

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) is the lead agency for transport, customs cooperation, and trade facilitation for the Central Asia Regional Economic Cooperation (CAREC): Kazakhstan is a member. The international finance institutions involved with roads in Kazakhstan include ADB, the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank (IDB), the Japan International Cooperation Agency (JICA), and the World Bank.

2. EBRD financed improvement of the Almaty–Bishkek and Beineu–Atyrau national roads and development of a national road maintenance program. IDB financed reconstruction of the Almaty–Astana road in collaboration with ADB, while the Japan Bank for International Cooperation financed reconstruction of road sections in western Kazakhstan. The World Bank financed support for rehabilitation and maintenance of the Almaty–Astana national highway and preparation of a study of regional trade facilitation and transportation in Central Asia.

3. The international finance institutions jointly financed road sections along Kazakhstan's Western Europe–Western People's Republic of China (PRC) Corridor, which connects Khorgos with Almaty and Shymkent to the western border of the Russian Federation—2,787 kilometers (km). ADB, the Japan International Cooperation Agency, and IDB jointly financed 495 km in Zhambyl Oblast. EBRD financed 102 km and the World Bank 1,062 km.¹

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Transport Asian Development Bank	MFF CAREC Corridor 1 (Mangystau Oblast) Investment Program, Project 1	2010–2016	283.0
	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 4	2011–2014	112.0
	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 3	2010–2014	173.0
	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 2	2009–2014	187.0
	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 1	2008–2013	224.9
	Almaty–Bishkek Regional Road Rehabilitation	2000–2007	52.0
	Road Rehabilitation (Almaty–Astana)	1996–2004	50.0
	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 2	2009–2014	170.0
Islamic Development Bank	Road Rehabilitation (Almaty–Astana)	2001–2005	29.6

¹ The corridor is one of the six priority corridors under the CAREC Transport and Trade Facilitation Strategy.

Development Partner	Project Name	Duration	Amount (\$ million)
JICA (JBIC)	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program, Project 3	2010–2013	68.0
	Rehabilitation of Road Network in West Kazakhstan (Atyrau–Uralsk and Aktobe–Karabutak)	2003–2005	132.0
World Bank	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program	2008–2013	2,125.0
	Road Rehabilitation (Almaty–Astana)	2001–2005	100.0
EBRD	CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program	2008–2013	180.0
	Road Sector Restructuring: Atyrau–Aktau (Beineu)	2006–2009	119.2
	Atyrau Airport Project		24.5
	Road Sector Development Project (Almaty–Bishkek Regional Road Rehabilitation)	2001–2005	28.5

CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, JBIC = Japan Bank for International Cooperation, JICA = Japan International Cooperation Agency.
Source: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

4. The development mechanism coordinating international and bilateral financial institutions was established through the exchange of information and policy dialogue, along with sector-specific development partner coordination. ADB has established good relations with bilateral and international partners in Kazakhstan—the ADB Kazakhstan Resident Mission has played an important role. The Ministry of Finance coordinates financial assistance from various development partners.

C. Achievements and Issues

5. ADB financed the Gulshad–Akchetau road (completed in 2002) and the Almaty–Bishkek road (completed in 2006). The first Gulshad–Akchetau project is rated successful,² with the following accomplishments: (i) the government made progress in some aspects of institutional development and policy reform for roads; (ii) through internationally funded projects, the Ministry of Transport and Communications was exposed to new technology and road materials, international competitive bidding, and working with international contractors and consultants; (iii) road maintenance budgets increased; (iv) outsourcing of road construction and maintenance to the private sector was substantial; and (v) road legislation was updated in 2001 and 2004.

6. The completion report for the Almaty–Bishkek project rates the project satisfactory,³ noting that (i) the executing agency's capacity, especially for contract practices, needs to be strengthened; (ii) additional assistance is needed to improve the efficiency of road maintenance and road safety measures; and (iii) submission of the financial audit report of the project was delayed.

7. ADB approved the first multitranche financing facility on 12 November 2008; it includes (i) a \$340 million loan for the first tranche on 30 December 2008 to improve 125 km of roads;

² ADB. 2006. *Performance Evaluation Report: Road Rehabilitation Project in Kazakhstan*. Manila.

³ ADB. 2007. *Completion Report: Almaty–Bishkek Regional Road Rehabilitation Project in Kazakhstan*. Manila.

(ii) a \$189 million loan for the second tranche on 28 September 2009 to improve 79 km; (iii) a \$173 million loan for the third tranche on 15 November 2010 to improve 98 km; and (iv) a \$112 million loan for the fourth tranche on 21 February 2011 to improve 49 km. The second multitranche financing facility and a \$283 million loan for the first tranche were approved in 2010. The government has been complying with requirements regarding (i) the framework financial agreement; (i) the sector road map, the policy framework, road maintenance, funding, and road safety; (ii) design and monitoring framework targets; (iii) selection criteria and the approval process for subsequent tranches; (iv) environmental and safeguard requirements; (v) governance; (vi) undertakings; and (vii) the covenants of the loan agreements regarding procurement, implementation, disbursements, monitoring, reporting, and financial management.

D. Summary and Recommendations

8. ADB's road interventions together with collaboration with international finance institutions will contribute to the government's development objective. ADB's role remains strategic, and ADB has adequate capacity to implement road projects in Kazakhstan.