



### Project Summary Information

Date of Document Preparation: March 24, 2025

<b>Project Name</b>	Almaty Railway Bypass Project
<b>Project Number</b>	P000870
<b>AIIB member</b>	Kazakhstan
<b>Sector/Subsector</b>	Transport
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Connectivity and Regional Cooperation
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To increase capacity, speed and safety of freight rail transportation in Southeast Kazakhstan by constructing a railway section bypassing Almaty city.
<b>Project Description</b>	<p>The Project involves a 10-year Senior Unsecured Corporate Loan of up to USD150 million (in CHF) to Joint Stock Company “National Company “Kazakhstan Temir Zholy” (KTZ) for constructing and operating a single-track electrified railway bypassing Almaty city in Southeast Kazakhstan. The line will connect Zhetygen station to Kazybek Bek station in the west, featuring a 75 km single-track electrified railway, 3 new stations, 13 bridges, 5 railway overpasses and one road overpass, and the reconstruction of Zhetygen and Kazybek Bek stations.</p> <p>KTZ is a 100 percent state-owned railway company, holding almost all rail infrastructure (the third-longest rail network among the Commonwealth Independent States) and is the largest owner and operator of locomotives, freight, and passenger rail cars in Kazakhstan. KTZ is an integrated group of companies that provide infrastructure access, locomotive traction, passenger, cargo transportation, and logistics services.</p>
<b>Expected Results</b>	The expected results of the Project will include: (i) travel time reduction (in relation to time travel through Almaty rail lines) for freight trains (direct freight trains); and (ii) increase in freight volume. Intermediate indicators will monitor the construction progress under the Project and will include: (i) railway line construction completed; (ii) railway line electrification completed; and (iii) railway stations and crossings constructed and upgraded.
<b>Environmental and Social Category</b>	Category A

<p><b>Environmental and Social Information</b></p>	<p><b>Applicable Policy and Categorization.</b> AIIB's Environmental and Social Policy (ESP) including the Environmental and Social Exclusion List (ESEL) and relevant Environmental and Social Standards (ESSs) apply to this Project. The Project has been categorized as Category A in accordance with ESP because large-scale land acquisition leading to economic displacement. To facilitate a harmonized application of AIIB's and International Finance Corporation's (IFC) ES policies under the Project, the project's environmental and social (ES) risks and impacts have been assessed in accordance with the requirements of AIIB's ESP (as well as IFC's ES policies).</p> <p><b>Environmental and Social Instruments.</b> The primary assessment instrument is a Supplementary Environmental and Social Impact Assessment (SESIA) including an integrated Environmental and Social Management Plan (ESMP), a Rapid Cumulative Impact Assessment (RCIA) and a Non-Technical Summary (NTS). Key management instruments are Stakeholder Engagement Plan (SEP); Biodiversity Management Plan (BMP); Construction Environmental and Social Management System (CESMS) including risk-specific procedures; Livelihood Restoration Plan (LRP); and Resettlement Framework (RF).</p> <p><b>Environmental Aspects.</b> The propagation of noise from the operational railway and its impacts on residents living close by is the primary issue of concern identified. The SESIA concluded that approximately 22 properties in total, located around Zhetygen and Kazybek Bek stations could be subject to operational noise changes above acceptable limits. An effective suite of mitigations is being agreed with KTZ and will be finalized before the financial close. The Project crosses a Key Biodiversity Area (KBA) for around 5 km. A biodiversity impact assessment including critical habitat assessment (CHA) was completed for the SESIA. These concluded that no critical habitat will be impacted. A BMP that sets out mitigation to achieve no net loss for natural habitats and an associated program of monitoring has been prepared. In addition, KTZ has appointed a biodiversity specialist for the management, implementation and reporting of activities undertaken within the scope of the BMP. Other potential environmental risks and impacts during construction of the Project are standard and include dust, groundwater use and hazardous materials and waste management. Risks are managed through a Construction Environmental and Social Management System (CESMS). Operations phase aspects include water consumption and disposal and managing hazardous materials and wastes. The Borrower will address operations phase aspects through a corporate ESMS.</p> <p><b>Social Aspects.</b> The Project through the local district governments (Akimats), initiated a land acquisition process to acquire approximately 1,066.43 ha of land in Iliy, Karasay, Talgar and Zhambyl districts and Alatau city for the Project as per national laws and regulations in 2023. During the preparation of SESIA, 70 plots (24.6%) have already been acquired, while 111 plots (39.1%) are still pending acquisition. Additionally, 103 plots (36.3%) do not require acquisition, mainly because they fall under existing KTZ-owned land or other state-owned land. Also, there are 22 structures identified for acquisition in Alatau City, including 13 residential houses and 9 barns or small shops, which were unoccupied at the time of SESIA in January 2025.</p>
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KTZ completed two studies: (i) Report on Gap Analysis Between Land Acquisition and Resettlement Policy and Procedures of the Government of Kazakhstan and IFC PS5 Requirements, in September 2024, to assess the gaps between the procedures and processes used for acquisition of land and IFC's PS5; and ii) Livelihood Restoration Plan (LRP) including Resettlement Framework (RF) in February 2025 within the scope of SESIA. KTZ will also complete a Resettlement Action Plan (RAP) consistent with the RF to manage the physical relocation of the 13 households in Alatau city in compliance with AIIB ESS 2 and IFC PS5 requirements.

