



TRACECA Investment Forum

ID: KZ01

TRACECA PROJECT FICHE

## Construction of a railway line bypassing Almaty station

### 1 BASIC INFORMATION

#### TITLE OF THE PROJECT

Construction of a railway line bypassing Almaty station

**SECTOR:** Railway

**LOCATION:** Kazakhstan, Almaty region

### 2. OBJECTIVES

#### 2.1. OVERALL OBJECTIVES

The development of the transit potential of the Republic of Kazakhstan and the optimization of the railway network, due to the "detour" of the busiest station in Almaty, and, accordingly, the reduction in the delivery time of cargoes by rail.

#### 2.2. PROJECT PURPOSE

- reduction of the time in transit of cargo passing through the Almaty station by transit;
- Increase of transit potential and competitiveness of the transit route China - the countries of Asia.

#### 2.3. CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

Addresses of the President of Kazakhstan on January 31, 2017 "the Third modernization of Kazakhstan: global competitiveness" in the direction of "development of transport and logistics, within the framework of the initiative "Construction of the bypass railway line of Almaty" of the project group "Transit cargo transportation".



## TRACECA Investment Forum

ID: KZ01

### 2.4. CROSS BORDER IMPACT

Improvement of international relations with China and Asian countries

### 3. DESCRIPTION

#### 3.1. BACKGROUND AND JUSTIFICATION

Today Almaty station one of the busiest stations. The traffic that follows through this station in transit, is forced to idle in the existing "congestion".

In order to exclude this "barrier", it is necessary to construct a bypass line for transit cargo, which will shorten the transportation time by an average of 1,5-2 days.

In addition, the transit throughput will also affect the "unloading" of the Almaty station by an average of 40%.

#### 3.2. LINKED ACTIVITIES

Other activities, besides providing services for the carriage of cargoes is not expected.

#### 3.3. LESSON LEARNT

"Lessons" of such projects in the railway industry, are evident results of railway infrastructure development. This – optimization of transport by reducing transport distances and delivery times. In turn, these factors influence the reduction of transportation costs, which affects facilitating conditions of carriage for Kazakh users and increase the attractiveness of Kazakhstan's transit routes for the shipper.

#### 3.4. ACTIVITIES

The main and only activity is supposed to carry out the transportation of cargoes by rail

#### 3.5. RESULTS/DELIVERABLES

Reduction of the delivery terms of goods passing through Almaty station on average for 1,5-2 days and reduction of cargo operations at Almaty station by an average of 40%



## TRACECA Investment Forum

**ID: KZ01**

### **4. PROJECT ORGANISATION**

#### **4.1. INSTITUTIONAL FRAMEWORK**

The project is expected to be implemented with the use of the mechanism of public-private partnership.

#### **4.2. OWNERSHIP/IMPLEMENTING PARTY**

The owner and the selling party will be the attracted investor who will operate new lines and receive the corresponding income, until the end of management period (management period of 30 years).

#### **4.3. ORGANISATION STRUCTURE**

The Public authorities will act as the organizer of the tender to determine the investor for the project. As a result of these events, a certain investor will assume the responsibility for the implementation of the project and operation of the facility.

### **5. DETAILED BUDGET (EUR/\$)**

The estimated cost of the project is 80,5 billion tenge or 223,6 million dollars (distance 74 km).

### **6. RISK ASSUMPTIONS AND CONSTRAINTS**

The assumed risks are related only to operational factors (implementation of the transportation process according to approved requirements). There are no restrictions or other risks associated with direct cargo transportation activities.

### **7. IMPLEMENTATION SCHEDULE**

The preliminary expected schedule of implementation involves the development of project documentation by the end of 2018 and construction works in 2019-2021.

### **8. ENVIRONMENT**

The expected environmental impact is not negative and agreed with the relevant authorized body in the Almaty region.



## TRACECA Investment Forum

**ID: KZ01**

### **9. RATES OF RETURN**

#### **9.1.FINANCIAL RATE OF RETURN (PERIOD OF ANALYSIS IN YEARS):**

The internal rate of return on the project (IRR) is 3.7%, the internal rate of return of the concessionaire is 19.8%.

#### **9.3.HAVE THE FEASIBILITY STUDIES BEEN COMPLETED AND WHEN:**

The correction of the feasibility study of the project has been completed.

24.04.2018 The positive conclusion of the State Expertise (№01-0140/18) was received.

### **10. INVESTMENT CRITERIA**

#### **10.1. SOURCES OF FINANCING**

Sources of financing investor funds are assumed

#### **10.2. CO-FINANCING**

CO-financing is not expected

#### **10.3. ADDITIONALITY**

Additional sources of funding are not expected

#### **10.4. PROJECT READINESS AND SIZE**

Currently, the project documentation is being updated. Construction work is expected in 2019-2021. The scale of the project is republican.

#### **10.5. SUSTAINABILITY**

The terms of the project implementation are attraction of the investor for the project implementation using the public-private partnership mechanism, with the implementation of the next steps, in accordance with the principles of the competitive basis for participation in the project implementation.