



Project Summary Information

Date of Document Preparation: November 12, 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; and Green Infrastructure
Status of Financing	Approved
Objective	To provide safe, efficient, and climate-resilient connectivity along the Aktobe-Karabutak-Ulgaisyn section of the M-32 Highway in Kazakhstan's Aktobe region.
Project Description	<p>The Reconstruction of the M-32 Highway Aktobe-Karabutak-Ulgaisyn Section Project (the "Project") involves the rehabilitation and upgrading of a 234-kilometer (km) road section from two to four lanes, starting from the city of Aktobe, passing through Karabutak, and ending at Ulgaisyn. The Project will also support associated supervision, implementation support, and capacity-building activities.</p> <p>The road runs through Aktobe region in western Kazakhstan and forms a key segment of the Western Europe–Western China transport corridor. It is one of the busiest transportation routes traversing Kazakhstan, connecting the country's east with the west. The Project aims to improve road conditions and capacity to accommodate growing traffic demand, with enhancements of road safety, service levels, and climate-resilient standards. In addition, it will introduce the Design-Build-Maintain (DBM) contract model and a tolling system to ensure adequate funding for required maintenance.</p> <p>This Project is among the pioneers in using an integrated DBM contract model based on the Yellow Book contract format of the International Federation of Consulting Engineers (FIDIC). This integrated approach leverages private sector expertise to develop the design and long-term maintenance program upfront, ensuring alignment with the specific project features and supporting a lifecycle approach to road infrastructure planning. It also aims to reduce the risk of cost overruns and implementation delays commonly associated with conventional contract models.</p> <p>The Project will be supported through two financing tranches. The first tranche will cover around 34 percent of total Project cost across all contracts using a contract slicing approach. The first tranche of financing will focus on procuring DBM contractors and the supervision consultant, hiring the project implementation support consultant,</p>

	<p>advancing the road design, and updating the relevant environmental and social (ES) instruments. The second tranche of financing will support the remaining 66 percent of the Project cost, with a focus on construction, implementation, and institutional capacity building activities.</p> <p>The Project will be jointly co-financed by AIIB and the European Bank for Reconstruction and Development (EBRD). The two banks will provide equal loan amounts through both the first tranche and the second tranche, in 2025 and 2026 respectively, in accordance with the sovereign guarantee arrangement of the Government of Kazakhstan (GoK). GoK will provide counterpart funding of up to 12 percent of the total Project cost, throughout the two financing tranches.</p>
Expected Results	<p>Project Development Objective Indicators are:</p> <ol style="list-style-type: none"> 1. Average travel time along the section (minutes); 2. Climate adaptation measures incorporated into road design of M-32 Highway (yes/no); 3. Annual Average Daily Traffic (AADT) along the Aktobe-Karabutak-Ulgaisyn section (Passenger Car Unit - number); 4. Improvement of International Roughness Index (IRI) (number); 5. Road safety improvement along the Aktobe-Karabutak-Ulgaisyn section expressed as iRAP rating or equivalent (number); and 6. Population along Aktobe-Karabutak-Ulgaisyn section with better road access (women only - number).
Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization: The Project will be jointly co-financed by AIIB and 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), EBRD's ESP, and relevant Performance Requirements (PRs) are applicable for this Project in lieu of AIIB's ESP. The Bank has reviewed EBRD's 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 its ES impacts that can be avoided or mitigated by adhering to relevant ESSs, procedures, and guidelines.</p> <p>Environmental and Social Instruments: The Borrower has prepared, consulted upon, and disclosed the following instruments: a) Environmental and Social Impact Assessment (ESIA); b) Environmental and Social Management Plan (ESMP); c) Land Acquisition and Resettlement Framework (LARF); d) Stakeholder Engagement Plan (SEP);</p>

and e) Labor Management Plan (LMP) as part of the ESMP. The ESIA has identified several areas for improvement, which will be addressed through the implementation of the Environmental and Social Action Plan (ESAP). The engineering design will be finalized by the DBM contractor during the early stages of project implementation. Accordingly, the ES documents will be updated to align with the final design. The timeline for updating ES instruments will follow the sequencing of design finalization and construction, with priority given to sections scheduled for early works. 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.

