

CONSTRUCTION OF THE ALTERNATIVE TUNNEL ON THE BISHKEK OSH HIGHWAY

MINISTRY OF TRANSPORT AND COMMUNICATIONS OF
THE KYRGYZ REPUBLIC



KYRGYZSTAN



Name of the project:

The construction of an alternative tunnel through the Too-Ashuu Pass

Brief description of the Project:

The project involves the construction of an alternative tunnel through the Too Ashuu Pass on the Bishkek-Osh highway.

The condition of the existing tunnel is considered satisfactory. However, the repairs are currently required. In this regard, it is necessary to build a new and more technologically advanced tunnel.

There are plans to build an alternative tunnel at an altitude of 2,200 meters above sea level, which is 1,000 meters lower than the existing tunnel. According to the plan, there are two tunnels to be built in two directions, with a two-way roadway in each of the tunnels. The length of the tunnels will be approximately 11 km, their construction is planned to commence 16 km before the existing tunnel on the north side and at the same distance on the south side.

Description of the Project Initiator:

The Project Initiator is the Ministry of Transport and Communications of the Kyrgyz Republic.

Minister of Transport and Communications of the Kyrgyz Republic

Erkinbek Osoyev

Civil Service Inspector Grade 3

More than 13 years in management positions at the Ministry of Transport and Communications of the Kyrgyz Republic

Experience of international and investment projects implementation

Project cost - \$240,000,000

Construction of the tunnel- \$240,000,000

Amount of investments - \$240,000,000

Payback period - 15.7 years

DESCRIPTION OF THE PROJECT

The project involves the construction of an alternative tunnel through the Too Ashuu Pass on the Bishkek-Osh highway.

The technical characteristics of the existing tunnel and the alternative tunnel are below:

Parameter	Existing tunnel	Alternative tunnel
Height:	3,200 meters above level;	2,200 meters above sea level;
Length:	2,500 meters	11,000 meters
Date of construction:	1962	-
Date of reconstruction:	2000	-
Tunnel type:	One-way tunnel	Two-way tunnel
Parameters:		
✓ Height	5.8 meters	-
✓ Width	6.6 meters	-
✓ Location	km 129-132, Bishkek-Osh highway	km 113-144, Bishkek-Osh highway
✓ Intensity	6,000 vehicles per day in the summer time	6,000-10,000 vehicles per day

The condition of the existing tunnel is considered satisfactory. However, the permanent repairs are currently required. It is necessary to build a new and more technologically advanced tunnel.

There are plans to build an alternative tunnel at an altitude of 2,200 meters above sea level, which is 1,000 meters lower than the existing tunnel. According to the plan, two tunnels will be built in two directions, with a two-way roadway in each of the tunnels. The length of the tunnels will be approximately 11 km, their construction is planned to commence 16 km before the existing tunnel on the north side and at the same distance on the south side.



GEOGRAPHICAL LOCATION OF THE PROJECT



SUSTAINABLE COMPETITIVE ADVANTAGES

The construction of the alternative tunnel will make it possible to solve the following problems:

- ✓ regular vehicle congestion due to tunnel works, cattle drives and during avalanching periods;
- ✓ difficulties in ensuring two-way traffic, with trucks passing one-way;
- ✓ accidents due to insufficient roadway parameters in the tunnel and unfavorable weather conditions (ice, snow drifts, etc.)
- ✓ the construction of two two-way tunnels will have a positive impact on the country's economic activity and will increase the trade flow
- ✓ wider roads will increase traffic flow, which the existing tunnel fails to ensure



DESCRIPTION OF THE PROJECT INITIATOR

The Project Initiator is the Ministry of Transport and Communications of the Kyrgyz Republic. The Ministry coordinates and controls the activities of subordinate units, state enterprises and institutions under the authority of the Ministry.

