



1st INVESTMENT FORUM TRACECA

BRUSSELS, 12th OCTOBER 2010

PROJECT

**ELECTRIFICATION OF THE “DOSTYK - AKTOGAY”
RAILWAY SECTION**



REPUBLIC OF KAZAKHSTAN

Electrification of the “Dostyk - Aktogay” railway section





GEORAPHICAL DESCRIPTION

- The “Dostyk – Aktogay” railway section belongs to the main EurAsian transport corridors TRACECA and TrasEurAsian railway mainline (TARM)
- The “Dostyk – Aktogay” railway section is non-alternative route for railway transportations from central and south-west regions of China to Central Asian countries, Persian harbor countries and Europe



TECHNICAL DESCRIPTION

- **Length – 309 km**
- **Term of construction – 36 months**
- **Present cargo flow – 15,5 mln. tons**
- **Forecasted cargo flow in 2020 – 20 mln. tons**
- **Maximum permitted speed on section for trains:**
 - for freight – 70 km/h;
 - for passenger – 80 km/h



SOCIAL-ECONOMIC DESCRIPTION

- Project implementation generates new workplaces:**
 - during construction – 1 020 employees;**
 - during operations – 490 employees**

- Project implementation considers to use the newest technologies together with world level modern management approaches**



INVESTMENTS AND PAYMENTS

- **Investments volume – 546 mln.USD**
- **Savings at operating expenses from transition to electric traction (for 30 years) – 2 186 mln.USD**
- **Net Income (for 30 y.) – 1 054 mln.USD**
- **Payback period:**
 - ✓ **simple – 13 years;**
 - ✓ **discounted – 22 years**



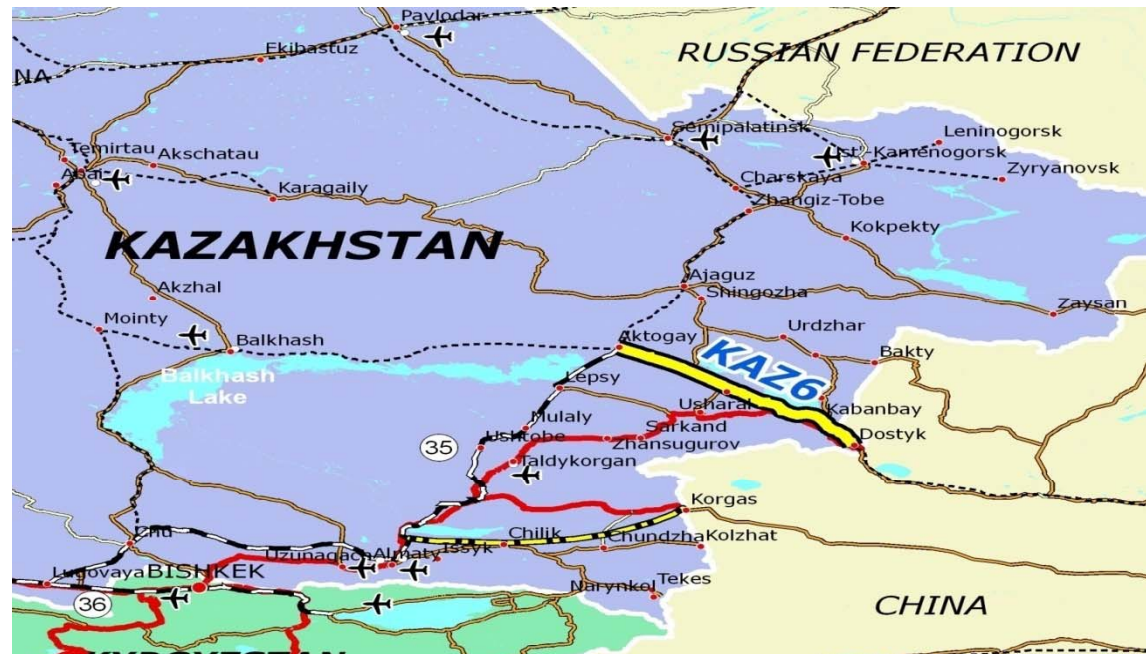
SOCIAL-ECONOMIC DESCRIPTIONS

- Project implementation provides:**
 - ✓ **full liquidation of the pollutions to atmosphere from diesel trains (958 tons/year);**
 - ✓ **transportation costs reduction on 25-30%;**
 - ✓ **reduction of the fuel consumption on 1,5–1,8 times;**
 - ✓ **increase of the average speed at the section on 9–11 km/h;**
 - ✓ **increase of the average weight of train on 500-550 tons;**
 - ✓ **increase of the railway capacity on 15-30%**



CONCLUSION

**Investments volume
546 mln. USD**



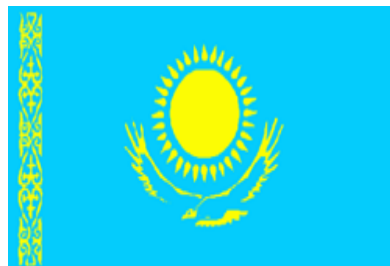
The main task of the transport sector is the development of the transport and communication system, which is capable to completely satisfies the needs of economy and population in transport services





FIRST TRACECA INVESTMENT FORUM
BRUSSELS, 12th October 2010

CONSTRUCTION OF NEW RAILWAY
«BEINEU - SHALKAR»