Environmental Aspects: The Project's potential environmental risks and impacts include habitat loss, wildlife mortality, disturbance to birds, noise, air, and dust pollution, runoff, and improper waste disposal. Although the Project does not affect legally protected areas, it may impact local biodiversity through habitat fragmentation and disturbances to wildlife movement. No critical habitats for endangered species are identified along the route. Following the biodiversity assessment, a draft biodiversity management plan (BMP) has been prepared to outline mitigation measures such as minimizing vegetation clearance, protecting nesting areas, avoiding nighttime construction, installing wildlife crossings, enforcing speed limits, and monitoring wildlife crossing points. Noise impacts will be mitigated by scheduling noisy activities outside sensitive hours, maintaining equipment, and possibly using noise barriers. Air and dust pollution will be managed through water spraying, vehicle maintenance, and establishing green buffer zones. Water pollution concerns will be addressed by avoiding sensitive water bodies, implementing spill prevention, and preparing a waste management plan. The ES documents, including the ESMP, will be updated during implementation to align with the final design and address concerns related to quarrying, sourcing, and transporting construction materials. These activities may increase dust emissions, fuel consumption, pollution, and road safety risks. High water tables in certain sections pose risks of contamination, requiring careful drainage management. The ESMP will incorporate measures for optimized material sourcing, erosion control, pollution prevention, and water protection. Noise dispersion modeling will be conducted to inform project design and confirm appropriate noise mitigation strategies during the early stages of project implementation.

Social and Gender Aspects: The 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 any physical displacement or significant livelihood impacts related to land acquisition as villages are

located at the distance of 0.5-2 km from the road. The estimated number of project-affected people is around 60, mostly consisting of owners of state-owned land plots, a few businesses, industrial zones, farmers, and tenants of pasturelands located along the road and/or Right of Way (RoW). These impacts will be mitigated through development and implementation of a Resettlement Plan (RP) in line with the LARF prepared for the Project. The Borrower will develop a RP 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 the Contractors' ESMPs. Segment 2 of the Aktobe Road currently under construction is not considered an associated facility under EBRD's ESP; it is regarded as a linear project and the ESIA documentation covers all segments of the Project. The Borrower has fulfilled all national requirements for environmental impact assessments and land acquisition, with no legacy issues identified during the Bank's due diligence. Should any complaints or non-compliance issues arise in relation to Segment 2, an ES audit will be conducted to address any legacy issues in accordance with the project's ES instruments. As part of CESMPs, the contractors will prepare and implement Local Employment and Procurement Plans to improve female representation within their workforces. Given the large influx of labor in Aktobe region, Gender-based violence and harassment (GBVH) cases may arise during the construction phase. To mitigate these risks, the Contractors will develop and implement site specific GBVH Action Plans, outlining specific measures to address and manage GBVH risks and impacts throughout the Project.

批注 [KS1]: Better with "the contractorsAction Plans" as there are several site specific contractors and plans?

批注 [GA2R1]: Agree, edits incorporated.

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: The SEP was prepared to identify key stakeholders and define communication channels and engagement activities throughout the project cycle. A series of public consultation meetings were carried out along the alignment during 2022-25, including ESIA public consultations. During resettlement activities, the Borrower, supported by local governments, will utilize a diverse range of existing channels at the local level to consult with PAP and address their concerns. During construction, the

