Letter to be signed as part of the restructuring process.

PROJECT COMPONENTS/PARTS

9. The proposed project restructuring requires changes to: Part 1 of the project to revise the financing; Part 2 of the project to include an additional 80 km east of Shymkent and 10 km of additional 2 lanes to the Kyzylorda bypass; Part 3 of the project to expand the scope of activities to assist the MoTC with implementation of the additional civil works and technical reviews of designs; Part 4 of the project to further strengthen institutional development and improvement of road safety; and Part 5 of the project to increase the amount for supervision of civil works for the additional section of road.

10. **Part 1. Upgrade and reconstruction of road sections within Kyzylorda Oblast, excluding the bypass to Kyzylorda.** Due to cost savings, the financing under Part 1 is being reduced by an estimated amount of US\$233.5 million.

11. **Part 2. Upgrade and reconstruction of road sections within South Kazakhstan Oblast (from Kyzylorda Oblast border to Zhambyl Oblast border, including the bypasses to Kyzylorda and Shymkent).** This Part finances civil works to support the upgrade and reconstruction of road sections within South Kazakhstan Oblast, including the bypass to Kyzylorda. It will expand to finance an additional length of about 80 km in South Kazakhstan Oblast from Shymkent to the border with Zhambyl Oblast. The estimated cost of additional civil works is US\$350.9 million. Part 2 will continue financing the bypass of Kyzylorda (18 km) but all 18 km will be constructed as a 4 lane highway instead of only 8 km as originally planned (i.e., 10 km of additional 2 lanes). The estimated cost is US\$36.7 million. There is cost saving under Part 2 of the original project of US\$154.6 million. Following the proposed change, 353 kilometers of roads would be upgraded under this Part compared to the initial target of 273 kilometers described in the Project Appraisal Document (PAD) and in the Loan Agreement. The Loan Agreement will require an amendment for this part as a result of the additional road section.

12. **Part 3. Project Management Consultants.** The scope of this Part will expand to finance a broader scope of activities currently carried out by the PMC. There is a need for further support to the MoTC to manage the additional activities related to the civil works for the additional road section and to help preparing other investments along the Western Europe-Western China transit corridor. The estimated cost of the additional activities under Part 3 is US\$2.5 million. The Loan Agreement will not require an amendment for this part as a result of the expansion in the scope for this activity.

13. **Part 4. Institutional Development and Improvement of Road Safety and Road Services.** This Part will expand to allow the provision of additional goods and services necessary to gather additional data for the Road Management System, now a high priority for the MoTC. The estimated cost of the additional activities is US\$1.5 million. The procurement of goods has been reduced by \$100,000 so the total increase in funding for Part 4 is US\$1.4 million. The Loan Agreement will not require an amendment for this part as a result of the expansion in the scope for this activity.

14. **Part 5. Supervision of Civil Works.** This Part will expand to finance consulting services for supervision of the additional road section, at an estimated cost of US\$6 million. It will also include the review of detailed engineering designs and supervision of the implementation of Environment Management Plans for the additional road section. The Loan Agreement will not require an amendment for this part as a result of the expansion in the scope for this activity.

15. **Unallocated Amount.** The unallocated amount has been reduced by US\$9.4 million to US\$212 million.

SAFEGUARDS

16. Current safeguards arrangements will continue to be applied. The existing Resettlement Policy Framework (RPF) will cover the additional road section. The Resettlement Action Plan (RAP) for the additional road section will be prepared in conformity with the RPF as soon as the detailed design becomes available¹. It is worth noting that about half of the additional road section was already planned as a State investment in the 1980s. The land on this section is State-owned and no informal users have been identified. The civil works on this section will therefore start first. The Bank team visited the additional road section and confirmed that the generic baseline data (land use, vegetation, soils, fauna and flora, climate, surface and groundwater, etc), the impacts expected from the project, and the related mitigation measures are consistent with the existing Environment Management Framework (EMF). Thus the EMF will be updated to include the geographic scope and project description of the new road section, but will remain unchanged in impact analysis and mitigation since the new section of road is not raising any environmental issues not already covered in the existing EMF. Site-specific EMPs will be prepared by contractors that will be selected for the civil works. It will be used by the CR to prepare site specific Environment Management Plans that will be included in the bidding documents, following the pattern already used for the ongoing civil works on other road sections of the project. The Right of Way for the Kyzylorda bypass was dimensioned to accommodate 4 lanes from the start, and all environmental and resettlement measures were planned accordingly. Therefore, the upgrading from 2 to 4 lanes at this stage will have no additional impacts.

