

## **Kazakhstan**

### **Center West Regional Development Corridor Project**

#### **Chair Summary\***

**June 9, 2016**

The Executive Directors approved a loan for the Republic of Kazakhstan in the amount of US\$977.86 million for the Center West Regional Development Corridor Project on the terms and conditions set out in the President's Memorandum. Mr. De Villeroche and Ms. Robinson wished to be recorded as abstaining.

Directors acknowledged the achievements Kazakhstan has made to sustain growth and reduce poverty during the past decade. They welcomed efforts in the areas of macroeconomic reform, development of the fiscal framework, strengthening public financial management, allocation of resources for social services, and critical investments in infrastructure. However, they noted that challenges remain as the country faces an uncertain external environment, reduced commodity revenue, and weaker growth among key trading partners. Directors recognized the importance of the government's Nurlı Zhol program in mitigating potential shocks but noted that a growing fiscal deficit exists, exacerbated by lower oil revenues. They stressed the importance of long-term macroeconomic and external debt sustainability and reduction of the current account deficit.

Directors noted the project's alignment with the Kazakhstan CPS for FY12-17 as well as the country's objective of improving infrastructure connectivity. They welcomed the project's complementarity with ongoing efforts to remove barriers to trade and transport and to improve access to services, markets, and employment opportunities in low income and vulnerable populations along the corridor. Directors stressed the potential of corridor development for Kazakhstan, the strategic importance of improving connectivity with neighboring countries, and the promotion of regional integration, global economic growth, and competitiveness. Directors also appreciated the attention to environmental and social impacts in the project design. Directors stressed the importance of increasing the leverage of World Bank resources for large infrastructure projects, seeking greater financial partnership with other stakeholders such as development institutions and the private sector.

While the project is transformational, Directors noted that it involves substantial risk. They emphasized the importance of monitoring and risk mitigation during implementation, particularly in the area of project financial management. Directors also underscored the importance of mitigating the substantial risk related to institutional capacity for implementation, and recommended extra attention to implementation support.

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\*This summary is not an approved record.