



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 25-Jul-2025 | Report No: PIDDC01373

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Kazakhstan, Kazakhstan	Operation ID P512386	Operation Name Transforming Rail and Connectivity in Kazakhstan (Middle Corridor Development)	
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 10-Oct-2025	Estimated Approval Date 01-Dec-2025	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing (IPF)	Borrower(s) NC Kazakhstan Temir Zholy JSC	Implementing Agency NC Kazakhstan Temir Zholy JSC	

Proposed Development Objective(s)

To improve connectivity along the Kyzylzhar-Mointy section of the Middle Corridor, and strengthen access to finance of the national railway operator in Kazakhstan

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	Yes
Is this project Private Capital Enabling (PCE)?	Yes

SUMMARY

Total Operation Cost	1,410.00
Total Financing	1,410.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

Guarantee	846.00
IBRD	846.00

Non-World Bank Group Financing



Commercial Financing	846.00
Commercial Financing Guaranteed	846.00
Other Sources	564.00
Asian Infrastructure Investment Bank	564.00

Guarantee Information

Guarantee Type	Coverage	Enclave Operation
Project-Based Guarantee	Loan Guarantee	No

Is there an intermediate jurisdiction present in the guarantee beneficiary's structure?

No

Guarantee Beneficiary	Guarantee Fees	Guarantee Schedule
	Ongoing	15-Dec-2025

Guarantee Expiration Date

31-Dec-2029

Environmental and Social Risk Classification

High

Concept Review Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- The Republic of Kazakhstan, a landlocked country strategically located in Central Asia, is the ninth-largest country in the world, covering an area of 2.7 million square kilometers.** It shares borders with the People’s Republic of China to the east, Russia to the north, Kyrgyz Republic, Uzbekistan, and Turkmenistan to the south, and the Caspian Sea to the west. Given Kazakhstan’s vast territory, the country’s approximately 20.3 million inhabitants result in one of the world’s lowest population densities, at 7.5 inhabitants per km², with a high concentration in a few major urban areas.¹

¹ World Bank. The World Bank in Kazakhstan. Accessed June 2025. <https://www.worldbank.org/en/country/kazakhstan/overview>

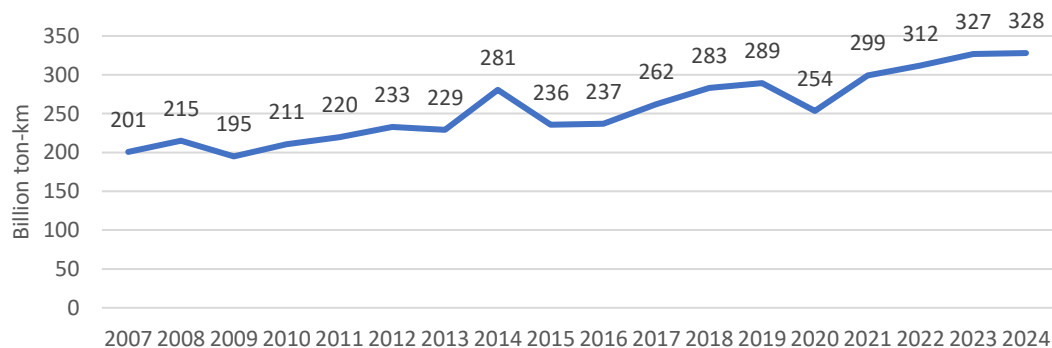


- 2. **Kazakhstan’s economy has major ambitions to diversify away from resource extraction.** As the largest economy in Central Asia, Kazakhstan has demonstrated steady growth, driven primarily by its abundant natural resources, including oil, gas, and minerals. Over the past decade, Kazakhstan's real GDP growth has averaged around 3.1 percent annually, outpacing the 2.5 percent average for Eastern Europe, despite fluctuations driven by oil price volatility and geopolitical challenges, including the COVID-19 pandemic and Russia’s invasion of Ukraine.² Despite its significant reliance on hydrocarbons, which account for roughly 35 percent of its GDP and 75 percent of its exports, Kazakhstan is pursuing diversification through investments in non-oil sectors, such as transportation, logistics, and manufacturing.
- 3. **Leveraging its strategic location, Kazakhstan has the potential to become a critical hub for trade and investment.** The multi-modal Trans-Caspian International Transport Route (commonly known as the Middle Corridor) runs east-west through the heart of the country, connecting Europe and Asia. In recent years, Kazakhstan has strengthened its trade ties with both the People’s Republic of China and the European Union, while Russia’s invasion of Ukraine in 2022 further underscored the corridor’s importance as an alternative trade route to those passing through Russia. The Middle Corridor not only diversifies Kazakhstan’s export routes but also promotes regional cooperation, supports economic diversification, and enhances overall economic resilience.

