



Project Summary Information

Date of Document Preparation/Updating: 09/30/26	
Project Name	Darbaza-Maktaaral Railway Construction Project
Project Number	P000911
AIIB member	Kazakhstan
Sector	Transport
Alignment with AIIB's thematic priorities	Green Infrastructure; Connectivity and Regional Cooperation
Status of Financing	Under Preparation
Objective	To increase the capacity, speed, and safety of rail transportation in Kazakhstan by constructing a railway section from Darbaza station to the Maktaaral station.
Project Description	The proposed financing comprises a senior unsecured loan to JSC National Company “Kazakhstan Temir Zholy” (KTZ). The Darbaza-Maktaaral Railway Construction Project (Project) involves the construction of a new single-track railway of approximately 115 kilometers in southern Kazakhstan, from Darbaza station to the Maktaaral station, establishing an additional rail connection between southern Kazakhstan and Uzbekistan. Construction commenced in March 2024 using KTZ’s internal resources. As of July 2026, the construction was 78% complete and is expected to be completed by December 2026. KTZ is a 100% state-owned integrated railway group that provides infrastructure access, locomotive traction, passenger transportation, cargo transportation, and logistics services in Kazakhstan. It is the largest owner and operator of locomotives, freight, and passenger rail cars in the country. The Project aims to relieve capacity constraints on the existing Kazakhstan-Uzbekistan rail corridor, enhance regional freight connectivity, and support growing international and transit trade flows across Central Asia. The Project is also expected to generate social and economic benefits, including employment generation, thereby supporting economic development in southern Kazakhstan.
Expected Results	The expected results of the Project will include: (i) reduction of the railway transportation time; (ii) increase in freight volume; (iii) reduction of CO2 emissions.

Environmental and Social Category	A
Environmental and Social Information	Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to the Project. ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement) are applicable. ESS 3 (Indigenous Peoples) is not applicable, as there are no Indigenous Peoples in the Project area of influence. The Project has been categorized as Category A in accordance with AIIB's ESP due to its potentially significant environmental and social (ES) risks and impacts, including its overlap with the Shardara Reservoir Key Biodiversity Area (KBA)/Important Bird and Biodiversity Area (IBA), impacts on biodiversity values, and the scale of land acquisition and associated economic and physical displacement. The Project will be co-financed with the International Finance Corporation (IFC) and the Asian Development Bank (ADB). The Project's ES risks and impacts have been assessed in accordance with the respective ES policies and standards of the co-financiers through a common approach, resulting in a single set of Project ES documents shared among the co-financiers. Environmental and Social Instruments. The primary instruments are; a Supplementary Environmental and Social Impact Assessment (SESIA), including a Critical Habitat Assessment (CHA) and a Cumulative Impact Assessment (CIA). An Environmental and Social Compliance Audit (ESCA) was also carried out for the ongoing construction activities prior to financing. In addition, an Environmental and Social Management Plan (ESMP) (integrated in the SESIA), a Stakeholder Engagement Plan (SEP), a Land Acquisition and Resettlement Plan (LARP), and a framework Biodiversity Action Plan (BAP) have been prepared. A Non-Technical Summary (NTS) in both English and Russian has also been prepared to support meaningful consultation. An Environmental and Social Action Plan (ESAP) will be agreed with the Borrower to maintain compliance with the ESP and ESSs going forward and will be attached to the loan agreement. Environmental Aspects. All material environmental risks and impacts were identified in the SESIA, and the assessments have been completed in compliance with ESS 1, except for operational noise for which further granular assessment is committed under the ESAP and will be finalized prior to approval. Noise mitigations, if required, will be identified and implemented to achieve compliance with international noise standards at nearby properties. The rail alignment crosses the Shardara Reservoir Key Biodiversity Area (KBA) and Critical Habitat (CH) is triggered for the Dalmatian Pelican, Pygmy Cormorant and the Syr-Darya Shovelnose Sturgeon. A preliminary BAP has been prepared to provide a framework for achieving biodiversity net gain within the project footprint in the KBA and for managing impacts on birds from the 10kV transmission lines serving the railway. A final BAP will specify net gain commitments and will be supplemented with a Post Construction Fatality Monitoring (PCFM) Program for birds, an operations-phase Biodiversity Management Plan (BMP), a

Biodiversity Monitoring and Evaluation Plan (BMEP), and a Biodiversity Offset Management Plan (BOMP). Operational environmental risks include waste and hazardous materials used at stations and maintenance yards, as well as risks to waterways from the transportation of hazardous cargo. KTZ is committed to developing a suite of operational environmental and emergency management plans to manage these risks.

