



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 09/09/2025 | Report No: ESRSC05158

**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P509487	Investment Project Financing (IPF)	CTSI	2026
Operation Name	Connectivity and Transport Sector Improvement Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Uzbekistan	Uzbekistan	EUROPE AND CENTRAL ASIA	Transport
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Economy and Finance	Avtoyulinvest Agency, Committee for Roads, Ministry of Transport, Uzbekiston Temir Yullari	03-Nov-2025	25-Nov-2025
Estimated Concept Review Date	Total Project Cost		
28-Aug-2025	200,000,000.00		

Proposed Development Objective

To improve road connectivity, safety and climate resilience in Surhandarya region and to strengthen transport sector institutions in Uzbekistan.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

The Connectivity and Transport Sector Improvement Project (CTSI) is a SOP Investment Project Financing operation aimed at modernizing road infrastructure in the region of Surkhandarya and at transforming the transport sector by supporting comprehensive reforms in the multimodal, road, and railway sectors. As the inaugural project in a series, it encompasses four main areas: multimodal planning, roads and railways. The first component focuses on the road sector, providing funds for refurbishment and enhancement of the M-41 road, which links Afghanistan, Uzbekistan, and Tajikistan, thereby boosting the region's road connectivity, resilience, and safety. Component 1 also includes reform,



modernization of the road sector, and private capital enabling. The second component is pivotal, as it assists the Government of Uzbekistan in establishing the necessary transport strategy and planning process for multimodal transport. This component provides technical assistance to the Ministry of Transport and public enterprises to develop a national transport strategy and planning process, strengthening government capacity for service optimization, infrastructure planning, and targeted subsidies. Key activities include support for the National Transport Strategy and Masterplan, development of a national transport model, planning process, and integrated pricing and service policy. The third component is dedicated to the railway sector, supporting the transformation of Uzbekistan Railways (UTY) in line with the Presidential decree on sub-sector reform. This component supports the transformation of Uzbekistan Railways (UTY) through technical assistance to: (i) strengthen sector governance, including institutional capacity for reform, implementation of OECD SOE management standards, and enhancement of the regulatory framework; and (ii) reorganize UTY's corporate structure by separating infrastructure management, freight, and passenger services into distinct business units.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

The Project will invest in the expansion and rehabilitation of the 1525-1622 km section (93 km) of the existing highway road M-41 "Bishkek-Dushanbe-Termez" km in Surkhandarya region. Other investments support reforms in the road, and railway sectors with technical assistance, as well as preparatory work to attract private capital in the road sector. Two sections of the M-41 road will be renovated into a four-lane, climate-resilient highway, including enhanced drainage, pavement, and embankment protection. Construction of parking facilities with charging stations and other amenities will also be supported.

Surkhandarya region is located on the southern border of the Republic of Uzbekistan. The territory of the region is 20,800 sq. km, varied terrain, mostly plains. More than 2 million people live in the region. It borders with the Republic of Tajikistan, Afghanistan, Turkmenistan, and Kashkadarya region of Uzbekistan. Surkhandarya region was formed as an administrative unit on March 6, 1941. The city of Termez is the regional center and is surrounded by important archaeological sites, such as Fayaztepa, Kampyrtepa, Dalverzintepa, Karatepa, Ayrtam and others. The region is comprised of 14 districts and includes 9 large cities.

The climate of the region is sharply continental. The average temperature in July is +31.8 °C, in January - 0.4 °C. Precipitation falls mainly in the form of rain. The annual rainfall is 144.6 mm. The prevailing wind direction is western and northeastern winds. The seismicity of the site is 8 points on the twelve-point Richter scale, the frequency of occurrence is 100 years. Most common fauna in the region are widespread and non-threatened species, but some threatened species are also present.

Permanent population of Surkhandarya region is 2,693 th. people (7.2% of Republic), comprising of urban (36.2%) and rural (63.8%) residents. 64.9% of land is agricultural land through which existing road passes through, predominantly.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The project will have two implementing agencies: Committee of Roads (CR) and Uzbekistan Railways (UTY). For the M-41 part of the project that bears most of the E&S risk of the project, the implementing agency is AvtoYulinvest (AYI), reporting to CR. The Ministry of Economy and Finance (MEF), Ministry of Investment, Industry and Trade (MIIT), and Ministry of Transport (MOT) will be closely involved in a coordinating capacity for all project preparation activities.



