



Project Summary Information

Date of Document Preparation/Updating: 09/03/25	
Project Name	Karakalpakstan and Khorezm Local Roads Network Reconstruction Project
Project Number	P000871
AIIB member	Uzbekistan
Sector/Subsector	Transport/Roads
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
Status of Financing	Approved
Objective	To enhance climate resilient and inclusive road transport connectivity to markets and services in the Republic of Karakalpakstan and the Khorezm Region of Uzbekistan.
Project Description	<p>The Karakalpakstan and Khorezm Local Roads Network Reconstruction Project (the Project) aims to rehabilitate and reconstruct up to 516.1 kilometers (km) of local roads across 23 districts in the Republic of Karakalpakstan and the Khorezm Region of Uzbekistan. These roads serve as critical links between rural communities and key socioeconomic services such as markets, schools, hospitals, and administrative centers. The Project will finance the following activities:</p> <ul style="list-style-type: none"> (i) civil works for the rehabilitation of up to 516.1 km of rural roads using climate-resilient pavement structures and improved safety features; (ii) consultancy services for construction supervision and quality control; (iii) development of a digital geospatial platform to support construction monitoring, grievance management, and climate vulnerability mapping; and (iv) institutional strengthening and capacity building, including targeted programs to promote women and youth empowerment. <p>Project implementation will be carried out over 5 years through two phases, 1 and 2. The financing for the Project is proposed to be committed via two separate loan tranches, each with its own Loan agreement, in line with the Project's implementation readiness and allowing for operational viability and efficient resource allocation.</p>

	<ul style="list-style-type: none"> • Phase 1: Reconstruction of up to 188 km of local roads across 9 districts in Khorezm Region, together with Institutional Strengthening and Capacity Building as well as Development of Digital Geospatial Platform and Women and Youth Empowerment Program with a proposed AIIB financing amount of USD71.163 million. • Phase 2: Reconstruction of up to 328.1 km of local roads across 14 districts in the Republic of Karakalpakstan, with an expected AIIB financing amount of USD102.312 million. This Phase will be prepared and submitted for AIIB management's verification once agreed conditions for Tranche 2 readiness are met. <p>The Project complements the Government of Uzbekistan's efforts to improve regional and local road infrastructure, supporting more inclusive and balanced development alongside existing investments in national and international corridors. Local roads in Uzbekistan, many built in the 1950s–60s, have suffered from decades of underinvestment, resulting in widespread deterioration and limited accessibility. Improving these roads is critical to unlocking the industrial and agricultural potential of underserved areas, particularly in Western Uzbekistan, including the environmentally fragile Aral Sea region.</p> <p>Reconstruction works will include full pavement rehabilitation, bridge repairs and new small-scale structures, enhanced drainage, safety signage, and bus stops. Where needed, sidewalks will be added to improve pedestrian safety, especially near schools and community centers. All civil works are planned within the existing rights-of-way, minimizing the need for land acquisition or resettlement. Environmental impacts are expected to be minor and localized to construction activities.</p> <p>The Project also includes a dedicated inclusion component, designed to enhance economic participation and resilience in project-affected communities. This includes vocational training for women, road safety and climate awareness campaigns for youth, and targeted support for women's entrepreneurship initiatives. These activities will be integrated with the development of the digital geospatial platform to facilitate inclusive monitoring, evidence-based planning, and transparent grievance redress.</p>
<p>Expected Results</p>	<p>The Project will enhance the local road network in Karakalpakstan and Khorezm, improving connectivity, safety, sustainability, and climate resilience, while integrating new technologies.</p> <p>Progress toward the Project's objectives will be tracked using the following indicators:</p> <ul style="list-style-type: none"> • Annual Average Daily Traffic (AADT) on Project roads. • Travel time saved on Project roads. • Number of Project beneficiaries with improved climate resilient road access to markets, schools and health facilities. • Number of women completed vocational training. • Number of youths trained on climate change and road safety. • Percentage of adult women and youths surveyed among communities satisfied with the improvement of Project roads.

