



Project Summary Information

Date of Document Preparation/Updating: 08/26/24	
Project Name	Strategic Road Connectivity and Sector Modernization Project
Project Number	P000914
AIIB member	Kazakhstan
Sector	Transport
Alignment with AIIB's thematic priorities	Connectivity and Regional Cooperation; Technology-enabled Infrastructure
Status of Financing	Under Preparation
Objective	To provide safe, efficient and climate resilient connectivity along the Karagandy-Zhezkazgan corridor and improve road sector management practices.
Project Description	<p>The Project aims to upgrade a selected section of the Middle Corridor between Jezkazgan and Karagandy, focusing on improving road conditions and implementing climate-resilient standards. It will pioneer the use of integrated design, build, and maintenance contracts through the Output and Performance-Based Road Contracts (OPBRC) format to optimize value for money and encourage private sector participation. Additionally, the Project will enhance last mile connectivity with rural areas along the road corridor, improve road sustainability and safety measures, review national road design standards with a focus on climate resilience and road safety, and provide institutional capacity building support.</p> <p>The estimated total Project cost is USD1.53 billion and will be co-financed by the World Bank Group (WB) and AIIB. Both financiers plan to contribute USD650 million each. The remaining 15 percent of the Project cost will be covered by counterpart funding.</p> <p>The Project comprises three components:</p> <ul style="list-style-type: none"> • Component 1. Resilient and Safe Road Connectivity. This component accounts for 99 percent of the total Project cost. It involves (i) reconstruction and upgrading of an existing 498km third category highway between Jezkazgan - Karagandy to a first category dual-carriageway highway, following national road classification standards with the improved climate resilient and road safety measures. It will pioneer the use of integrated design, build and maintenance contracts; (ii) improvement of around 40km all-weather Last Mile Connectivity roads to the rural areas

	<p>along the corridor; and (iii) implementation of road sustainability and road safety features, including electronic tolling facilities, rapid electric charging stations, and axle load management systems and road safety audit.</p> <ul style="list-style-type: none"> • Component 2. Transport System Development. It includes (i) review of national road design standards to incorporate climate resilience and road safety measures; and (ii) identify actions to improve the sustainability and efficiency in supporting the middle corridor development. • Component 3. Project Management and Implementation Support. This component includes experts to assist "KazAvtoZhol" NC" JSC (the Implementation Entity, QAJ) in designing and implementing the performance-based contracts for the Project.
Expected Results	<p>Project Development Objective Indicators are:</p> <ul style="list-style-type: none"> (i) Inferred beneficiaries of improved access to sustainable transport infrastructure and services (number of people) – Total/ Female/ Youth (ii) Direct users that benefit from improved access to sustainable transport infrastructure and services (number of people) – Total/ Female/ Youth (iii) Reduced travel times along the Jezkazgan and Karagandy corridor (minutes) (iv) Climate resilience measures incorporated in the Project roads (yes/no) (v) Road design standards improved to enhance resilience and safety (yes/no)
Environmental and Social Category	B
Environmental and Social Information	<p>Applicable Policy and Categorization: The Project will be co-financed with the WB as the lead co-financier. To support a harmonized approach to addressing the environmental and social (ES) risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (ESP), WB's Environmental and Social Framework (ESF) and relevant Environmental and Social Standards (ESSs) are applicable for this Project in lieu of AIIB's ESP. The Bank has reviewed WB's ESF and ESSs and is satisfied that (i) the ESF and ESSs are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the relevant ES Standards (ESS) and the Environmental and Social Exclusion List (ESEL), and (ii) the monitoring procedures that are in place are appropriate for the Project. WB has assigned substantial risk rating (equivalent to Category B as per AIIB's ESP) to this Project due to the scale and magnitude of ES impacts of this Project that can be avoided or mitigated by adhering to relevant ESSs, procedures, and guidelines.</p> <p>Environmental and Social Instruments: A preliminary Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) are being prepared and will be finalized as the detailed design of the entire road is available during early Project implementation. A preliminary Resettlement Action Plan (RAP) will be prepared</p>

during the Project preparation based on partial information on the preliminary road designs. Potentially affected and interested stakeholders will be identified as part of a Stakeholder Engagement Plan (SEP). This includes the development of a Project-level grievance redress mechanism (GRM), which consists of national and regional focal points. A Labor Management Procedure (LMP) will be developed based on the proposed road upgrading works and estimated workforce requirements based on past and ongoing projects.