Sectoral and Institutional Context

- 4. **Kazakhstan’s transport demand is driving railway modernization and connectivity improvements.** Railways are a cornerstone of Kazakhstan’s transport infrastructure, with an extension of 21,000 kilometers, of which 4,237 kilometers are electrified, handling 68 percent of the country’s cargo and passenger traffic. *Kazakhstan Temir Zholy* (KTZ), the national railway company, is central to these operations. Recent initiatives involve significant investments, which will bring KTZ’s infrastructure up to modern standards with sufficient capacity to meet growing transport demand, which increased by 63% from between 2007 and 2024, as shown in Figure 1.
- 5. **The Government of Kazakhstan (GoK) is using the Middle Corridor as a springboard to grow the economy and create jobs.** Over the last ten years, Kazakhstan has benefited from the increased rail connectivity between China and Europe. Since 2022, due to heightened geopolitical tensions, a portion of the China to Europe traffic has shifted away from the northern corridor, either to the maritime sector or to the Middle Corridor. Kazakhstan has taken advantage of this geopolitical shift by increasing its east-west railway capacity, allowing it to capture higher value-added freight (container traffic), rather than bulk goods.

Figure 1. Railway freight transport evolution (billion ton-km)
Source: Kazakhstan Bureau of National Statistics



² World Bank Data. Accessed June 2025. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KZ>



6. **In addition to expanding capacity, the GOK has made institutional modernization of the railway sector a priority.** Embarking on a series of sectoral reforms, the GoK aims to increase railway effectiveness, make the industry financially self-sufficient, and promote railways as an environmentally friendly transport mode for both passenger and freight traffic. As part of this reform, KTZ is divesting from non-core assets, with the aim of increasing business effectiveness and avoiding market distortions. To improve the economic drivers for each industry player, GoK separated railway infrastructure from passenger and freight operating companies, with the aim of, eventually, opening the domestic freight market to competition. While passenger services remain paid mostly through a combination of revenues, direct subsidies, and cross-subsidization from freight services, several interregional transport Public Service Obligations (PSOs) have been operating since 2008, funded by local budgets.
7. **The GoK is working on domestic freight tariff reform and is aiming to diversify its financing sources.** To increase the railway's profitability and reduce explicit cross-subsidization and implicit subsidies for high-greenhouse gas commodities, the GoK is raising tariff levels and removing this commodity-based differentiation. This reform will allow KTZ to achieve cost recovery, eliminate market distortions, and allow it to invest in its network without the need for government support. The process is in line with the GoK's Concept for the Development of Railway Transport, 2024-2029, to raise investments, enhance trade, and develop the Middle Corridor.³ The World Bank is including this action as a reform in a Development Policy Operation with the GoK. The Government also expects to attract new investments through a planned Initial Public Offering (IPO), aiming at raising private capital by 2027.

