Early Warning System

MIGA-15064

KTZ Railway Project

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Quick Facts

Countries	Kazakhstan
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Active
Bank Risk Rating	B
Voting Date	2023-06-30
Borrower	Citibank N.A., Banco Santander S.A.
Sectors	Infrastructure, Transport
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 621.20 million

Project Description

On September 19, 2023, The Multilateral Investment Guarantee Agency (MIGA) a member of the World Bank Group, issued a CHF 554.7 million (the equivalent of US$ 621.2 million) guarantee covering the principal and interest on a loan from Citibank N.A (United States of America), and Banco Santander, S.A (Spain) to National Railway Company Kazakhstan Temir Zholy JSC (KTZ).

MIGA's guarantee provides cover for a 10-year period of the loan against the risk of Non-Honoring of Financial Obligations by a State-Owned Enterprise. The Guarantee will help KTZ to access long term international commercial financing at favorable terms.

KTZ is embarking on a capital expenditure program during the period 2022-2027 to rehabilitate and repair its existing railway tracks network, as well as to modernize, upgrade and expand its fleet of electric locomotives, and passenger cars to improve its freight and passenger transport safety, speed, and capacity. In addition, this capital expenditure program will contribute to the realization of KTZ's low-carbon pathway strategy. The proceeds of MIGA-guaranteed loan will be used to finance KTZ's capital expenditure program needs for the years 2023 and 2024.

MIGA's guarantee is the first step toward a long-term World Bank Group's collaboration to support KTZ's development projects.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Banco Santander SA (Financial Intermediary)
- Citibank NA (Financial Intermediary)

Private Actors Description

As stated by the MIGA, KTZ is a vertically integrated group and is 100% state-owned enterprise (via Samruk-Kazyna JSC, Kazakhstan's Sovereign Wealth Fund). The group owns and operates all the state railway network and is the country's largest owner of rolling stock. KTZ plays a key role in the national and regional transport system, providing economic connectivity with 14 regions of Kazakhstan, and with five neighboring countries, rendering KTZ as one of the 15 largest railway companies in the world in terms of freight turnover.

As stated by Bloomberg, Citibank, N.A. operates as a bank. The Bank provides saving accounts, deposits, loans, mortgages, investment fund, credit and debit cards, insurance, capital markets and advisory, electronic, and private banking services. Citibank serves customers worldwide.

Banco Santander S.A. attracts deposits and offers retail, commercial and private banking, and asset management services. The Bank offers consumer credit, mortgage loans, lease financing, factoring, mutual funds, pension funds, insurance, commercial credit, investment banking services, structured finance, and advice on mergers and acquisitions.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	JSC National Company Kazakhstan Temir Zholy	Client	Transport

Contact Information

Guaranteed Institutions -

Citibank NA:

Address: Citibank Customer Service, P.O. Box 6500, Sioux Falls, SD 57117
Phone: +1 888 248 4226
Website: https://www.citi.com/

Banco Santander SA:

Address: Santander Group City, Av. de Cantabria s/n, 28660 Boadilla del Monte MADRID-SPAIN
Phone from Spain: 902 11 22 11
Phone from abroad: +34 912890000
Website: https://www.santander.com/en/home

Client - JSC National Company Kazakhstan Temir Zholy:

Bakhytzhan Shakhmanov - Senior manager of Borrowings and investor relation department
Phone: +7 702 112 22 00 / +7 7172 60 37 37
Email: Shakhmanov_b@railways.kz
Address: 6 Kunayev str., block B, room 3301
Website: www.railways.kz

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing: migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Corporate Ideology and Philosophy, Company Policy KTZ, November 2017(in Russian and in Kazakh) [Original Source]
- E&S Action Plan (ESAP) [Original Source]
- Environmental and Social Review Summary
- Environmental Management System Manual, KTZ, November 2020(in Russian) [Original Source]
- Ethics and Behavior Code, KTZ, September 2019 (in Russian) [Original Source]
- Health and Safety Management System Manual, KTZ, November 2020(in Russian) [Original Source]
- Human Resources Policy for 2019-2029, KTZ, September 2019 (in Russian) [Original Source]