Project Summary Information

	Date of Document Preparation/Updating: March 24, 2025
Project Name	Reconstruction of M-32 Highway Aktobe-Karabutak-Ulgaisyn Section Project
Project Number	P000923
AIIB member	Kazakhstan
Sector/Subsector	Transport/Roads
Alignment with AIIB's thematic priorities	Connectivity and Regional Cooperation
Status of Financing	Under Preparation
Objective	To provide safe, efficient and climate resilient connectivity along the Aktobe-Karabutak-Ulgaisyn section of the M-32 Highway in the northwest of Kazakhstan.
Project Description	The Project entails reconstruction and upgrade (from two- to four-lanes) a 234 kilometers (km) road section of the M-32 Highway, starting from the city of Aktobe, through Karabutak to Ulgaysyn in the Aktobe region of Kazakhstan. The subject road section runs through the western part of Kazakhstan and forms a key segment of the Western Europe–Western China transport corridor. It is one of the largest transportations routes traversing through Kazakhstan, linking the East with the West. The Project will focus on improving the road conditions and implementing road safety measures and climate resilient standards. The Project will also support the toll system of the road to enhance its self-sustainability. It is among the pioneers in using an integrated Design Build and Maintain (DBM) contract model using an Output Performance- Based Road Contract (OPBRC) format. This integrated contract model allows mobilizing private sector expertise to develop project design and long-term maintenance program up-front to suit specific project features, therefore facilitating a lifecycle approach to road infrastructure planning. It will also reduce the risk of cost overruns and implementation delays faced in the conventional input-based contract model. The total Project cost is estimated at USD1,124 million. The Project will be co-financed by AIIB and the European Bank for Reconstruction and Development (EBRD). Each Bank is expected to provide its sovereign backed loan of USD502 million respectively. The remaining USD120 million of total project cost, including taxes, will be covered by counterpart funding. The Project comprises two components: • Component 1. Resilient and Safe Road Connectivity

	• Component 2. Capacity Building and Implementation Support
Expected Results	Project Development Objective Indicators are: 1) Reduced travel times along the along the Aktobe-Karabutak-Ulgaisyn section of the M-32 Highway (minutes) 2) Climate resilience measures incorporated in the Project roads (yes/no) 3) Road design standards improved to enhance resilience and safety (yes/no)
Environmental and Social Category	The Project is categorized as Category A under EBRD's ESP, which is equivalent to AIIB's Category A classification.
Environmental and Social Information	**Applicable Policy and Categorization:** The Project will be co-financed with the EBRD. To support a harmonized approach to addressing environmental and social (ES) risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (ESP), the EBRD Environmental and Social Policy (ESP) and relevant Performance Requirements (PRs) are applicable for this Project in lieu of AIIB's ESP. The Bank has reviewed EBRD ESP and PRs and is satisfied that (i) the ESP and PRs 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. The Project is categorized as Category A by the EBRD (equivalent to Category A as per AIIB's ESP) 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. **Environmental and Social Instruments**: During project preparation the Borrower prepared, consulted on, and disclosed the following instruments: a) Draft Environmental and Social Impact Assessment (ESIA); b) Draft Environmental and Social Management Plan (ESMP); c) Land Acquisition and Resettlement Framework (LARF); d) Stakeholder Engagement Plan (SEP) and e) Labor Management Plan (LMP) as part of the ESMP. The Contractors will prepare and implement site-specific Contractors' ESMPs (CESMPs) with thematic ES management plans detailing the procedures and measures to prevent and manage the stated adverse impacts and risks. **Environment Aspects**: The Project's potential environmental risks and impacts primarily stem from the reconstruction and expansion of the existing M-32 highway, including road widening, bypass construction, and associated infrastructure works. The key environmental risks/impacts include habitat disturbance, dust generation, noise and vibration from construction activities, and risks of pollution from construction waste, fuel spills, and improper waste disposal. While the Project does not traverse legally protected areas, Ramsar sites, or Key Biodiversity Areas, it may impact local biodiversity through habitat fragmentation, potential roadkill incidents, and disturbances to wildlife movement. No critical habitats for endangered species have been identified along the alignment. Following the