Relationship to CPF

8. **The proposed project aligns closely with the World Bank Group Country Partnership Framework (CPF) for the Republic of Kazakhstan (2020–2025).**⁴ It supports the strategic pillar on integration and connectivity outlined in the Systematic Country Diagnostic (SCD)⁵, as its interventions aim to enhance transport connectivity, fostering greater trade and transit activities. In particular, the project contributes to CPF Objective 3: “strengthening connectivity infrastructure and regional service delivery for regional integration,” within the focus area of “promoting inclusive growth.” CPF Objective 3 also highlights the need to shift toward institutional support in the transport sector. Additionally, the project aligns with CPF Objective 6: “Support Climate Resilience and Enhance Energy Efficiency” by providing climate-resilient infrastructure and promoting the shift to rail as a low-carbon transport mode.
9. **The proposed project positively contributes to carbon reduction and is consistent with the country's Nationally Determined Contribution (NDC), which includes a 15 percent reduction target by 2030 in GHG emissions from the 1990 levels.** The project is consistent with Kazakhstan's climate change strategy, as set out in the Strategy of Kazakhstan for Achieving Carbon Neutrality by 2060. Project activities align well with the strategy of shifting away from carbon-intensive modes toward less carbon-intensive modes, such as rail. The project also links and aligns with the recently prepared Country Climate and Development Report (CCDR)⁶ for Kazakhstan.

³ Paragraph 74, “[Message from the Head of State](#) Kassym-Jomart Tokayev to the people of Kazakhstan “Fair Kazakhstan: law and order, economic growth, public optimism.”” September 2, 2024.

⁴ World Bank Group, Country Partnership Framework for the Republic of Kazakhstan for the Period FY20–25 (Washington, DC, 2019), Report No. 143372

⁵ Kazakhstan - Systematic Country Diagnostic : A New Growth Model for Building a Secure Middle Class (Russian). Washington, D.C. : World Bank Group, 2018, Report No. 125611

⁶ World Bank Group. Kazakhstan - Country Climate and Development Report (English). Washington, D.C. : World Bank Group, 2022. Report No. 177411



- 10. The project is expected not to pose mitigation and adaptation risks.** Railways are a climate-friendly transport mode and are aligned with the Paris Agreement’s mitigation and adaptation requirements. The project is expected to have no impact on deforestation. There is no carbon lock-in, as the project will be designed to allow for future electrification. The project will allow for more energy-efficient operation by allowing for double-stacked containers to use the line. In the next stage of project development, the Bank’s Team will conduct a detailed assessment of Paris Alignment, identify measures to reduce the risk further, and identify climate co-benefits.

C. Proposed Development Objective(s)

To improve connectivity along the Kyzylzhar-Mointy section of the Middle Corridor and strengthen access to finance of the national railway operator in Kazakhstan.

Key Results (From PCN)

11. The proposed project results indicators will include:

- (a) Rail freight travel time along the selected sections of Middle Corridor in Kazakhstan (hours)
- (b) Rail freight carrying capacity along the selected sections of Middle Corridor in Kazakhstan (million tons)
- (c) Volume of transit freight transportation along the selected sections of Middle Corridor in Kazakhstan (percentage)
- (d) Enhanced ability of KTZ to access commercial financing (billion KZT)
- (e) Railway GHG emissions for freight transportation between Mointy and Kyzylzhar (tons of CO₂ per freight ton)
- (f) People benefiting from improved access to sustainable transport infrastructure and services, of which female and youth (number of people) (corporate results indicator)

D. Concept Description

- 12. The activities under the proposed project are designed to be comprehensive in scale and impact, each contributing to the project development objectives.** Through a substantial capital investment in the Kyzylzhar-Mointy railway section of the Middle Corridor in Kazakhstan, the project aims to bring about tangible improvements in connectivity that will significantly enhance transportation, transit, trade, and regional integration. In parallel, the project seeks to strengthen financial sustainability of the sector by providing technical assistance to improve KTZ’s bankability and access to private capital. The project will capitalize on the lessons and experience gained from the preparation and implementation of the ongoing WBG-financed railways operations in Kazakhstan, building on successful practices and outcomes.

- 13. Component 1: Railway Connectivity.** The component will enable the financing of a 366-kilometer critical section of the Middle Corridor between Mointy and Kyzylzhar. The activity employs an integrated approach to design, build, and install the necessary infrastructure. The Mointy-Kyzylzhar line, situated in Central Kazakhstan, is intended to serve as a direct shortcut for the currently congested segment of the Middle Corridor, which presently takes a significant detour through the Zharyk station in the north. By addressing this bottleneck, the project is expected to reduce travel distance along the corridor by approximately 150 kilometers.



