



Kazakhstan

49 Railway Transport Capacity Development Project

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The project's objectives were to boost transport capacity and improve safety in response to demand for rail transport services by rehabilitating existing track on the rail network that links Kazakhstan with China and increasing the transshipment capacity of the station on the national border, and by expanding trade with China contribute to economic growth in Kazakhstan.

Loan Amount/Disbursed Amount: 7,236 million yen/7,157 million yen

Loan Agreement: December 1995

Terms and Conditions: Interest rate, 3.0%; Repayment period, 25 years (grace period, 7 years); General untied

Final Disbursement Date: May 2001

External Evaluator: Akira Maekawa (INTEM Consulting Inc.)

Field Survey: November 2003



Evaluation Result

Because the lowest tender price exceeded the budget, Japan's ODA loan was used to cover rehabilitation work on conspicuously damaged sections of track, with the remaining sections being financed and implemented by Kazakhstan Temir Zholy (KTZ), the national railway company and the project's executing agency (total length: 14,200km), but the facilities were completed almost as planned. Implementation was delayed by the reviews of the priority level of facilities to be covered by loan funding, but project costs were basically within budget. Cargo transport volumes on the section covered by the project (approx. 900km) increased from 24,985 million tons per kilometer (1998) to 34,120 million tons per kilometer (2002). Further, passenger turnover has risen to approximately 15 million annually. Added to which, the transshipment capacity of Druzhba Station on the border with China increased from 220 thousand tons (1998) to 800 thousand tons (2002) and is helping to expand trade with China. Journey times are shorter and the number of accidents has also fallen. The rolling stock repair plant that was built in Almaty, Kazakhstan's largest city, performed repairs on 135 carriages in 2002 as compared to a target of 300 carriages due to

shortages of engineers and parts. The volume of cargo transported by rail in Kazakhstan is extremely high, and a JBIC survey conducted in 1997 made a number of recommendations including the privatization of KTZ affiliates and the establishment of a strategic planning department; the restructuring of Kazakhstan's rail sector is currently in progress based on the results of this survey. The executing agency is in the process of being spun off and the rolling stock repair plant became an independent company in 2003, which has made it feasible to procure spare parts more quickly and improve the skills of engineers through training. There are no problems in the technical capacity, operation and maintenance system, or financial condition of the executing agency.

Third-Party Evaluator's Opinion

The project will effect on the turnover of goods and services, increase the trade between Kazakhstan and China, create the new job places and facilitate new business activities.

Third-Party Evaluator: Ms. Olga Kuznetsova

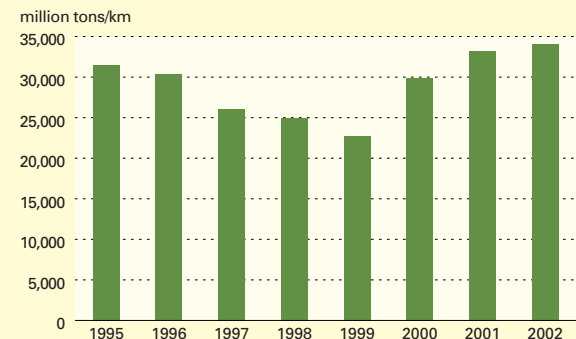
Obtained a doctorate in economics from Kazakh State Academy of Management. Presently holds the post of Rector, International Academy of Business. Specializes in operations management, transition to market economy, general management, etc.

Inside the Almaty rolling stock repair plant



Restructuring of Kazakhstan's rail sector is expected to improve the repair performance of this plant.

Cargo Volumes on the Almaty - Aktogay - Druzhba Route



Note: Track rehabilitation, construction of the alternative route and procurement of transshipment equipment for Druzhba Station were completed in December 1999. Source: KTZ

Cross-border trade with China has blossomed since 1999, which is also serving to increase cargo transport volumes.