	<ul style="list-style-type: none"> • Improved safety standard, assessed by higher star rating of the International Road Assessment Programme (iRAP)¹. <p>Project Intermediate Results Indicators:</p> <ul style="list-style-type: none"> - Number of the local roads reconstructed in Khorezm region. - Kilometers of rural roads upgraded with safety measures and climate resilient features in Khorezm region. - Digital Geospatial Platform developed and operational.
Environmental and Social Category	B
Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs), and Environmental and Social Exclusion List (ESEL), is applicable to the Project. Environmental and Social (ES) due diligence has determined that ESS 1 (ES Assessment and Management) applies to the assessment of ES impacts of Project activities. ESS 2 (Involuntary Resettlement) also applies, as road rehabilitation will require temporary and permanent land acquisition. ESS 3 (Indigenous Peoples) is not applicable as no Indigenous Peoples are identified in the Republic of Karakalpakstan and Khorezm Region. The Project has been assigned Category B in accordance with AIIB's ESP due to the limited number of potentially adverse ES impacts which will be limited to the Project area and can be managed using conventional ES risk management strategies.</p> <p>Environmental and Social Instruments. The Project will follow the framework approach as construction drawings for each road section will be finalized during project implementation. The Environmental and Social Management Planning Framework (ESMPF) which includes an indicative Environmental and Social Management Plan (ESMP) and a Resettlement Planning Framework (RPF) has been prepared for the Project. The ESMPF elaborates the regulatory frameworks under which the Project will be implemented, establishes baseline in Project regions, identifies potential Project activities, assesses representative ES risks and impacts of the activities, and defines the screening process of activities. The RPF sets out policies and procedures to address likely impacts due to land acquisition and loss of livelihood. The ESMPF provides guidance for the development of ES documents for Project activities, i.e., ESMP, Resettlement Plan (RP). The Borrower will ensure that the ESMPF for Project activities are incorporated into the contractual agreement with the contractors and prepared to site specific ESMPs. All site-specific ESMPs will be disclosed through the Client and AIIB websites.</p> <p>Environmental Aspects: The road rehabilitation will be limited to existing corridors only and the existing width of the roads will be maintained. The temporary negative environmental impacts which will occur during the construction of the road</p>

¹ The International Road Assessment Programme or iRAP assesses roads all over the world and aims to significantly reduce road casualties by improving the safety of road infrastructure.

rehabilitation subprojects will include (i) air pollution, (ii) noise pollution, (iii) water contamination, (iv) traffic disruptions, (v) restricted community access, and (vi) disturbances due to the influx of workers. Additionally, there is a risk of improper waste management, including hazardous materials such as asbestos, engine oils, and other contaminants, which could lead to soil and water pollution. The negative impacts during the operation of the Project will include increased vehicle speeds due to improved road conditions, which can lead to increased frequency, likelihood and severity of accidents which has a potential for loss of property and life, as well as increasing noise impacts. The ESMPF has assessed the risks and suggested the representative mitigation measures be included in the detailed design and more details of the mitigations to minimize the environmental impacts will be proposed from site-specific ESMPs and then be integrated into relevant construction contracts. During the operation phase, traffic safety will be enhanced with road safety features such as properly designed pedestrian crossings, street lighting, speed breakers, speed limits, especially near schools, hospitals, and populated areas.

Social Aspects: The Project is expected to deliver substantial social benefits by improving access to essential services for local populations, particularly women, youth, and vulnerable groups. Enhanced road connectivity will help reduce isolation, promote local economic opportunities, and improve mobility for communities across 23 districts. These outcomes will support broader goals of poverty alleviation, inclusive growth, and regional equity. Potentially negative social impacts may include temporary impacts on habitations, noise, dust emissions, disruptions in commercial activities / livelihood, risks to community health and safety for adjacent residents, disturbance to local traffic and public utilities, access restrictions due to construction activities, and possible land acquisition. An indicative ESMP has been prepared within the ESMPF in order to address these impacts and listed detailed requirements for the subprojects. It is likely that some temporary and permanent land acquisition will be required for construction activities and road facilities such as bus stops. The exact location of these facilities is not yet determined. Therefore, the RPF has been prepared in line with the AIIB ESS2 for possible temporary and permanent land acquisition. The RPF includes clear procedures for the implementation of displacement and compensation activities for both formal and informal owners/users and for the management of the impact of temporary land occupation as well as the guidelines for preparing Resettlement Action Plans for the road sections.