17. Several implementation issues regarding land acquisition and resettlement have arisen during the implementation of the ongoing project. One common factor appears to be poor coordination between CR and local akimats (mayors), who are responsible for many aspects of land acquisition. This has caused problems when akimats are unaware of, or lack commitment to implement special RAP measures that differ from normal domestic practice. To diminish the likelihood that similar problems may arise for the additional road section, the Bank team will work with the CR and the PMC in presenting a workshop informing akimat officials about RAP requirements, and confirmation of akimat acceptance of all RAP requirements will be sought.

¹ The additional works will require land acquisition from a few hundred households (mostly pasture, some crop land, a small number of commercial structures)

FINANCING

Project Costs

18. The proposed project cost breakdown is as indicated in Table 1 below.

Table 1: Proposed project Costs by Category (US\$ million including VAT)

Category	Current	Proposed
(1) Works under Part 1 of the Project (Upgrade and reconstruction of road sections within Kyzylorda Oblast excluding the bypass to Kyzylorda)	1,334.5	1,101
(2) Works under Part 2 of the Project (Upgrade and reconstruction of road sections within South Kazakhstan Oblast, including the bypass to Kyzylorda and Shymkent)	879	1,112
(3) Consultants' Services under Part 3 of the Project (Project Management Consultants)	6.5	9
(4) Consultants' Services under Part 4 of the Project (Institutional Development and Improvement of Road Safety and Road Services)	2.5	4
(5) Consultants' Services under Part 5 of the Project (Supervision of Civil Works)	55	61
(6) Goods under Part 4 of the Project	1.1	1
(7) Unallocated	221.4	212
Total Project Costs	2,500.00	2,500.00

Reallocations

19. The proposed reallocation of Loan proceeds is as indicated in Table 2 below.

Table 2: Proposed Reallocation

Category	Amount of the Loan Allocated (expressed in US\$)		% IBRD Financed
	<i>Current</i>	<i>Proposed</i>	
(1) Works under Part 1 of the Project	1,134,300,000	935,850,000	85%
(2) Works under Part 2 of the Project	747,200,000	945,200,000	85%
(3) Consultants' Services under Part 3 of the Project	5,500,000	7,650,000	85%
(4) Consultants' Services under Part 4 of the Project	2,100,000	3,400,000	85%
(5) Consultants' Services under Part 5 of the Project	46,800,000	51,850,000	85%
(6) Goods under Part 4 of the Project	900,000	850,000	85%
(7) Unallocated	188,200,000	180,200,000	
TOTAL AMOUNT	2,125,000,000	2,125,000,000	

CLOSING DATE

20. The current closing date of the project is December 31, 2013. The detailed design for the additional road section is being reviewed and will be updated, while the prequalification of civil works contractors has started. It is expected that the civil works contracts will be signed before the end of calendar year 2012. The project objective continues to be achievable. The performance of the Borrower and the implementation agencies is satisfactory. Loan covenants are complied with and audit reports are current and acceptable to the Bank. It is therefore proposed to extend the project closing date by 18 months to enable full completion of the expanded Part 2 of the project. The proposed project closing date would become June 30, 2015. This extension would enable the Borrower to complete the road upgrade and reconstruction works along the overall 1,142 km of the road sections financed through this project. This will be the first extension of the project closing date.

PROCUREMENT AND IMPLEMENTATION SCHEDULE

21. The implementation plan will be revised to allow full utilization of project funds, for both the completion of project activities currently in the procurement plan, as well as the completion of the additional civil works activities for the new road section. The procurement plan will be updated also to include two civil works contracts for the additional road section, one consultant services contract for the supervision of the civil works, one goods contract for the supply of additional road data collection equipment, and additional consultant services contracts for the project management related activities and the road asset management activities.