Social and Gender Aspects. The Project is expected to generate positive social and economic benefits by improving regional connectivity and transport efficiency and supporting trade and economic activity. However, the Project requires land acquisition across the Saryagash, Keles, Shardara, Zhetysay and Maktaaral districts of the Turkistan Region and entails associated physical and economic displacement, predominantly affecting agricultural land and livelihoods. The LARP identifies 308 affected households and 23 legal entities. Economic displacement is primarily associated with the loss of agricultural land and livelihoods, while physical displacement is limited to 14 households requiring relocation. The LARP assesses gaps between the land acquisition and resettlement process undertaken under national requirements and the applicable lender requirements and sets out measures to address these gaps, including compensation at replacement cost, livelihood restoration, relocation and transitional assistance, additional support for significantly affected and vulnerable households, stakeholder consultation, grievance management, and monitoring of resettlement outcomes. The ESAP includes further actions to update and implement the LARP, strengthen KTZ's capacity for resettlement implementation, and establish independent external monitoring. In addition, gender considerations have been incorporated into the Project's social assessment, stakeholder engagement and land acquisition and resettlement planning. In coordination with the co-financiers, gender performance indicators (GPIs) are under discussion with KTZ to further strengthen its institutional approach to gender equality and inclusion and to promote women's participation in skills development and employment opportunities.

Occupational and Community Health and Safety, Labor and Employment Conditions. KTZ and the construction contractor have health and safety management systems certified to ISO. KTZ is committed to addressing gaps in its occupational health and safety management procedures related to the management of extreme heat and cold; otherwise, its procedures are aligned with ESS 1. An audit of KTZ's operational safety management system (SMS) against Good International Industry Practice is in progress and will be completed prior to approval. A commitment to implement the audit's recommendations is included in ESAP. KTZ's human resources policies and procedures cover working conditions and terms of employment, non-discrimination and equal opportunity, freedom of association, the prohibition of unfavorable working conditions, and worker grievance mechanisms. Labor and working conditions associated with the construction workforce, including contractor and subcontractor management and worker accommodation arrangements, are addressed through the Project's labor and workforce management arrangements and the ESMP.

Stakeholder Engagement, Consultation and Information Disclosure. Stakeholder engagement has been undertaken as part of the ESIA and LARP preparation, including consultations with Project-affected communities, affected landowners and users, local authorities and other relevant stakeholders. Consultations covered key Project impacts and mitigation measures, including land acquisition and compensation, livelihood restoration, irrigation and agricultural access, community health and safety, and the grievance redress mechanism (GRM). Additional outreach was undertaken to facilitate the participation of women and other potentially vulnerable groups. A SEP has been prepared to guide continued engagement, information disclosure and consultation throughout Project implementation. Engagement with affected communities will continue during Project implementation, including regarding the implementation of mitigation measures, land acquisition and livelihood restoration, and grievance resolution. The Project ES documents, including the SESIA, NTS, LARP, ESAP and SEP, have been disclosed on both AIIB and KTZ's respective websites.¹

Project Grievance Redress Mechanism. A three-level GRM will be established under the Project, comprising the Project site level, the Grievance Redress Committees (GRCs) at District Akimat level, and the GRC at the Regional (Turkistan Oblast) level. The GRM provides several channels for affected people to raise concerns and grievances, including through local Akimat offices, email, the Project office, a Project hotline and written submissions. In addition, the KTZ's website provides several channels for communicating grievances, including a hotline phone number and mobile application, and provides access to the Samruk Kazyna hotline and the national E-Otinish platform. The KTZ Ombudsman is also available for complaints and resolution of community conflicts. A separate Workers' GRM will be established for workers, providing multiple grievance channels, including confidential and anonymous submissions and protection against retaliation. Information about the GRMs and AIIB's Project-affected People's Mechanism (PPM) will be disclosed in a timely and appropriate manner.

Monitoring and Supervision Arrangements. KTZ will monitor the key ES parameters and performance indicators during construction as identified in the ESMP and associated management plans. An ES monitoring plan for the operations phase will be developed within the scope of corporate ESMS update and will cover relevant parameters and indicators, consistent with the operations phase ES management plans. KTZ will submit semi-annual monitoring reports in an agreed format to the lenders for review. AIIB's ES specialists will conduct site visits to monitor the implementation of the ES instruments and assess the Borrower's ES performance, with the frequency of field missions determined based on ES performance and proportionate risks and impacts.

¹ KTZ's website for disclosure: NTS in Russian [Қазақстан темір жолы](#); SESIA, NTS, LARP, SEP and ESAP in English [Қазақстан темір жолы](#).

Cost and Financing Plan	The total project cost is estimated at USD640 million. KTZ will finance USD100 million. The remaining USD540 million will be financed by the three co-financiers. AIIB is considering providing a financing amount of USD135 million, and the remaining amount will be provided by the IFC and ADB.	
Borrower	JSC NC Kazakhstan Temir Zholy	
Estimated date of last disbursement	Q4/2029	
Contact Points:	AIIB	Borrower
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Date of Concept Decision	Nov. 27, 2024	
Estimated Date of Appraisal Decision	November 2026	
Estimated Date of Financing Approval	December 2026	

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .
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