

**PROJECT INFORMATION DOCUMENT (PID)**  
**CONCEPT STAGE**

Report No.: AB3268

<b>Project Name</b>	SOUTH-WEST CORRIDOR ROAD REHABILITATION PROJECT
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Sector</b>	Roads and highways (100%)
<b>Project ID</b>	P099270
<b>Borrower(s)</b>	MINISTRY OF FINANCE
<b>Implementing Agency</b>	
	Republic of Kazakhstan Kazakhstan
	Committee for Transport Infrastructure Development Kazakhstan
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	August 15, 2007
<b>Estimated Date of Appraisal Authorization</b>	January 28, 2008
<b>Estimated Date of Board Approval</b>	June 3, 2008

**Key development issues and rationale for Bank involvement**

1. The Republic of Kazakhstan's main development goal is to rapidly align its economy with that of the leading economies in the world by improving the country's competitiveness. To achieve this goal, the Government of Kazakhstan adopted the Kazakhstan-2030 Strategy 1 in 1997 and formulated a National Territorial Development Strategy (NTDS)<sup>2</sup> and a dedicated Transport Strategy 3 in 2006. The overall aim of these strategies is to "ensure sustainable development of the country, improve living standards, and increase competitiveness of Kazakhstan in the region and in the world by allocating economic and human resources in an efficient manner". The Territorial Development Strategy focuses on promoting the development of growth poles and core cities along selected strategic axes. At the core of this, would be an efficient network of transport infrastructure required to link the planned growth poles.
2. The geographic location and characteristics of Kazakhstan implies that efficient and safe transport systems are necessary prerequisites for development of the economy and for national cohesion. Kazakhstan has substantial transit potential by providing trade corridors linking and the Government plans to improve transit corridors for trade with China, Russia and Europe, which are Kazakhstan's main trading partners in non-oil export sectors.

<sup>1</sup> *Kazakhstan-2030: Prosperity, Safety and Improving Living Conditions for All People in Kazakhstan*, Republic of Kazakhstan, 1997.

<sup>2</sup> *Strategy of Territorial Development of the Republic of Kazakhstan up to 2015*. Republic of Kazakhstan, 2006.

<sup>3</sup> *Transport Strategy Of the Republic of Kazakhstan Up to 2015*, Ministry of Transport and Communications, 2006.

3. Road conditions have substantially deteriorated since independence primarily due to underinvestment, resulting in a large backlog of required major rehabilitation and reconstruction. In addition, improving the efficiency of transit through Kazakhstan would require the removal of non-physical barriers at the borders and along the transit corridors, improving management of road safety, and adequate provision and maintenance of road infrastructure.

4. Over the past years, the Bank has assisted the Government in its implementation of the transport sector development programs through two interventions: (i) Road Transport Restructuring Project; and (ii) Regional Trade and Transport Facilitation Performance Measurements. The main lessons learned from these activities and other relevant projects can be summarized as follows:

(i) increasing transport efficiency and improving traffic safety along road corridors requires adequate road maintenance, implementation of traffic safety measures, removal of non-physical barriers and reducing transit time at border crossings;

(ii) introduction of modern road management systems, design standards, financial and procurement capacity is needed;

(iii) the implementation of large transport investments requires significant institutional capacity and incentives for staff in relevant departments to support project implementation and coordination, and to monitor project impact;

(iv) The Bank financed Road Transport Restructuring project was instrumental in reforming road maintenance practices, with a covenant requiring increased expenditures on road maintenance, which was met. Although, major rehabilitation road works are now carried out by private contractors, routine maintenance is still carried out by *Kazakhavtodhor*, a state owned enterprise.

5. The proposed project is fully consistent with the current Country Partnership Strategy (CPS) for Kazakhstan. The CPS puts much emphasis on promoting competitiveness by strengthening the government's capacity to identify and reduce barriers to businesses and private investors and building the foundation for future competitiveness by investing in human capital and basic infrastructure.

6. In order to achieve the goals defined in the Transport Strategy, the Government now proposes a program of major rehabilitation and upgrading of the entire South West Corridor, spanning from the border with China (at Khorgos) through Almaty, Shymkent, and Aktobe, to the border with Russia (at Srym). A first 220km section on the North (Aktobe Oblast) is being financed from the Budget. The World Bank has been requested to co-finance the section from Shymkent to Aktobe-Kyzylorda Oblast border (total length 1,035 km). The Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank (IsDB) and the Japanese Bank for International Cooperation (JBIC) have been invited to co-finance the remaining sections of the South West Corridor. The Government has also requested the Bank to coordinate the proposed investment required for the whole South West Corridor.

## **Proposed objective(s)**

7. The proposed project development objective is to increase transport efficiency and improve traffic safety along the South West Corridor between Shymkent – Kyzyl Orda – Aktobe Oblast. This will ultimately support local and regional socio-economic development, which is a key objective for the Government.