Gender Aspects: The Project will enhance the ease and safety of travel for women and vulnerable or disadvantaged individuals, thereby improving their access to markets, employment, education, and health services. By repairing and rehabilitating transport routes and enhancing ease of travel, the Project will have a disproportionate benefit for women's mobility, improving their access to markets, employment, education, and health services. A framework Gender Action Plan (GAP) has been prepared in order to promote gender-inclusive design and implementation of the Project. The GAP will cover gender-based violence (GBV), Gender inclusion, institutional capacity building, and gender-sensitive GRM-related measures. The Project will also support the economic development of rural women by providing vocational training to help

them improve their knowledge and skills on viable livelihood activities. The Project is exploring to engage one national gender specialist who will support the Client in the overall implementation and monitoring of the GAP.

Occupational Health and Safety (OHS), Labor and Working Conditions (LWC): During construction and rehabilitation of roads, the primary OHS risks include exposure to high levels of noise, dust and vibration, and hazards associated with the handling of chemicals, heavy machinery and hot asphalt. The Project will primarily utilize mechanized and automated methods, significantly reducing the need for manual labor. The indicative ESMP contains templates to guide the contractor in forming an Occupational Health and Safety Management Plan (OHSMP) and Traffic Management Plan and provisions to manage the LWC and HS of maintenance workers as well as the review of the contractor's systems and practices to manage LWC and HS issues. The ESMPF has provisions in order to mitigate any negative impacts from labor influx. Moreover, a Code of Conduct for workers will be included in the bidding documents and in the contracts signed with the contractors.

Stakeholder Engagement, Consultation and Information Disclosure: Stakeholder mapping and consultations are being conducted by the ES Consultant during the preparation of the ESMPF. The English version of the ESMPF including RPF and GAP and the executive summaries of the local language(s) has been disclosed in [Client's](#) and [AIB's](#) website and will be available in hard copy in the Project area. The ESMPF sets out procedures and requirements on stakeholder engagement, public consultation and information disclosure for Project activities during the implementation of this Project.

Project Grievance Redress Mechanism (GRM). A two-tier GRM will be established at two levels, one at each regional level, and another at the PMO level with the requirements of the Bank's ESP and it will be indicated in the ESMPF and established for the proposed Project prior to its implementation. A separate workers' GRM will also be developed. The Digital Geospatial Platform will streamline grievance registration and monitoring for both construction and maintenance stages in accordance with the principle of confidentiality. Information of established project-level GRMs including AIB's Project-affected People's Mechanism (PPM) in local languages will be timely disclosed in an appropriate manner.

Monitoring and Reporting. The Client and CSC will oversee the day-to-day management of project implementation activities, including the assurance of the Project's ES compliance. Currently, the Client has one ES Specialist and will hire a Khorezm-based ES and Safety Consultant as a priority with a strong profile in OHS, labor safety, and community-level risk management and a Gender Specialist who will be located in Tashkent. The Client will prepare and submit quarterly reports to AIB in the agreed format for review. The Bank's ES Specialists will conduct regular field ES missions to monitor the implementation of the ES instruments and assess the Borrower's ES performance.

Cost and Financing Plan	Project Cost: USD197.91 million AIIB Loan: USD173.47 million (86%) GOU: USD24.44 million (14%) AIIB Loan: USD173.475 million Tranche 1: USD71.163 million Tranche 2 (tentatively): USD102.312 million		
Borrower	Republic of Uzbekistan		
Guarantor	Not Applicable		
Implementing Entity	Committee for Roads under the Ministry of Transport of the Republic of Uzbekistan		
Estimated date of loan closing (SBF)	June 2030		
Contact Points:	AIIB	Borrower	Implementation Organization
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Date of Concept Decision	05/09/24		
Date of Appraisal Decision	10/10/24		
Date of Financing Approval	08/29/25		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or processes of the Bank's Management processes. Information
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	on the PPM, is available at https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .
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