	biodiversity assessment, a draft biodiversity management plan (BMP) has been prepared. The proposed mitigation measures include designated wildlife crossings (if necessary), fencing, and biodiversity monitoring. Additional environmental concerns arise from the quarrying and sourcing of sand, aggregates, and other construction materials, as well as the transportation of significant volumes of these materials, which could lead to increased dust emissions, fuel consumption, and road safety risks. Certain sections of the Project are also characterized by high water tables, posing potential risks of groundwater contamination and requiring careful drainage management. To address these concerns, measures such as optimized material sourcing, erosion control, and groundwater protection strategies may be incorporated. **Social and Gender Aspects**: The proposed Project is expected to generate positive social benefits for the local population, including improved travel conditions and road safety, reduced transportation costs, travel time, and congestion. 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 livelihood impacts related to land acquisition. The estimated number of project-affected people (PAPs) is 60, consisting of owners of private and state-owned land plots, businesses, industrial zones, farmers, and tenants of pasturelands. One of the sections under construction is considered an associated facility and the resettlement related legacy issues will be addressed in line with the LARF. The Borrower will develop a Resettlement Action Plan (RAP) once detailed designs are finalized. The Project may require relocation of relevant utilities (power and telecom lines). Relevant mitigation measures are included in the ESIA/ESMP and will be cascaded to Contractors' ESMPs. **Gender Aspects.** The Project will assist the Borrower in amending bidding documents for civil works to require selected firms to develop and submit gender-sensitive Local Employment and Procurement Plans to improve female representation within their workforces. Given the large influx of labor in the region, Gender-based violence and harassment (GBVH) cases may arise during the construction phase. To mitigate these risks, the Contractor(s) will develop and implement GBVH Action Plan(s), outlining specific measures to address and manage GBVH risks and impacts throughout the Project. **Occupational Health and Safety (OHS), Labor and Working Conditions (LWC):** The Project will involve typical construction-related OHS risks, like work-related accidents, mechanical and load-handling hazards, exposure to hazardous chemicals and materials, risks associated with the operation of heavy machinery, electric shock, extreme weather conditions, air quality issues, noise and vibration exposure, and road traffic hazards and safety due to the

	movement of construction vehicles and equipment. To mitigate these risks, the ESMP includes detailed OHS measures, which will be further integrated into the Contractors' site-specific OHS Plan. LWC risks/impacts related to sub-standard working practices will be managed through implementation of LMP. Contractors' LMP will include relevant procedures to be established and maintained to manage LWC risks and impacts during both construction and operation phases. **Stakeholder Engagement, Consultations, and Information Disclosure**: During project preparation consultations were carried out with potential PAPs and interested stakeholders identified as part of SEP prepared. The Borrower supported by local governments will utilize diverse range of existing channels at the local level to consult with PAPs and address their concerns during resettlement activities. During construction, the Contractors will be required to regularly conduct consultations with the local communities and report to the Borrower monthly. The draft ES instruments were disclosed in English and the local languages (Russian and Kazakh) at the Borrower's[1] website. They will subsequently be disclosed on the Bank's website 60 days prior to financing approval. **Project Grievance Redress Mechanism (GRM):** The SEP includes a detailed description of the Project-level GRM, which will be available at national and district levels. The mechanism allows grievances to be submitted through multiple channels, including in-person, via phone, email, or through the websites of QAJ and the respective local governments (Akimats). Complaints received at the local level, such as through the Akimats, contractors or community leaders, will be forwarded to the PIU for further processing. The Worker GRM will also be established and communicated to all project workers through written and verbal communication. The information of established GRMs and the Independent Project Accountability Mechanism (IPAM) of EBRD will be timely disclosed to the local communities in an appropriate manner. **Monitoring and Reporting Arrangement.** The Borrower will be responsible for coordination, supervision, and monitoring of the Project in compliance with the EBRD's ESP and PRs, and management of the project-level GRMs. The Borrower will submit semi-annual monitoring reports based on the agreed format to EBRD and AIIB. As the lead co-financier, EBRD will oversee the Project's supervision in accordance with EBRD's applicable policies and procedures, and AIIB ES specialists will join EBRD to conduct field monitoring and supervision. Further details will be discussed and agreed upon during the appraisal process.

[1] Assessment of environmental and social impacts of the «Aktobe-Ulgaisyn» reconstruction project

Cost and Financing Plan	Total project cost: USD 1,124 million Proposed AIIB financing: USD 502 million Proposed EBRD financing: USD 502 million Government of Kazakhstan: USD 120 million			
Borrower	"KazAvtoZhol" NC" JSC (QAJ)			
Guarantor	Republic of Kazakhstan			
Implementing Entity	"KazAvtoZhol" NC" JSC (QAJ)			
Estimated date of loan closing	June 2030			
Contact Points:	**AIIB**	**EBRD**	**Borrower**	**Implementation Organization/Sponsor**
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Date of Concept Decision	March 11, 2025			
Estimated Date of Appraisal Decision	April / May, 2025			
Estimated Date of Financing Approval	June 2025			

Independent Accountability Mechanism	As noted above, EBRD's ESP will apply to this project instead of AIIB's ESP. Pursuant to AIIB's framework co-financing agreement with EBRD, the Independent Project Accountability Mechanism (IPAM) will review, in accordance with the EBRD Project Accountability Policy dated April 2019, all requests regarding ES issues that may arise under the Project. Consequently, in accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the project will not be eligible for consideration by the PPM. Information on EBRD's IPAM is available at https://www.ebrd.com/ipam.html.