Environment Aspects: The Project's potential environmental risks and impacts are associated with infrastructure activities (i.e., highway upgrading and supporting infrastructure) and potential capacity constraints within QAJ in terms of ensuring ES compliance due to the large geographic scope of the proposed operations. Although the Project could potentially affect a small part of Saiga's winter migration range, the preliminary biodiversity assessment indicates that the A17 highway will not impact the antelope's primary habitat. The Project will not affect natural or critical habitats and species of ecological and conservation significance as the A17 corridor does not pass through known legally protected areas of high value and sensitivity, Ramsar sites, or Key Biodiversity Areas of the region. Saiga Tatarica, which, although previously classified as an endangered species, is no longer classified as a 'threatened' species by the Government. Other potential risks typical to road upgrading works include (i) increased pollution due to construction waste, (ii) generation of dust, noise, and vibration due to the movement of construction vehicles and machinery, (iii) operational or accidental spills of fuel and lubricants from the construction machinery, (iv) traffic and road safety risks to workers, affected communities and road users as well as occupational health and safety (OHS) issues, and (v) improper reinstatement of construction sites upon completion of works. The anticipated road upgrading works impacts are largely temporary, predictable, reversible, and can be readily mitigated.

Social and Gender Aspects: The social risks and potential impacts are associated with land acquisition and restrictions on land use during construction, as well as community health and safety associated with potential labor influx. The Project does not anticipate major land acquisition since no greenfield road construction will be financed. Road widening, route alignment and establishment of ancillary facilities (both temporary and permanent) may require acquisition of land beyond the existing Right of Way (RoW). The Project expects to affect around 260 private and state-owned land parcels along the proposed corridor. Two potential displacement impacts affecting local businesses are currently envisaged. During the construction phase, the communities or villages connected to the A17 road may be exposed to health and safety risks from Project construction activities, and labor influx may result in spreading communicable diseases due to overcrowding and poor living conditions that may affect the host communities if such risks are not contained. These risks are expected to be mitigated through implementation of relevant measures incorporated in the RAP, ESMP and cascaded to the Contractors' ESMPs. In addition, the potential impact of Project activities on women in the community will be assessed as part of the ESIA and measures will be identified to prevent the potential negative impacts caused by the influx of migrant workers in the community and the risk of gender-based violence and included in the ESMP.

	<p>Occupational Health and Safety (OHS), Labor and Working Conditions (LWC): The road construction of this magnitude would require a substantial amount of workforce. The potential OHS risks due to construction activities are being assessed. Relevant project specific policies related to OHS and LWC are reviewed, and the necessary mitigation measures will be reflected in the ESMP. The LMP will address LWC related risks involving and affecting the significant labor force contracted for the Project.</p> <p>Stakeholder Engagement, Consultations, and Information Disclosure: Consultations on the draft preliminary ESIA, ESMP, and RAP were carried out during these instruments' development. Potentially affected and interested stakeholders were identified as part of the Stakeholder Engagement Plan (SEP). During the construction, the contractor will be required to regularly conduct consultations with the local communities and report to the Borrower monthly. The draft ES documentation will be disclosed in English and the local language at the Borrower's and Bank's websites.</p> <p>Project Grievance Redress Mechanism (GRM): The Project will utilize the existing national and regional channels to file the complaints. The GRMs, respectively for project-affected people and workers, will be established in accordance with the requirements of the relevant WB's ESSs, including requirements on public consultations and disclosure of the GRM and WB's Independent Accountability Mechanism (IAM) to Project stakeholders.</p> <p>Monitoring and Reporting Arrangement. While the WB, as the lead co-financier, will take the lead in supervising the Project in accordance with WB's applicable policies and procedures. QAJ will serve as the project management agency and submit semi-annual reports to the WB and AIIB based on agreed format. The Bank will conduct field monitoring and supervision visits during implementation. More details on monitoring and reporting arrangement will be discussed in the preparation of ESIA and ESMP.</p>
Cost and Financing Plan	<p>Total Project Cost: USD1,625mn Proposed AIIB Financing: USD650mn World Bank (Lead MDB Financier) Financing Amount: USD650mn Gov. of Kazakhstan: USD325mn</p>
Borrower	National Company KazAvtoZhol JSC
Guarantor	Ministry of Finance, Kazakhstan

Implementing Entity	National Company KazAvtoZhol JSC			
Estimated date of loan closing	June 2032			
Contact Points:	AiIB	World Bank	Borrower	Implementation Organization
Name	Anzheng Wei	Nijat Valiyev	Raikhan Sagindykova	Serik Imashev
Title	Senior Investment Officer	Senior Transport Economist	Deputy Chairman, National Company KazAvtoZhol JSC	Chief Engineer, National Company KazAvtoZhol JSC
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Date of Concept Decision	08/07/24			

Independent Accountability Mechanism	<p>The Bank has agreed that the WB's ES policies and procedures will apply to this Project. Pursuant to the agreement with the WB, the WB's Grievance Redress Service will review, all requests regarding ES issues that may arise under the Project. Project affected communities and individuals may also submit their complaints to the WB's independent Accountability Mechanism (IAM), Inspection Panel, which will handle submissions relating to ES issues under the Project. Consequently, in accordance with the Bank's Policy on Project-affected People's Mechanism (PPM), submissions to the PPM under this Project will not be eligible for consideration by the PPM.</p>
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