



TRACECA Investment Forum

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TRACECA PROJECT FICHE

# CONSTRUCTION AND OPERATION OF ROADS OF TURKESTAN REGION, I-TECHNICAL CATEGORY WITH 4-LANE TRAFFIC

## 1. BASIC INFORMATION

**TITLE:** Construction and operation of roads of Turkestan region, I-technical category with 4-lane traffic

**SECTOR:** Road

**LOCATION:** Kazakhstan, Turkestan region

## 2. OBJECTIVES

### 2.1. OVERALL OBJECTIVES

Development and increase of the transit potential of the Republic of Kazakhstan, reduction of the traffic flow passing through Shymkent and Saryagash, increase in the capacity of road sections.

### 2.2. PROJECT PURPOSE

- Reduction of traffic flow through Shymkent and Saryagash;
- Development of transit potential, stimulation of development of foreign trade activity, increase of investment, tourist attractiveness;
- Improving road safety.

### 2.3. CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

- State program of infrastructure development "Nurly Zhol" for 2015-2019, approved by the decree of the President of the Republic of Kazakhstan dated April 6, 2015 № 1030 (section 5.1. Development of transport and logistics infrastructure);



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- Action plan for the implementation of the President's instructions of February 6, 2017 № 17-686 on the development of border areas

### **2.4. CROSS BORDER IMPACT**

Development and improvement of the transit potential through the release to gr. The Republic of Uzbekistan, achieving an increase in the volume of transit cargo on the territory of the Republic of Kazakhstan.

### **3. DESCRIPTION**

#### **3.1. BACKGROUND AND JUSTIFICATION**

Turkestan region today is the most densely populated region of the country and the need to improve and increase the quality of roads is very high. In order to increase the transport potential and to reduce the traffic flow through the cities of Shymkent and Saryagash, it is necessary to build this project.

The construction of this road will improve the socio-economic living conditions of populated areas by improving traffic, as well as contribute to the creation of additional jobs in the road sector and related sectors of the economy.

#### **3.2. LINKED ACTIVITIES**

Transit, cargo and passenger transportation.

#### **3.3. LESSON LEARNT**

Concession for infrastructure projects is a widely used practice in the developed countries of the world, stimulates the concessionaire to cost with high quality as the responsibility for the subsequent operation also lies with the concessionaire. Users receive a high-quality road, which entails a reduction in transport and time costs.

#### **3.4. ACTIVITIES**

Transit, cargo and passenger transportation.

#### **3.5. RESULTS/DELIVERABLES**



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Increasing the transit potential, reducing the transit flow passing through the cities of Shymkent and Saryagash, improving road safety and reducing the travel time of the traffic flow.

### **4. PROJECT ORGANISATION**

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

The project is expected to be implemented using the concession mechanism.

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

The owner and the implementing party will be the attracted investor who will operate new lines and receive the corresponding income until the end of the management period (the management period will be determined based on the results of the feasibility study and development of tender documentation)

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

The state body will act as the organizer of the competition to determine the investor for the project. According to the results of these activities, a certain investor will take responsibility for the implementation of the project and operation of the facility.

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

The estimated cost of the project is 180 billion tenge or 486.4 million us dollars (distance 258 km). The period of construction 2020-2024, the period of operation 2024-2039.

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

The concession allows for effective management of public property complexes at the expense of private investors, thus the state shifts the main risks of the project to a private partner.

### **7. IMPLEMENTATION SCHEDULE**

The final stages of implementation will be determined on the basis of the adjustment of the feasibility study and tender procedures.



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At the same time, the preliminary expected implementation schedule involves the development of project documentation in 2017–2018 and construction work in 2020–2024.

### **8. ENVIRONMENT**

Positive impact on the environment due to the construction of a high-speed road of 1 a technical category. Reducing traffic congestion.

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

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

The internal rate of return of the project (IRR) is 9.34%, the internal rate of return of the concessionaire is 12%. In this case, the final dimensions of the parameters will be determined by the results of the adjustment of the project feasibility study.

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

The feasibility study for the Northern Bypass in Shymkent was developed in 2017.

### **10. INVESTMENT CRITERIA**

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

The source of funding is expected to investor funds.

#### **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 feasibility study is at the stage of completion of the feasibility study and the preparation of the project tender documentation package is being completed. The size of the project is republican.



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### **10.5. SUSTAINABILITY**

The conditions for the project implementation are the attraction of an investor for the project implementation using the concession mechanism, with the implementation of the next steps, in accordance with the principles of the competitive basis for participation in the project implementation.