	<p>contractors will be required to regularly conduct consultations with the local communities and report back to the Borrower on a monthly basis. The ES documentation was disclosed in English and the local languages (Russian and Kazakh) on the Borrower's¹ and co-financier's websites². These links have been disclosed on the Bank's website.³</p> <p>Project Grievance Redress Mechanism (GRM): The Borrower already has an operational GRM in place at national and local levels to address issues related to resettlement, other E&S issues, and information sharing. The GRM allows grievances to be submitted through multiple channels, including in-person, via phone, email, or through the websites of "KazAvtoZhol National Company Joint Stock Company" (QAJ) and the respective local governments (Akimats). Grievance forms will also be available at local Akimat offices and project sites. Complaints received at the local level, such as through the Akimats or community leaders, will be forwarded to the QAJ/Project Implementation Unit (PIU) for further processing with the support from Project Management Consultant (PMC). A Worker GRM will also be established and communicated to all project workers through written and verbal communication. The information on the GRMs and EBRD's Independent Project Accountability Mechanism (IPAM) will be disclosed in an appropriate manner.</p> <p>Monitoring and Reporting Arrangement: The Borrower will be responsible for coordination, supervision, and monitoring of Project implementation in compliance with the EBRD's ESP and PRs, and for the management of the project-level GRMs. A Lenders' Monitoring Consultant will be engaged to prepare semi-annual reports to be submitted to EBRD and AIIB for review. Additionally, the Borrower will submit annual ES performance reports to the Lenders based on the agreed format. AIIB's ES team will retain the right to conduct field supervision, either as part of the annual implementation support missions or through separate missions as needed.</p>														
Cost and Financing Plan	<table border="0"> <tr> <td><u>Total Project Cost:</u></td> <td><u>USD1,023 million⁴</u></td> </tr> <tr> <td>AIIB Financing:</td> <td>USD 450 million</td> </tr> <tr> <td>EBRD Financing:</td> <td>USD 450 million</td> </tr> <tr> <td>GoK Financing:</td> <td>USD 123 million</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td><u>The 1st loan tranche financing for USD 345 million:</u></td> <td></td> </tr> <tr> <td>AIIB Loan (1st tranche)</td> <td>USD 152 million</td> </tr> </table>	<u>Total Project Cost:</u>	<u>USD1,023 million⁴</u>	AIIB Financing:	USD 450 million	EBRD Financing:	USD 450 million	GoK Financing:	USD 123 million	 		<u>The 1st loan tranche financing for USD 345 million:</u>		AIIB Loan (1 st tranche)	USD 152 million
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¹ QAJ. 2025. <https://ru.qaj.kz/news/obyavleniya-polzovatelyam/3071/>

² EBRD. <https://www.ebrd.com/work-with-us/projects/esia/aktobe-regional-roads-project.html>

³ AIIB. 2025. [Kazakhstan: Reconstruction of M-32 Highway Aktobe-Karabutak-Ulgaisyn Section Project](#)

⁴ All costs and funding amounts in this report are presented in USD, using an exchange rate of USD 1 = KZT 510.66, as agreed for review purposes during the appraisal mission on May 19, 2025.

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	EBRD Loan (1 st tranche) USD 152 million GoK USD 41 million <u>The 2nd loan tranche financing for USD 678 million:</u> AIIB Loan (2 nd tranche) USD 298 million EBRD Loan (2 nd tranche) USD 298 million GoK USD 82 million			
Borrower/Investee Company/Counterparty/Guaranteed entity	"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
Name	Anzheng Wei	Sholpan Dikhanbayeva	Raikhan Sagindykova	Serik Imashev
Title	Senior Investment Officer, Public Sector Clients Department, Region 2	Principal Banker, Infrastructure Eurasia	Deputy Chairman, National Company KazAvtoZhol JSC	Chief Engineer, National Company KazAvtoZhol JSC
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Date of Concept Decision	March 11, 2025			
Date of Appraisal Decision	June 30, 2025			
Date of Financing Approval	November 6, 2025			
Independent Accountability Mechanism	As noted above, EBRD's ESP will apply to this Project instead of AIIB's ESP. The Project will apply EBRD's independent accountability mechanism, the Independent Project Accountability Mechanism (IPAM), in lieu of the Bank's Project-affected People's Mechanism (PPM). The IPAM will review, in accordance with the EBRD Project Accountability Policy, all requests regarding ES issues that may arise under the Project. Consequently, in accordance			

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	with AIB's Policy on the 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/project-finance/ipam.html .
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