D. APPRAISAL SUMMARY

ECONOMIC AND FINANCIAL ANALYSIS

22. The economic analysis has been revised for the additional road section, but not for the additional two lanes on 10 km of the 18 km Kyzylorda bypass as the additional investment represents only 3.5 percent increase in the cost of the 4 lane investment between Shymkent and Kyzylorda, well within the range of the sensitivity analysis conducted at appraisal.

23. Regarding the additional road section, the former institute for road design, KazDorProjekt Ltd, prepared a feasibility study in December 2007 for the entire WE-WC Corridor including an economic analysis. The Bank team reviewed that analysis using the Highway Development and Management (HDM-4) model, which simulates life-cycle conditions and costs and provides economic decision criteria for road construction and maintenance. Traffic data was collected and updated by the detailed design consultant, the design research institute "SK Engineering" hired by the MoTC in 2009. The average traffic on the road section was 8,340 vehicles per day in 2008 comprised of 23 percent of commercial vehicles and 77 percent of passenger cars. From year 2008 to 2035, daily traffic is expected to grow on average at 5.6percent per year. Road user costs without the project are high due to the poor road condition, traffic congestion and roads accidents.

24. Project benefits have been calculated for the project over a life of 20 years from the assumed opening date. The Economic Internal Rate of Return (EIRR) of the project is 19

percent, the Net Present Value is US\$158.2 million, at a 12 percent discount rate, and the Benefit Cost Ratio is 1.8. The reduction in vehicle operating cost accounts for 28 percent of project benefits, while 71 percent of project benefits are due to travel time savings, and 1 percent due to a reduction in accident costs.

25. A number of tests have also been conducted by the Bank Team to assess the EIRR's sensitivity to increases in the construction cost and reduction in project benefits. The table below presents the economic evaluation sensitivity results. The project is robust to variations in the construction costs and assumptions about project benefits. An increase in construction costs by 20 percent would result in an EIRR of 17 percent. A decrease in project benefits by 20 percent would result in an EIRR of 16 percent. A combination of an increase in construction costs by 20 percent and a decrease in project benefits by 20 percent would result in an EIRR of 14 percent. The Project would still achieve an acceptable 12 percent economic return if the construction cost turned out as much as 76 percent higher than the current estimate. Project benefit would need to decrease by 43 percent to limit project economic return to 12 percent.

Economic Evaluation Sensitivity Analysis

	EIRR (%)	NPV (US\$ Million)
Base Case	19%	158.5
Sensitivity Tests		
A: Construction Cost +20%	17%	116.6
B: Benefits -20%	16%	84.9
A & B	14%	43.1

TECHNICAL

26. The additional road section (east of Shymkent city) will be upgraded to a 4-lane Class-1 road with cement-concrete surface.² Civil works will include the construction of a bypass of 40 km (from km 593 – km 632), and 40 km of upgrade of the existing road (from km 632 to km 674). There will be 19 bridges or overpasses (of which 12 will be new), and 6 interchanges. The pavement design will allow 13 tons single axle load. The design speed will be set to 120 km per hour for flat sections, 100 km per hour for rolling road sections, and 80 km per hour for mountainous road sections. As for the Kyzylorda bypass, the civil works are the continuation of what has already been planned (8 km out of the 18 km long bypass are already being constructed with 4 lanes).

SOCIAL

27. Social impacts of the additional road section appear to be limited. While the South Kazakhstan Oblast (region) is substantially more densely populated compared to average density

² Category I corresponds to a dual carriageway with a 27.5 meter wide road platform, category II corresponds to a carriageway with a 15 meter wide platform.

along the WE-WC Corridor, it is not expected to encounter more challenges than in the area to the north of Shymkent city. The social impacts will mainly include land acquisition from a few hundred households, with some crop land but mostly pasture, and likely would require demolition of a small number of service stations and other structures. A bypass of about 40 km (from km 593 – km 632) will enable the construction to avoid a significant dislocation of residential areas, while providing superior design speed along a stretch of about the same length as the original road that goes through the villages. Land required for the bypass was acquired many years ago, when road work was first initiated and then abandoned due to the lack of finance. The upgrade to 4 lanes on the 10 km of Kyzylorda bypass does not require additional land acquisition. The road design will ensure that the bypass does not leave settlements disconnected from the existing road network. The social impacts from the proposed restructured project are therefore expected to be positive.