Since 2015, CR implemented Uzbekistan Regional Roads Development project (P146334) and has Project Implementing Unit (PIU). The same PIU is expected to implement the proposed Project. The OP 4.01 and OP 4.12 performance was rated Moderately Satisfactory. The PIU has experience of managing a World Bank financed project and is staffed by a director, component coordinators, and procurement and financial management specialists among others. In terms of E&S management, the capacity is outsourced to a consultancy agency, Itafact, had been contracted to monitor E&S safeguards performance of the project to supplement the limited in-house capacity. While the approach has proven successful and could partially be replicated, the in-house E&S management capacity of the PIU is currently limited in terms of risk assessment and management. The capacity of the PIU must be strengthened by hiring and training on-staff environmental engineer/ OHS specialist and social/resettlement specialist and a community & gender specialist. Given the important resettlement risk of the Project (detailed below), hiring an experienced and qualified social/resettlement specialist at the PIU will be a condition for effectiveness, and funds made available from retroactive financing while hiring of the environmental engineer/OHS specialist will be timed for 90 days after effectiveness.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

A.1 Environmental Risk Rating

Substantial

The environmental risk classification of the Project is Substantial because of the environmental risks and impacts of Component 1 coupled with the IA's limited E&S management capacity. The proposed risk level is justified by the diversity and scale of risks associated with road reconstruction and include: (i) loss of vegetation, disturbances to biodiversity, soil erosion and degradation due to land clearance for carriageway (ii) soil and surface water pollution from construction works and operation of campsites (iii) dust and noise emissions from construction vehicles leading to impacts on water and air quality that could pose significant public health risks, (iv) generation of hazardous and non-hazardous waste (v) disturbance of water flows (vi) road traffic safety, and (vii) substandard working conditions and poor OHS discipline. These environmental risks and impacts are largely temporary, localized, and can be readily mitigated. An ESIA was prepared in 2024 for road's full length. Screening for biodiversity impacts concluded that project's AoI doesn't intersect with protected or key biodiversity areas nor impact threatened flora or fauna. The main environmental impact is the deforestation caused by the Project, although a recent enhancement of road design has been made to reduce impact on trees. It is estimated that around 3,300 trees will be impacted that are to be issued special permission for replanting (1:10) and/or compensation. A Tree Management Program will be required from AYI and endorsed by Government environmental agency. Adequate financial and technical provisions for trees inventory, removal, replanting and planting are to be factored into cost tab and guaranteed by the Project. Activities under Component 2 and 3 will support the Ministry of Transport (MoT) and Uzbekistan Railways (UTY) , including such tasks as implementation of corporate guidelines, strengthening regulatory framework, etc. and are considered environmentally & socially benign.

A.2 Social Risk Rating

Substantial

At concept stage, the proposed social risk of the project is Substantial based on the revised design of M41 regional corridor to minimize the environmental and social impacts. The roadbed width has been reduced from the original



25.1 meters to 19.6 meters, while still expanding the road to four lanes. The draft ESIA will be aligned with the new design by the end of Appraisal. The proposed design indicates that it will likely generate impacts on densely populated settlements including physical resettlement and livelihoods impacts. Based on experience of implementation of projects, GoU has limited ability to address compensation for land expropriation, including rights & claims of informal users. Major adverse social impacts include: (i) loss of fertile agricultural land; (ii) loss of structures used for residential, commercial and other purposes and associated loss of livelihood i.e., loss of livelihood due to impacts on sources of earning; (iii) disruption of livelihood due to clearing of RoW particularly, small shop owners, squatters & encroachers, etc; (iv) restriction of movement for pedestrians & cyclists; (v) likelihood of increased accidents due to road widening (vi) possibility of gender-based violence arising from labor influx; (vii) possibility of forced and child labor issues etc. ESIA will be updated based on the revised design & measures will be proposed in ESMP to address temporary impacts. For permanent impacts, Resettlement Action Plan (RAP) will be prepared which will include the details of impact on land, structure and livelihood, entitlements of the project affected people, provide an estimate the R&R budget. RAP preparation will include public disclosure of information, & meaningful consultation with all stakeholders with special attention to the needs of the disadvantaged & vulnerable groups and women's participation in project activities. RAP will be finalized before bidding & implemented before award of contract for the road.

