



Project Summary Information

Date of Document Preparation/Updating: 03/25/26	
Project Name	Transforming Rail Connectivity in Kazakhstan (Middle Corridor Development) - Phase I
Project Number	P001038
AIIB member	Kazakhstan
Sector/Subsector	Transport
Alignment with AIIB's thematic priorities	Green Infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To (i) enhance the efficiency, capacity and sustainability of Kazakhstan's priority railway corridors connecting East Asia and Europe by reducing freight transit times and expanding network throughput; and (ii) enable KTZ to mobilize long-term private capital through an innovative sovereign-backed guarantee mechanism to finance priority railway modernization.
Project Description	<p>The proposed project will finance the construction of a 322.3-kilometer critical section of the Middle Corridor between Mointy and Kyzylzhar. In parallel with AIIB's partial debt guarantee of USD564 million, the project will be supported by IBRD partial credit guarantees totaling up to USD846 million. Based on the sovereign indemnities provided by the government to both IBRD and AIIB, the two MDBs are expected to co-guarantee KTZ's debt service obligations to the participating commercial bank(s). The guarantees will be split 60:40 between IBRD and AIIB, respectively, with the lender(s) to be selected through a competitive process led by KTZ and the government.</p> <p>This project includes construction of the Mointy-Kyzylzhar greenfield railway line, which will optimize the alignment of and add capacity to the Middle Corridor. The investment supports the construction of a direct greenfield railway bypass in Central Kazakhstan to improve throughput capacity and reduce distance by bypassing congested bottleneck sections. The project is also expected to support technical assistance to enhance KTZ's ability to leverage funds in financial markets.</p> <p>The activities under the proposed (Phase I) Project are designed to be comprehensive in scale and impact, each contributing to the project development objectives. Through a substantial capital investment in the Mointy-Kyzylzhar railway section of the Middle Corridor in Kazakhstan, the project aims to bring about tangible improvements in connectivity that will significantly</p>

	<p>enhance transportation, transit, trade and regional integration. In parallel, the project seeks to strengthen the financial sustainability of the sector by providing technical assistance, through project's Component 2: Institutional and Implementation Support¹ to Enhance Financial Sustainability of KTZ, which will improve its bankability and access to private capital. The project will also build on the lessons and experience from the preparation and implementation of the ongoing AIIB's transaction with KTZ, which was signed in January 2026² as well as World Bank (WB)-financed railways operations in Kazakhstan, leveraging proven practices and outcomes.</p> <p>A potential follow-up project (Phase II) will support strategic upgrades to existing railway infrastructure and systems that will greatly enhance the capacity of the same corridor. These will, inter alia, include the construction of sidings and sections of second tracks for the Altynkol-Jetygen section and installation of signaling systems on selected railway segments. The improvements will allow the introduction of autoblocking, which automatically controls the movement of trains between the blocks using automatic signals, thereby substantially increasing capacity on single track lines.</p> <p>* Remark: Given the guarantee nature of the project, negotiations of the legal agreements will be conducted following Board approval.</p>
Expected Results	<p>(i) Rail freight carrying capacity along the Kyzylzhar – Mointy section of the Middle Corridor (number of train pairs per day); (ii) Private capital mobilization (guarantee amount by the Asian Infrastructure Investment Bank [AIIB]) – strengthened ability of KTZ to access commercial financing (USD million); (iii) Reduced rail freight travel time along the Kyzylzhar – Mointy section of the Middle Corridor in Kazakhstan (hours).</p>
Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization. The Project is co-financed with the World Bank (as lead co-financier). Its Environmental and Social (ES) risks and impacts were assessed in accordance with World Bank's Performance Standards (WB PSs). To maintain a harmonized approach under co-financing, and as permitted by AIIB's Environmental and Social Policy (ESP), WB PSs were applied to this Project in lieu of AIIB's ESP. AIIB reviewed the WB PSs and was satisfied that (i) they were consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP and relevant ES Standards; and (ii) the monitoring procedures in place were appropriate for this Project. The Project's ES category was determined by WB under the WB PSs as A (equivalent to AIIB Category A). The categorization was driven by</p>

¹ Ongoing Institutional reforms include adoption of a new full cost-based tariff methodology etc.

² <https://www.aiib.org/en/projects/details/2025/approved/kazakhstan-almaty-railway-bypass-project.html>

the potential biodiversity sensitivities along the corridor but also reflected the linear and large-scale nature of works and construction and operation-phase community health and safety risks.

Environmental and Social Instruments. A draft Environmental and Social Impact Assessment (ESIA) was prepared for the Project and was accompanied by a draft Biodiversity Management Plan (BMP), draft Stakeholder Engagement Plan (SEP), draft Land Acquisition and Resettlement Action Plan (LARAP), and draft Labor Management Procedure (LMP). Additional management plans were also committed to address other construction ES risks and impacts. In addition, an Environmental and Social Due Diligence (ESDD) and gap analysis were carried out by the Project team together with the WB to inform a time-bound Environmental and Social Action Plan (ESAP), which was agreed with the Client and disclosed prior to financing approval.