## **Preliminary description**

8. The project will finance rehabilitation and reconstruction of road infrastructure from Shymkent to Aktobe-Kyzylorda Oblast. The proposed project would also include measures to provide modern facilities for transporters along the road corridor (e.g. telecommunications, rest stops, refueling stations, etc.) and the elimination non-physical barriers (such as unofficial check points for transit traffic). Institutional measures would include improvements in the management of road safety and on the introduction of an efficient road management system incorporating modern methods for planning and executing road maintenance.

9. Following preliminary discussions with the MOTC, it is envisaged that the road sections to be co-financed by the Bank would be divided into three separate sub-projects:

- Project I: Aktobe / Kyzyl Orda Oblast border to Zhosaly (approx 410km). This road section would be implemented first as it is currently in very poor condition and presents a major obstacle to transporters. The works will consist mainly of reconstruction along the existing alignment. A detailed design already exists and will be updated once the feasibility study is completed. The objective would be to have this first Bank-financed project approved ahead of the preparation of the 2009 Budget so that the road works can start in early 2009.
- Project II: Zhosaly to Turkestan (approx 455km). This road section is also expected to require reconstruction along the existing road alignment mainly. The MOTC is considering widening the road to four lanes divided highway in the vicinity of Kyzyl Orda, including the construction of a bypass around Kyzyl-Orda. The final decision regarding the construction of four lanes sections will be made based on the recommendations of the ongoing feasibility study (the feasibility study completion is expected by the end of 2007).
- Project III: Turkestan to Shymkent (approx 170km). The investments under this project would take more time to prepare because of the high traffic volumes that would require upgrading most of the road section to four lanes. A full Environmental Impact Assessment (EIA) may be required for this section, and some land acquisition may also be necessary.

10. The preliminary project design includes the following components:

- Component 1: Major Rehabilitation and Reconstruction Works of the road sections, including the provision of consulting services to assist MOTC during project

implementation for review of designs, procurement and construction supervision. This would cover approximately 1,035 km of roads, to be divided into the three sections: (i) Zhosaly – Kyzylorda/Aktobe Oblast border (around 410 km), (ii) Turkestan – Zhosaly (around 455 km), and (iii) Shymkent – Turkestan (around 170 km).

- Component 2: Institutional Development and Project Management comprising consulting services, studies, the provision of equipment, and training to (i) strengthen the internal management and operations of CTID, (ii) improve road corridor planning, program implementation, and monitoring including the integration of environmental and social aspects, and (iii) improve the efficiency of road maintenance practices through the assistance to Kazakh Aftador and to the local contractor industry.
- Component 3: Road Safety and Roadside Development including technical assistance targeted at specific road safety improvements on a pilot basis and roadside developments. The component would finance the preparation of a development plan for the entire corridor, public awareness campaigns, implementation of a road safety program specific to the corridor, and the provision of facilities for transit transport (e.g. telecommunications, medical services, rest stops, etc).

### **Safeguard policies that might apply**

11. *Environmental Assessment (OP/BP 4.01)*: Generally a safeguards categorization of "B" is proposed for all existing road sections earmarked for rehabilitation/reconstruction. The rationale is that the major part of construction works will be confined to the existing Right of Way (RoW), despite the large scale construction works. The existing RoW is generously dimensioned, thus no significant / major impact on local population's health, safety or quality of life is expected. For the new road sections, mainly the envisaged bypasses, probably a "B+" would be appropriate from the environmental point of view. This would entail the preparation of a full Environmental Impact Assessment (EIA) as well as an Environmental Management Plan (EMP) during construction activities, without the extended disclosure periods required for "A" projects. The rationale would be that no sensitive natural habitats, rivers, wetlands, forests or protected areas are affected and that the bulk of required land will be Government owned and is currently unoccupied. Bypasses are tentatively planned mostly around the cities, where urban development has partially impacted the environmental quality and more urban expansion is planned in the short to mid term. In addition, spatial demand will be minimal compared to the availability of unused space in South West Kazakhstan. Finally, the impact of the proposed road works on soils and vegetation is expected to be minimal, if managed diligently. The rehabilitated road sections are expected to show natural re-vegetation within 2-3 years, despite the arid climatic conditions.

12. *Involuntary Resettlement (OP/BP 4.12)*: The project will require some land acquisition, primarily for by-passes and service centers, but it is not expected to require the relocation of people or evacuation of land that is used temporarily or illegally. The project does not envisage the removal of unauthorized structures from the right-of-way in carrying out the maintenance works. The Borrower will prepare a Resettlement/Land Acquisition Policy Framework,

acceptable to the Bank, prior to Appraisal, and then provide additional data regarding land requirements as they are identified during preparation of the final design.

**Tentative financing for Project I - Aktobe / Kzyl Orda Oblast border to Zhosaly**

Source:	(\$m.)
Borrower	150
International Bank for Reconstruction and Development	150
Total	300

**Contact point**

Henry G. R. Kerali  
Title: Lead Transport Specialist  
Tel: +1 (202) 473-5401  
Fax: +1 (202) 614-0900  
Email: [hkerali@worldbank.org](mailto:hkerali@worldbank.org)