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

The overall risk rating Substantial. Potential environment, OHS risks & impacts are predictable, temporary & reversible, medium in magnitude & site specific. Off-site risk activities are quarry, burrow pit & asphalt plant operations. Social risks & impacts include land acquisition & resettlement, impact on livelihood, labor influx, OHS, gender, SEA/SH, etc. The ESIA/ESMP needs updating to highlight the project boundaries, however all risk areas remain relevant. ESMP uses guidance from WBG ESHS and local reference documents. The project has an LMP for labor risks & RPF to address social impacts due to land acquisition. RAP will be prepared to address these impacts in line with RPF once road design is approved. Potentially affected & interested stakeholders are identified in SEP & includes setting up of project-level GRM. These instruments will be publicly disclosed & consulted prior to completion of project appraisal. The project will prepare ESCP.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

Stakeholder engagement activities will need to be initiated as soon as possible to get feedback of the affected communities and other stakeholders on the project activities and to manage social risks and impacts. Proactive engagement and participation of the stakeholders during project preparation and implementation will be critical, as all aspects of the Project implementation require intensive engagement and consultation with national and local government stakeholders, PAPs, civil society (such as community organizations and women's groups), local businesses and other interested parties. The engagement process will include public disclosure of information & meaningful consultation with all stakeholders with special attention to needs of disadvantaged & vulnerable groups &



women's participation in project activities. Citizen engagement in providing continuous feedback on the road construction and operation will also be an important social benefit of the project. An SEP has been prepared

ESS2 - Labor and Working Conditions

Relevant

Project will involve direct, contracted & primary supply workers. As per feasibility, study, the number of workers may go up to 500 during different stages of the construction. The workers might be exposed to various risks such as inadequate accommodation; non-payment of wages; non-payment of benefits, discrimination at employment, child labour, forced labour, human trafficking, Occupational Health and Safety (OHS) issues including workplace accident and work-related diseases, communicable diseases including Sexually Transmitted Infections (STIs), grievances related to workers and GBV. To address these risks and to regulate working condition and management of workers, the project has prepared a Labour Management Procedure (LMP). The ESMP to be prepared for the project will also include mitigation measures to address the labour management risks associated during construction and operation stage. Contractors will be required to establish GRM for employees & separate GRM for GBV.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

Road reconstruction will include use of materials like asphalt, cement, fly ash, etc. that pollute environment unless properly handled. Construction will use gravel & stone from pre-identified borrow-pits. No borrow pit will be operated without a construction ESMP that will contain a plan for its closure, remediation and recultivation. Road construction will generate some adverse impacts related to handling & disposal of waste (including C&D waste during construction phase that will be managed by C-ESMPs. Proposed road construction will generate moderate Green House Gas (GHG) emissions due to use of large machinery and other technical vehicles. There will be use of water resources during the construction phase. ESIA /ESMP includes measures to promote adherence to good construction practices and use of special mitigation techniques for waste management or to avoid air, noise and water pollution, and measures to prevent excess use of water & energy.

ESS4 - Community Health and Safety

Relevant

The road construction works may cause adverse health impacts on Project workers & local communities including increased vehicle traffic and speeding, vibration impacts, exposure to hazardous materials & possible health risks; air & noise pollution; spillage & contamination of water courses, exacerbation of landslide hazard and prone areas, GBV/SEA/SH risks and possible security issues. These impacts have been assessed and proposed to be mitigated in the ESIA and mitigation measures suggested in the ESMP in line with ESS 4, including preparation of a community health and safety plan, emergency management plan, traffic management plan, security management plan and GBV action plan. These are still relevant to the project. OHS standards will apply for the workers hired by the contractors and sub-contractors. In compliance with the standards, universal access during M-41 works is to be secured in the design documentation for the proposed pedestrian bridges and pedestrian walkway bridges.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