- 14. **The construction works will involve the development of a 1,520mm gauge single-track line with passing tracks at regular intervals.** The component includes the construction of railway line formation, line substructure, and superstructure, installation of railway ties and rails, signaling and telecommunications systems, telecommunications equipment, access roads, and various building structures, as well as engineering systems. The component will also include the construction of railway stations at key points along the line.
- 15. **Component 2: Institutional and Implementation Support.** The component will provide technical assistance to enhance KTZ's ability to access financial markets and support its aspirations for achieving a higher level of corporate performance and readiness for an IPO. In parallel with a separate WB DPO that is supporting KTZ on tariff reform and revenue increase, this component aims to improve KTZ's bankability, an essential step for securing adequate funding and ensuring efficient expenditure within the sector. To achieve a higher level of performance, the component will assist KTZ in modernizing its operational environment, systems, and practices. The component will also support the project implementation agency with technical assistance, specialist consulting services, and capacity building related to project administration, financial management, environmental and social risk management. Component 2 will also support external financial auditing of the proposed project, monitoring and evaluation, results measurement, and impact assessment.

Legal Operational Policies

Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The World Bank Performance Standards are applied to the project, and at the concept stage, the project is assessed as Category A. The environmental risk is considered high and social risks are considered substantial. The environmental and social risks for the western sections of the project alignment are better understood due to the recently completed detailed assessment conducted for a related Bank-financed road project; however, the risks for the eastern sections are less well understood at this stage. The proposed environmental risk level is informed by a preliminary biodiversity assessment indicating potential overlap with two key biodiversity and natural habitat areas. These risks will be evaluated through a site-specific Environmental and Social Impact Assessment (ESIA) that will cover the entire project corridor, including biodiversity management and action plans. Social risks are primarily associated with potential involuntary resettlement impacts, which will be further clarified during the preparation of resettlement action plans. Preliminary information suggests the project is unlikely to affect businesses or necessitate physical displacement. The project corridor traverses a sparsely populated area with only a few small settlements, and land impacts are expected to be mostly confined to some grazing areas. Additional context-specific risks typical of railway construction will be thoroughly identified through stakeholder consultations.

The preliminary biodiversity assessment indicated that the project would overlap with two Key Biodiversity Areas (KBAs). These KBAs are defined by values equivalent to Critical Habitat. Most of the railway Right of Way (ROW) runs through



Natural Habitats, with some regions showing evidence of pastoral activity. A key consideration during design and planning will be to avoid or minimize the location of any stations or stops within the Natural Habitats, particularly those associated with KBAs, which could become targets for in-migration. The social risks are substantial as the construction of the 366km railroad corridor from Mointy to Kyzylzhar may cause involuntary resettlement impacts, the significance of which is still to be determined. Other risks typical of railway construction include occupational health and safety, community health and safety, pollution and waste management, resettlement, labor management. Stakeholder engagement will be required, and these risks will be thoroughly identified through consultations with stakeholders.

The project will prepare an Environmental and Social Impact Assessment (ESIA) for the entire 366km railroad corridor from Mointy to Kyzylzhar. The measures proposed to mitigate the identified risks and impacts will be incorporated into the Environmental and Social Management Plan (ESMP). The ESIA study will include a comprehensive biodiversity assessment encompassing the two KBAs, critical habitats, and the presence of endangered species. As part of the ESIA, the consultant will develop a Biodiversity Management Plan (BMP) and / or Biodiversity Action Plan (BAP) to address biodiversity risks and impacts. The ESIA will also contain additional recommendations and identify further studies to be undertaken. The project's mitigation measures will be detailed in the BMP.

Regarding land acquisition, the construction of the railway might cause involuntary resettlement, the significance of which is not fully determined. The potential number of project-affected people who will be physically and economically displaced will be determined during the ESIA process, but preliminary information indicates that the project is unlikely to result in impacts on businesses or in physical displacement. A corresponding Resettlement Action Plan (RAP) and/or Livelihood Restoration Plan (LRP) will be prepared as part of the ESIA to meet Performance Standard 5 (PS5) requirements should involuntary resettlement impacts be confirmed. Potential impacts on land, land use, and properties due to construction are expected to be addressed as part of site-specific ESMPs. The RAP and LRP will be disclosed and consulted prior to appraisal.

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APPROVAL

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