

World Bank Backs \$1.41bn Rail Financing for Kazakhstan's Middle Corridor

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The World Bank's Board of Executive Directors has approved an \$846 million IBRD guarantee to mobilise \$1.41 billion in long-term commercial financing for a major rail project in Kazakhstan. The investment targets the country's section of the Trans-Caspian International Transport Route, known as the Middle Corridor, a key trade link between Asia and Europe.

The Transforming Rail Connectivity in Kazakhstan Project is designed to improve the efficiency and resilience of the national rail network while strengthening the financial sustainability of Kazakhstan Temir Zholy, the state railway operator. The programme combines infrastructure delivery with institutional reform and private capital mobilisation.

Strategic infrastructure with structural reform

The core infrastructure element is the construction of a 322.3-kilometre greenfield railway line between Mointy and Kyzylzhar. The new link will remove a significant detour in the network, shorten the corridor by 149 kilometres and relieve congestion on heavily trafficked sections. It is designed to support double-stack container operations and includes modern signalling and telecommunications systems, with future provision for electrification.

Alongside physical works, the project includes institutional strengthening for KTZ. This covers tariff reform, financial management improvements, exploration of alternative financing mechanisms and preparatory steps toward a potential initial public offering.

From a project governance perspective, this dual-track approach reflects a recognition that infrastructure performance depends not only on assets delivered, but on the financial and commercial model

underpinning operations.

Multi-phase delivery model

The programme is structured under a Multi-Phase Programmatic Approach, allowing sequenced implementation and progressive reduction in reliance on sovereign guarantees. This phased model supports learning and adaptation across delivery stages, a useful mechanism for large-scale, capital-intensive transport projects.

The financing structure combines an \$846 million IBRD guarantee with a \$564 million co-guarantee from the Asian Infrastructure Investment Bank. Together, these instruments de-risk the project and unlock \$1.41 billion in private financing, illustrating how guarantees can be used strategically to crowd in commercial capital.

Trade, climate and regional integration

By 2030, the project is expected to triple freight volumes along the Middle Corridor and halve end-to-end transit times. Shifting freight from road to rail will reduce transport emissions and support Kazakhstan's climate commitments.

Improved rail capacity and reliability are also central to Kazakhstan's ambition to strengthen its position as a Eurasian logistics hub. For project leaders, this underlines the importance of aligning asset delivery with wider economic strategy, ensuring infrastructure programmes are integrated into trade, industrial and climate policy frameworks.

A programme-level intervention

Beyond the 322-kilometre rail link, the project represents a broader transformation of rail governance, financing and market positioning. By combining capital investment, institutional reform and private sector mobilisation, the programme moves beyond traditional state-funded infrastructure models.

For Kazakhstan, the challenge now shifts to disciplined execution: maintaining schedule control, managing cost risk and delivering reform milestones alongside construction progress. If achieved, the Middle Corridor development could serve as a reference model for blended finance and phased programme delivery across large transport networks.