Reconstruction of existing M-41 road will also include construction of truck parking facilities, charging stations, commercial & logistics facilities. The project will involve land acquisition and resettlement. A RAP will be prepared based on final revised design. The prepared RPF will be updated. ESIA will be updated to reflect potential impacts as per new design. As per information provided by the client, agricultural land acquisition for road rehabilitation & 4



laning will be around 54ha in Kumkurgan, Jarkurgan, Termez districts. Extent of economic & physical displacement is currently approximate, and will be known during RAP census & socio- economic survey. At various locations, govt. land has also been encroached, by squatters. and they might get impacted due to road widening. Due to loss of private property & assets, individuals, households & businesses are likely to be economically displaced requiring compensation and restoration of livelihoods.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

This standard is relevant. A Biodiversity Management Plan (BMP) was developed to identify and manage risks and impacts to biodiversity associated with the Project activities. A CH screening conducted in ESIA indicated that there are no critical habitats or threatened species within the RoW. The existing road and its envisaged bypasses are passing through converted landscapes and do not overlap with the existing protected areas or KBAs. The closest IBA (Yuzhno-Surkhan Reservoir) is 3 kms away. Temporary disturbances to the biotope, especially during the construction period, and related responsibility and mitigation measures are reflected in the ESIA and ESMP. The ESIA identifies impacts and mitigation measures on biodiversity during: i) site clearance for construction purposes; ii) camp site construction; iii) material extraction from borrow-pits, and iv) earth works consisting of excavations and trenching. The ESIA identified no indirect impacts of the expansion of road on biodiversity.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not Currently Relevant

Not Currently Relevant — Uzbekistan does not have indigenous peoples as defined by ESS7.

ESS8 - Cultural Heritage

Relevant

This standard is relevant. Identification of cultural heritage objects was carried out by consulting with relevant stakeholders as well as through site observations at scoping stage and ESIA stage. No internationally recognised or legally protected cultural heritage areas have been identified. ESIA includes a list of objects of cultural and historical significance in the vicinity of the road, however the road expansion and bypasses already take them into account and will not impact them. As possibility of archeological finds can't be ruled out, ESIA includes chance-find procedures as a precautionary measure. Stakeholder engagement and consultations incorporated discussions around presence and proximity of important historical sites, and Project's potential risk of indirect affect.

ESS9 - Financial Intermediaries

Not Currently Relevant

The project will not use Financial Intermediaries.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features



Use of Borrower Framework

In Part

The BF will be partially applied for this project under ESS2 (OHS) and ESS10 (GRM). The Labor Code and Law on Labor Protection set requirements for workplace occupational health and safety, including OHS specialists in large enterprises and mandatory OHS training for employees, though record-keeping of such training is not required. Improved monitoring could align OHS provisions with ESF standards. GMs are available in all state bodies and self-governing institutions via People's and Virtual Reception systems, with designated focal points. These mechanisms ensure access for all, including vulnerable groups, without discrimination. While the systems are comprehensive, implementation could be strengthened through increased public awareness and training of government staff. An assessment of the existing system will be undertaken to assess its effectiveness to respond to complaints from all groups and for all types of E&S complaints and if gaps exist, measures will be taken to fulfill ESF.

Use of Common Approach

No

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

- I. Environmental and Social Commitment Plan (ESCP) incl. capacity building plan, updated, disclosed, and consulted with stakeholders before the end of Project appraisal, finalized and adopted during negotiations.
- II. Environmental and Social Impact Assessment (ESIA) report for M-41 updated, disclosed, and consulted with stakeholders before the end of Project appraisal & finalized and adopted before negotiations. ESMP included as part of ESIA proposes appropriate mitigation measures for the identified risks, including preparation of a community health and safety plan, emergency management plan, traffic management plan, security management plan and GBV action plan.
- III. Labor Management Procedures (LMP) updated and made ready before the end of Project appraisal.
- IV. Stakeholder Engagement Plan (SEP) updated, disclosed, and consulted with stakeholders before the end of Project appraisal.
- V. Resettlement Policy Framework (RPF) updated, disclosed, and consulted with stakeholders before the end of Project appraisal.
- VI. Preparation, implementation and completion of Resettlement Action Plans during implementation
- VII. Implementation and reporting on the GRMs, including SEA/SH aspects.

III. CONTACT POINT

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