REPUBLIC OF KAZAKHSTAN





GEOGRAPHICAL DESCRIPTION

- **New railway will provide the shortest way from south Kazakhstan's regions to the port of Aktau, thus TRACECA corridor will obtain additional advantage and the project will allow to activate freight flow to China, Azerbaijan, Iran through this port**
- **Realization of the project will reduce the TRACECA corridor length within Kazakhstan by 485 km and delivery time of goods to 10-11 hours**
- **New railway will allow to circle around the heavy-traffic section «Makat – Kandiagash», which is a bottleneck of the corridor regarding capacity and shipment distance**



TECHNICAL DESCRIPTION

- **Lenght** **471 km**
- **Period of construction** **45 months**
- **Average annual volume of traffic** **12 million tons;**
- **Project includes the construction of**
medium and small bridges – 20;
railway over bridges - 2;
- **Transported goods:**
oil, oil products, grain, construction materials,
metal, mineral and chemical fertilizers



SOCIO-ECONOMIC DESCRIPTION

- **New railway creates conditions for more effective transport operations of main oil-producing state region and for the implementation of export cargo transportation (oil, grain, metal) through the port of Aktau**
- **Realization of the project will provide new vacancies:**
 - during construction 4,860 people;**
 - during exploitation 1,317 people;**
- **Realization of the project will increase in credit for individuals, rural districts, trade networks and other services**



INVESTMENT AMOUNT AND PAYMENT

- **Investment amount** **1,096 Million USD**
- **Costs for set exploitation period** **799 Million USD**
- **Net profit for set exploitation period** **640.2 million USD**
- **Internal Rate of Return (IRR)** **4.0 %**
- **Net discount profit (E=8 %) equals** **21.5 million USD**
- **Internal rate of profitability** **8.8 %**
- **Payback period:**
 - simple** **10.5 years**
 - discounted** **22 years**
- **Project is planned to be realized by direct investment**



OTHER SOCIAL-ECONOMIC DESCRIPTIONS

- **Project objective: Creation of an optimal route**
- **Feasibility Study of the project is developed;**
- **As a result of shipment distance reduction, the competitiveness of following enterprises' is increasing:**
 - TOO «Corporation «Kazakhmis»;**
 - TOO «MittalStil Temirtau»;**
 - Jairemski ore mining and processing enterprise and other.**
- **Multiplicative effect:**
 - **Change mono-specialization to diversification of regional economy**
 - **Creation and development of service organizations**
 - **Social-economic development of regions passed**



SUMMARY

Investment Amount

1,096 Million USD

153.5 Billion Tenge

(Exchange rate: 1 USD – 140 tenge)



Railway transport in Kazakhstan provides more than 70% of freight flow and 50% of passenger flow; no alternative in mass cargo transportation, as for coal, ore, crushed stone, metal and others.





FIRST TRACECA INVESTMENT FORUM

Brussels, 12th October 2010

National Road Rehabilitation (Osh-Batken-Isfana)



KYRGYZ REPUBLIC



National Road Rehabilitation (Osh-Batken-Isfana)





TECHNICAL DESCRIPTION

- Period of construction:
 - 2 years; Feasibility study was created in 2001 and fully updated during 2008-2009 thereafter.
- Transported goods:
 - Consumer goods, equipment, agricultural products, semi-products, and raw materials.
- Length, freight flow:
 - 229 Km of Osh-Batken-Isfana Road non-covered by financing out of 385 km in total; 100 trucks per day by 2030 plus 25 vehicles each day.
- Steps of construction or rehabilitation:
 - Phase I; Phase II



SOCIO-ECONOMIC DESCRIPTION

- Improvement/Rehabilitation of the Road pavement will result in reduction of:
 - VOC;
 - Freight transportation costs;
 - Travel time;
 - Fuel consumption;
 - Overall road user costs.
- The above benefits:
 - Regional cooperation and development;
 - International trade;
 - Kyrgyz Republic transport independence.



INVESTMENT AMOUNT AND REPAYMENT

- European Commission is the first int'l donor who started financing:
 - The Grant amount is Euro 6,3 million.
 - Total length of Section to be rehabilitated is 23,5 Km.
 - Interested in providing Euro 8.6 million, 7,2 million of which are for civil works.
- EBRD:
 - USD 35 million for 60 km, Loan agreement was signed on July 14, 2009.
- World Bank:
 - USD 25 million for 32 km, relevant Agreement was signed on December 3, 2009.

DONOR	Grace Period	Total credit period	Grant element	Commission rate		
				Reservation fee (commitment)	Service fee (management)	Credit Withdrawal fee
IDA (WB)	10 years	40 years	45%	0,50%	0,75%	
EBRD	5 years	20 years	n/a	0,50%	1% flat payment	Variable Labor +1%
EC			100%			



OTHER SOCIO-ECONOMIC DESCRIPTIONS

- Feasibility Study is fully updated;
- Improvement of ecological environment:
 - reduction of emissions, noise;
 - existing road improvement will not generate significant environmental impacts provided that the works are designed and executed in accordance with sound engineering practice and that the mitigation and precautionary measures are fully implemented;
 - EMP has been already prepared but should be updated.
- Final goal of the Project:
 - Improvement of existing road, reduction of VOC, regional cooperation development.



SUMMARY

- EC, EBRD and WB provided USD 81 million in total for rehabilitation of Phase I,
- Current financing shortage

USD 150 million



The Project reduces existing border conflicts and facilitates development of regional and local economic relations among PRC, KR, northern Tajikistan, Uzbekistan and Kazakhstan through rehabilitation of Osh-Batken-Isfana Road section that represents an extension of Osh-SaryTash-Irkeshtam Transport Corridor.