The subordinate units of the Ministry of Transport and Communications of the Kyrgyz Republic:

- ✓ Civil Aviation Authority (CAA)
- ✓ Road, water transport and weight and dimensional control agency
- ✓ State Enterprise “NC Kyrgyz Temir Jolu” (SE “NC KTJ”)
- ✓ State Enterprise “Kyrgyzaeronavigatsia” (SE “KAN”)
- ✓ State Enterprise “Kyrgyz Autobeketi”
- ✓ Project - Research Institute “Kyrgyzdortransproject”
- ✓ Roads Department (RD)
- ✓ Investment Projects Implementation Group (IPIG)
- ✓ “Manas” International Airport JSC

The main objectives of the Ministry:

- ✓ create conditions through the development of the road transport complex, architectural, urban planning and construction activities, and housing and communal services;
- ✓ create conditions for the development of the transport services market for the transportation of passengers and goods by all modes of transport, ensuring the preservation of highways;
- ✓ ensure sustainable development of drinking water supply and water disposal systems in the settlements of the Kyrgyz Republic.



MANAGEMENT TEAM



Erkinbek Osoyev

Minister of Transport and Communications of the Kyrgyz Republic

- ✓ University degree, Yokohama National University, Kyrgyz Mining and Metallurgical Institute named after Academician U.A. Asanaliev
- ✓ Minister of Transport and Communications of the Kyrgyz Republic since 2021
- ✓ Civil Service Inspector, Grade 3
- ✓ More than 13 years of executive experience at the Ministry of Transport and Communications of the Kyrgyz Republic
- ✓ More than 22 years of experience in the transport sector
- ✓ Experience in the implementation of the international and investment projects



Almaz Turganbayev

**First Deputy Minister of Transport and Communications
of the Kyrgyz Republic**

- ✓ University degree, Kyrgyz National University named after Jusup Balasagyn, Frunze Polytechnic Institute
- ✓ First Deputy Minister of Transport and Communications of the Kyrgyz Republic since 2021
- ✓ More than 35 years of experience in the transport sector

PROJECTED FINANCIAL INDICATORS

Intensity of traffic flow through the alternative tunnel	2023	2024	2025	2026	2027	2028-2042
Number of vehicles	366 957	445 398	540 607	656 168	796 431	78 148 628

Key Projected financial indicators, USD	2023	2024	2025	2026	2027	2028-2042
Revenue	1 726 855	2 095 990	2 544 032	3 087 848	3 747 911	367 758 251
Expenses	345 371	419 198	508 806	617 570	749 582	73 551 650
EBITDA	1 381 484	1 676 792	2 035 225	2 470 278	2 998 329	294 206 601

- ✓ IRR at the end of 2042 is 1.54%
- ✓ Project payback period is 15.7 years, discounted payback period is 33.2 years

SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	240 000 000
Total:	240 000 000

Application of funds	Amount, USD
Construction of the tunnel	240 000 000
Total:	240 000 000

The design and estimate documents have not been developed, the preliminary calculations are not available either. The given amounts are indicative.



A BRIEF OVERVIEW OF TRANSPORT MARKET IN KYRGYZSTAN

По данным Национального статистического комитета, автодорогами обеспечивается 96,6% грузовых и 98% пассажирских перевозок страны.

Highways of international importance 4,150.7 km		Highways of national standing 5,565.54 km		Highways of local significance 9,011.41 km	
<i>Condition:</i>	km	<i>Condition:</i>	km	<i>Condition:</i>	km
Good	1517,8	Good	2162	Good	2483,2
Satisfactory	2183	Satisfactory	2656,32	Satisfactory	5112,21
Unsatisfactory	449,9	Unsatisfactory	747,22	Unsatisfactory	1416

Municipal highways 15,272.35 km

The Bishkek-Osh highway is about one third of the International Transport Corridor network in Kyrgyzstan. It connects the country with Kazakhstan in the north, Uzbekistan and Tajikistan in the south, and the People's Republic of China in the south-east. It passes through four regions of the country and around 2 million people use it.

The highway runs from the west and south of the Siberian region of the Russian Federation through Kazakhstan, Kyrgyz Republic, Tajikistan, Afghanistan and Uzbekistan to the Middle East and South Asia.

Intensity of traffic flow through the Too-Ashuu tunnel (ROE-9)	2016	2017	2018	2019	2020	2021
Number of vehicles	455 147	498 697	432 405	683 577	705 955	1 007 767

OFFER FOR INVESTOR

LEGAL MECHANISM	✓ New joint venture
TYPE OF FINANCING	✓ Direct investment in capital
AMOUNT	✓ USD 240,000,000
FINANCING TERM	✓ Up to 20 years
NUMBER OF TRANCHES	✓ Tranches will be determined once the design and estimate documentation are developed
FINANCIAL SUPPORT	✓ State guarantees