ENVIRONMENT

28. Environmental impacts of the additional road section appear to be limited as well. The steppe vegetation is predominant with grassland and small patches of forest near rivers and in a valley. There is also agriculture and horticulture around Shymkent city. Both physiogeographical situation and geotechnical conditions are expected to be very similar to conditions found north of Shymkent. While little crop land and pasture will be affected, the main impact relates to the need to remove part of the tree alignment planted in Soviet times along some portions of the road. Measures to address these impacts will be comprehensively listed in the EMPs part of the contract requirements. They may include scenarios and options for tree transplantation equipment and training to green the section and the investment.

EXCEPTIONS TO BANK POLICY

29. A waiver from the Board of Directors was sought under the original project for readiness and disclosure requirements under World Bank Operational Policy OP 4.01 (Environmental Assessment) and OP 4.12 (Involuntary Resettlement) for the Project. The specific requirements for which the waiver was sought concerned preparation and disclosure of, and meaningful consultation on, the Environmental Assessment (EA) and Resettlement Action Plan (RAP) prior to appraisal of the project. The EA and RAP under the original project were disclosed and the project is in compliance with all World Bank safeguards requirements. The EA will be updated for the additional road section and specific RAPs will be prepared prior to the start of the civil works. No exception is sought for this restructuring.

RISKS

30. No additional risk has been identified that would be associated with the new activities to be financed.

ANNEX 1

Results Framework and Monitoring

KAZAKHSTAN: SOUTH-WEST ROADS: WESTERN EUROPE-WESTERN CHINA INTERNATIONAL TRANSIT CORRIDOR

PDO Level Results Indicators*	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline	Cumulative Target Values					Data Source/ Methodology	Data Collection
					2011	2012	2013	2014	2015		
Indicator One: Reduce Road User Costs by at least 10% on the Project road sections	<input type="checkbox"/>	C	US\$ per vehicle-km	0.26	0.25	0.24	0.23	0.23	0.23	Road condition survey. HDM4	CR
Indicator Two: Proportion of the Republican road network length that are in Good or Fair conditions	<input checked="" type="checkbox"/>	R	% of Main Roads (*)	53% (2006)	60%	72%	86%	86%	86%	Road condition survey	CR
Indicator Three: Reduce, by the end of the Project, the rate of road crash fatalities along the Project road sections by at least 10%	<input type="checkbox"/>	C	Number per 100 million veh-km	11 (2007)	-	-	-	9.5	9.5	Road safety survey. Accident reports	CR
Indicator Four: Implementation and effective use of Road Management System by the Committee.	<input type="checkbox"/>	C		-	-	Yes	yes	yes	yes	Project Reports	CR
Intermediate Outcome Indicators											
Number of kilometers of roads upgraded	<input checked="" type="checkbox"/>	R	Cumulative km	0km	250km	550km	1062km	1062km	1142km	Contract completion	CR
Works, Goods, and Consulting Services contracts processed and managed by the PMC	<input type="checkbox"/>	C	Number of contracts	0	8 (W) 0 (G) 4 (CS)	21 (W) 1 (G) 4 (CS)	21 (W) 2 (G) 6 (CS)	23 (W) 2 (G) 8 (CS)	23 (W) 3 (G) 8 (CS)	Contract monitoring report	CR
Training received by the Committee staff from PMC	<input type="checkbox"/>	C	Staff-hours	0	1500	2500	3000	3000	3000	Contract monitoring report	CR
Road data for Republican roads updated	<input type="checkbox"/>	C	% of total length per year	0	100	100	100	100	100	Road condition survey	CR
Road asset management strategy, Rolling multi-year road maintenance, and rehabilitation program established	<input type="checkbox"/>	C	Strategy and Programs	No	No	Yes	Yes	Yes	Yes	Project Reports	CR
Prepare road safety strategy and action plan	<input type="checkbox"/>	C	(S&AP)	No	Yes	-	-	-	-	Project Reports	CR

(*) This indicator reflects the impact of the entire project, including its institutional component (and the road asset management system in particular) on the entire republican network, not only on the WE-WC International Transit Corridor.