Environmental Aspects. Biodiversity is the key ES risk of the Project. The alignment crosses two Important Bird Areas (IBA). A 41km section of the route is located in IBA KZ063 (Ayak Bestau), and around 86km in IBA KZ064 (Ortau Lowlands). The Andasai State Nature Reserve forms part of the Ortau Lowlands IBA and is also bisected for 16.6 km. Roughly two-thirds of the alignment is also identified as high or medium importance for the migration of Saiga antelope (IUCN Near Threatened). The IBAs were classified as critical habitat. Measures to address risks and achieve net gain are addressed through WB's ESAP. Construction phase ES risks are typical for linear infrastructure in this region and include community health and safety risks through increased traffic, temporary access disruptions, labor influx, occupational health and safety, dust, noise, erosion and sedimentation, land and water pollution, and generation of hazardous and non-hazardous wastes. The scale of noise impacts associated with the operation of the railway were limited by the rural and remote location and absence of residences within the Right of Way.

Social and Gender Aspects. Social risks primarily relate to use of 'reserve' lands that are subject to existing use rights, including farming households, energy companies, and other entities. Economic displacement impacts are being addressed in accordance with the LARAP which covers eligibility, entitlements, and livelihood support. The scale of such impacts is expected to be limited due to the remote location. No physical displacement is required. Construction activities may also pose community health and safety risks through increased traffic, temporary access disruptions, and labor influx, while vulnerable groups could be disproportionately affected. The draft SEP makes sure systematic engagement with affected communities is planned effectively and the LMP addresses labor and working conditions, worker grievance handling, occupational health and safety, worker accommodation, non-discrimination, gender-based violence (GBV) and harassment, child labor and forced labor. In addition, the Project will achieve gender impact through responsiveness embedded in its ES

instruments, which address risks such as differentiated effects of land acquisition on women and men, gender-based violence (GBV) and sexual exploitation and abuse linked to labor influx, and safety concerns experienced differently by women and men in communities along the corridor.

Occupational Health and Safety (OHS), Labor and Employment Conditions. The Project involves OHS risks associated with large-scale railway construction, including earthworks, heavy equipment operation, working at height, welding and hot works, and traffic interfaces. Labor influx may also create risks related to worker welfare and community interactions. The LMP covers these issues – which will be further elaborated in a dedicated OHS Plan. Specific measures will address high-risk construction activities, contractor and sub-contractor management, emergency preparedness, and standards for worker accommodation. OHS risks associated with maintenance will be similar to construction and managed through existing KTZ management systems.

Stakeholder Engagement and Information Disclosure. Stakeholder engagement covers all communities and groups within the Project's area of influence, including vulnerable, informal and seasonal users. The SEP is prepared to define the approach for consultation and disclosure during preparation and implementation, supported by a project-level grievance mechanism accessible to affected people. The Plan describes the mapping of stakeholders, methods of engagement, communication in appropriate languages, and disclosure of key ES instruments such as the ESIA, LARAP and LRP together in English and Kazakh Languages. Public consultations were held on 24 September 2025 in Mointy and 25 September 2025 in Karazhal. These were observed by WB. The relevant ES documents can be found via <https://projects.worldbank.org/en/projects-operations/project-detail/P512386>.

Project Grievance Redress Mechanism (GRM) and Monitoring Arrangement. A project-level GRM has been established to receive and resolve concerns from affected people in a timely and transparent manner. The mechanism is designed to cover the entire scope of the Project, accessible through multiple channels and providing clear timelines for acknowledgement and resolution of grievances. The established GRM is disclosed to communities through the SEP in an appropriate manner. Records of grievances received, corrective actions taken, and their outcomes shall be appropriately maintained. The Client will prepare quarterly progress reports and annual Environmental and Social Monitoring Reports, summarizing ES performance, incidents and implementation of the ESAP. The Lenders' ES Specialists will undertake semi-annual supervision missions, including field verification of mitigation measures, engagement with contractors and affected communities and assessment of compliance with agreed instruments.

Cost and Financing Plan	The estimated cost of the project is USD 1.41 billion, and the full amount will be raised from commercial lenders. Up to 95% of each scheduled principal repayment and interest due under the loan is expected to be guaranteed by IBRD and AIIB, subject to a maximum guaranteed amount. 60% of this maximum guaranteed amount is expected to be credit enhanced by IBRD and the remaining 40% by AIIB.		
Borrower	Kazakhstan Temir Zholy JSC		
Guarantor	Ministry of Finance of the Republic of Kazakhstan		
Estimated date of loan closing	2041		
Contact Points:	AIIB	Borrower	Guarantor
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Date of Concept Decision	10/28/25		
Date of Appraisal Decision	11/13/25		
Date of Financing Approval	03/25/26		

Independent Accountability Mechanism	Pursuant to AIIB's agreement with the WB, the WB's PS will apply to this Project instead of AIIB's ESP. The WB's corporate Grievance Redress Service (GRS) and its Independent Accountability Mechanism (IAM), the Inspection Panel, which reviews the WB's compliance with its policies and procedures, will handle complaints relating to the WB's compliance with its PSs under the Project. In accordance with AIIB's Policy on the Project affected People's Mechanism (PPM), submissions to the PPM regarding such complaints under this Project will not be eligible for consideration by the PPM. Information on how to submit complaints to WB's corporate Grievance Redress Service
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	(GRS), is available at https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service . Information on the WB Inspection Panel is available at https://www.inspectionpanel.org .
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