

KAZ: PROPOSED MULTITRANCHE FINANCING FACILITY FOR THE CAREC TRANSPORT CORRIDOR I (ZHAMBYL OBLAST SECTION) INVESTMENT PROGRAM

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Sustainable economic development and increased domestic and international trade growth within Kazakhstan and between Kazakhstan and its trading partners</p>	<p>By 2020:</p> <ul style="list-style-type: none"> • Outputs of transport and distribution sectors increased by 79 and 77%, respectively, from 2010 baseline • Increased external trade as reflected in the expansions of exports and imports by 32 and 33%, respectively. More particularly, the exports to other CAR increased by 50%, Russia 25%, China 36% and EU-25 28%. On the other hand, imports from other CAR increased by 48%, Russia 27%, PRC 37% and EU-25 30%. • GDP grew 68% from the 2010 baseline. GDPs of Kazakhstan economic partners also grew by 43% for other CAR countries, 4% for Russia, 6% for PRC, and 4% for EU25 due to the Corridor investment. 	<ul style="list-style-type: none"> • The Impact indicators were estimated using Regional Computable General Equilibrium (CGE) Model of the Central Asia Region. The model was developed using GTAP database combined with data from a specific survey conducted for the program. 	<p>Assumptions</p> <ul style="list-style-type: none"> • Government sustains policies conducive to trade expansion and economic growth and that the government remains committed to enhanced policy reform and regional integration. • There is an increasing economic efficiency following the existing trend as a result of the Program completion. The increasing overall efficiency is reflected in the reductions of travel time and deadweight losses due to time delays, spoilage, damages, etc. in road transport.
<p>Outcome</p> <p>Reduced vehicle operating costs, travel time, and traffic accident rate of domestic, regional, and transit traffic of regional highway in Zhambyl Oblast connecting Almaty and Shymkent</p>	<p>By 2015:</p> <ul style="list-style-type: none"> • Increased average traffic volume from 4000 vpd in 2007 to 7000 vpd • Reduced average travel time between Almaty and Shymkent from 12 hours to 8 hours • Reduced transport cost for freight from 10% to 5% • Reduced accident from 0.3 fatality/km in 2006 to 0.1 fatality/km 	<ul style="list-style-type: none"> • National, provincial, and district socioeconomic statistics from Central Statistics Office • ADB's program completion report and project performance evaluation report • Periodic classified traffic counts and accident data system • Freight Forwarder Association statistics 	<p>Assumptions</p> <ul style="list-style-type: none"> • Increased availability and quality of transport services following improvement of the Investment Program road • Improved cross-border facilities and procedures at the border point between Kazakhstan and neighboring countries • Committee of Roads continues constructing remaining sections of the corridor as scheduled at the same quality as the Program

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	<ul style="list-style-type: none"> Recommendations for improving road maintenance and operation system implemented 	<ul style="list-style-type: none"> Committee of Roads annual budget ADB's project performance evaluation report 	<p>Risks</p> <ul style="list-style-type: none"> Inadequate financial resources for road maintenance Inadequate road safety measures Insufficient budget for investment
<p>Outputs</p> <p>1. Constructed and reconstructed road sections between Almaty and Shymkent in Zhambyl Oblast</p> <p>2. Strengthened road sector institution and road network management capacity</p>	<p>Project 1 By 2012:</p> <p>129 km road reconstructed on time, within budget, and meeting technical specifications with international roughness index (IRI) of less than 3 m/km</p> <p>Project 2 By 2012:</p> <p>160 km road reconstructed on time, within budget, and meeting technical specifications with IRI of less than 3 m/km</p> <p>Project 3 By 2013:</p> <p>77 km road constructed on time, within budget, and meeting technical specifications with IRI of less than 3 m/km</p> <ul style="list-style-type: none"> Sustainable road maintenance and operation system prepared Intelligent Transport System (ITS) strategy developed Investment plan for ITS agreed for implementation under subsequent projects. 	<ul style="list-style-type: none"> Consultants' progress reports ADB review missions 	<p>Assumption</p> <ul style="list-style-type: none"> Timely provision of counterpart resources and support for the Program <p>Risk</p> <ul style="list-style-type: none"> Project management set up is not effective for externally funded projects <p>Assumptions</p> <ul style="list-style-type: none"> Government is committed to further reform the road sector Committee of Roads is committed to improving road maintenance and operation

Activities with Key Milestones	Inputs
<p>Tranche 1:</p> <p>1.0 Road Development Component</p> <p>1.1 Recruitment of project management and construction supervision by May 2009</p> <p>1.2 Award civil works contracts by June 2009 (first package)</p> <p>1.3 Completion of civil works by June 2012</p> <p>2.0 Road Operation and Maintenance Component</p> <p>2.1 Recruitment of consultants for road maintenance and operation system by January 2010</p> <p>2.2 Advisory services under the component completed by June 2010</p>	<p>1. ADB loan of \$340 million (OCR)</p> <p>2. Government counterpart budget of \$53 million</p>
<p>Tranche 2:</p> <p>1.0 Road Development Component</p> <p>1.1 Recruitment of project management and construction supervision by December 2009</p> <p>1.3 Award civil works contracts by January 2010 (first package)</p> <p>1.4 Completion of civil works by December 2012</p> <p>2.0 Institutional Support Component</p> <p>2.1 Recruitment of consultants by June 2010</p> <p>2.2 Activity to be formulated during project preparation</p>	<p>1. ADB loan of \$210 million (OCR)</p> <p>2. Government counterpart budget and cofinancier(s) contribution of \$450 million</p>
<p>Tranche 3:</p> <p>1.0 Road Development Component</p> <p>1.1 Recruitment of consultants by January 2011</p> <p>1.3 Award civil works contracts by January 2011</p> <p>1.4 Completion of civil works by June 2013</p> <p>2.0 Institutional Support Component</p> <p>2.1 Recruitment of consultants by June 2011</p> <p>2.2 Activity to be formulated during project preparation</p>	<p>1. ADB loan of \$100 million (OCR)</p> <p>2. Government counterpart budget and cofinancier(s) contribution of \$140 million</p>

ADB = Asian Development Bank, ITS = intelligent transport system, km = kilometer, OCR = ordinary capital resources, vpd = vehicle per day