**Gender Aspects.** The SESIA has carried out culturally appropriate and meaningful consultations with women and including vulnerable groups. Also, the consultation sessions captured and reflected the concerns and aspirations of women to inform the resettlement process. The Project will continuously engage and consult with various categories of stakeholders, including women, throughout the Project cycle by the implementation of a Stakeholder Engagement Plan and CESMS. KTZ will also revise its HR policies and procedures to align with IFC PS2 requirements to better address and define gender-based violence and sexual harassment and provide a comprehensive and safe procedure for reporting grievances and the Code of Ethics and Conduct to include disciplinary measures and definitions of prohibited behaviors.

**Occupational & Community Health and Safety, Labor and Employment Conditions.** KTZ has an Occupational Health and Safety (OHS) management system in place certified to the ISO45001 standard, and a corporate Environmental and Social Management System (ESMS) that covers its core operations. Construction OHS risks are managed through a contractor OHS management plan. KTZ and the EPC contractor will appoint additional OHS managers and personnel for implementation and oversight of the OHS management plan. KTZ's Human Resources (HR) policies align with national legislation and are generally consistent with International Standards. The HR Policy and Human Rights Policy cover working conditions, freedom of association, non-discrimination, occupational health and safety, internal grievance mechanisms, and third-party supplier labor standards. In addition, due to the project's proximity to settlements and villages, particularly at Kazybek Bek and Zhetygen stations, community health and safety risks may arise during both the construction and operational phases. KTZs systems for managing operational rail safety will be checked for compliance with good international industry practice (GIIP) and updated if required prior to operations commencing.

**Stakeholder Engagement, Consultation and Information Disclosure.** The stakeholder engagement activities as part of the SESIA studies (gender-sensitive), included interviews with government officials; focus group discussions with farmers, representatives of small businesses and vulnerable groups; a socio-economic baseline survey conducted with 298 respondents among the Project-affected people between October 28, 2024, and January 26, 2025. The four District Akimats of Talgar, Iliy, Karasay and Zhambyl were engaged extensively throughout these consultations. SEP was developed within the scope of SESIA, which will be disclosed together with the NTS, SESIA, BMP, and LRP 60 days before project approval.

	<p>The SEP identifies general public, individual and community and project level information disclosure, communication and consultation strategies for the construction and operation phases of the Project.</p> <p><b>Project Grievance Redress Mechanism (GRM).</b> A three levels of grievance resolution will be established at the site level for small matters that may be raised to the Community Liaison Level, and the Grievance Redress Committees (GRC) at district level and the GRC at the Project and Headquarter level. In addition, the KTZ website presents several ways for communicating grievances including a hotline phone number, mobile application, and third-party provider’s <a href="#">website</a> that contain a complaint form. The Ombudsman of NC KTZ JSC is also reachable for any complaint or resolution of community conflicts through <a href="mailto:ombudsman@railways.kz">ombudsman@railways.kz</a>. The information of project-level GRM and Bank’s Project-affected People’s Mechanism (PPM) will be timely disclosed to local communities in an appropriate manner.</p> <p><b>Monitoring and Supervision Arrangements.</b> KTZ will monitor the key ES parameters and performance indicators during construction as identified in the CESMS framework and associated management plans. An ES monitoring plan for the operations phase will be developed within the scope of corporate ESMS update that will cover relevant parameters and indicators, consistent with operations phase ES management plans. KTZ will submit annual reports to AIIB and IFC in the agreed format for review. The Bank’s ES Specialists will conduct semi-annual missions to monitor the implementation of the ES instruments and assess the Borrower’s ES performance, with the frequency of missions to be adjusted based on performance and associated risks.</p>
<b>Cost and Financing Plan</b>	The total Project costs is noted to be around USD340 million, of which USD300 million will be provided by AIIB, IFC, and Standard Chartered Bank (SCB) (under Multilateral Investment Guarantee Agency (MIGA) guarantee).
<b>Borrower</b>	KTZ
<b>Guarantor</b>	Joint Stock Company «Sovereign Wealth Fund «Samruk-Kazyna»
<b>Estimated date of last disbursement</b>	December 2026

<b>Contact Points:</b>	<b>AiIB</b>	<b>AiIB</b>	<b>Borrower</b>	<b>Guarantor</b>
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<b>Date of Concept Decision</b>	May 30, 2024			
<b>Date of Final Decision</b>	March 21, 2025			
<b>Estimated Date of Financing Approval</b>	May 2025			
<b>Independent Accountability Mechanism</b>	<p>AiIB Project-affected People's Mechanism (PPM) applies to the Project, allowing for independent review of submissions from Project-affected people who may be affected by the Bank's failure to implement its Environmental and Social Policy, in cases when their concerns cannot be addressed satisfactorily through the project-level GRM or the Bank's management processes. For information on how to make submissions to the PPM, please visit: <a href="https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html">https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</a>.</p>			