



20 YEARS OF

**Business & Human Rights  
Resource Centre**

# Road to rights

THE HUMAN COST OF THE NEW “MIDDLE CORRIDOR”

MAY 2023



# Executive summary

Russia's war on Ukraine and international sanctions have driven a major shift in the vital trade arteries between East Asia and Europe. With tight restrictions on the Northern Corridor through Russia, there has been a rapid expansion of the Middle Corridor through Central Asia, South Caucasus and Eastern Europe, with unprecedented investment in infrastructure mega-projects for ports, roads and railways planned or announced from Brussels to Beijing.

New infrastructure and trade routes have the potential to create jobs and increase the quality of life for workers and communities. In this case, they can also support economic sanctions to help end the war. The quality of investment, and the business models deployed, will define whether this massive new investment will build public support by delivering decent work and respect for communities, or deliver dysfunction through exploitation of local workers, disregard for communities and harm to the environment.

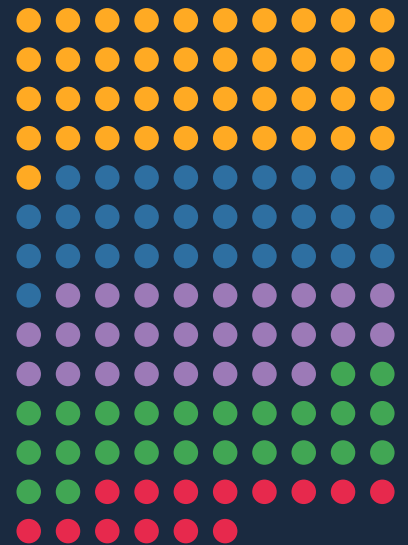
For investors, banks and companies looking to deliver infrastructure in the region, there are lessons to be learnt from existing and recently completed projects in the Middle Corridor. This briefing highlights some of these lessons by looking at the scale and scope of human rights abuse in existing investments from China, Europe and the Middle East – and outlines the approaches which must be urgently adopted to deliver infrastructure which builds shared prosperity and a stable investment environment, as well as avoid the growing corporate regulatory, legal and reputational risks of abusing human and environmental rights.

# 28

infrastructure development projects in our analysis

# 136

human rights issues recorded across 28 alleged cases of abuse:



**30%** impacts on communities

**22%** governance and transparency

**20%** labour rights and workers

**18%** environmental impacts

**10%** human rights defenders and civil society



We analysed **38 allegations of human rights and environmental abuses** taking place in the past eight years in **28 infrastructure development projects** in the Eastern Europe and Central Asia (EECA) region (11 in Central Asia, seven in South Caucasus, 10 in Eastern Europe). These allegations were linked to **136 rights issues** relating to impacts on the environment (25 instances, 18%), communities (41 instances, 30%), human rights defenders and civil society (13 instances, 10%), issues related to labour rights and workers (27 instances, 20%) and issues with governance and transparency (30 instances, 22%). Read our methodology [here](#).

This briefing focuses on completed, ongoing and planned infrastructure projects with actual and potential risks. Chinese companies involved in the construction of these infrastructures make up the majority (71%) – 20 projects out of 28 (seven projects in Central Asia, seven projects in South Caucasus and five projects in Eastern Europe including Russia). The **Asian Development Bank (ADB)** and **European Bank for Reconstruction and Development (EBRD)** are the lead investors, involved in six projects each (involvement of **ADB** in yet another railway is still being discussed), followed by the **European Investment Bank (EIB)** and **Export-Import Bank of China (China Exim Bank)** each involved in five projects, **Islamic Development Bank** involved in four projects, **Eurasian Development Bank** involved in two projects. This briefing outlines recommendations for investors and companies to ensure further development is not accompanied by human rights and environmental abuse.







# Projects: Which infrastructure projects formed the basis of our analysis?

Prior to Russia’s invasion of Ukraine in early 2022, there were already significant investments in infrastructure development in EECA. However, infrastructure development in the region has gained momentum since international sanctions on Russia pushed businesses towards alternative routes to transport goods between China and Europe. The development routes such as the Middle Corridor or Trans-Caspian International Transport Route have become more urgent for avoiding disruptions in the trade flow.

The European Commission has [initiated](#) a study through the **EBRD** to identify the most sustainable transport connections between Central Asian countries and Europe’s Trans-European Transport Network as an alternative to the northern route through Russia. Parallel to this, **EBRD** is already investing in the rail network development in countries such as [Kazakhstan](#) and [Kyrgyzstan](#). Considering the surge in demand for transportation routes through the South Caucasus and its [underdeveloped state](#), there is also the potential for further investments in this region.

The cases of abuse identified in this briefing underline the need for investors and companies to adopt robust human rights and environmental due diligence approaches which rely on engagement with rights-holders and stakeholders. The human rights and environmental harms recorded across Central Asia and Eastern Europe highlight the need to integrate the following into project designs:

- ➔ **Workers’ rights** – including fair wages, decent work and health and safety;
- ➔ **Community rights** – including transparency and fair negotiation; and
- ➔ **Environmental rights** – from the prevention of water and land pollution to the regeneration of nature.



## EECA infrastructure projects

➔ Explore these projects on our [website](#):

↓ Project status: ● completed, ● in construction, ● stopped, ● planned, ○ unknown	Sector	Location
● <b>CKU railroad</b> Contractors: N/A Investors: N/A (discussed with ADB)	Railway	<b>Kyrgyzstan</b>
● <b>Balykchy–Korumdu highway</b> (also known as Issyk-Kul highway) Contractors: Chinese-Longhai Road and Bridge Corporation (belongs to Longhai Investment Group) Investors: Kyrgyz state	Highway	<b>Kyrgyzstan</b>
● <b>Osh-Nookat-Isfana highway</b> Contractors: N/A Investors: Japan International Cooperation Agency, EBRD, World Bank, Islamic Development Bank (also EU and China)	Highway	<b>Kyrgyzstan</b>
● <b>North – South alternative road</b> (section Balykchy – Kazarman – Jalal-Abad) Contractors: China Road and Bridge Corporation Investors: China Exim Bank, Asian Development Bank, Saudi Fund for Development, Islamic Development Bank	Road	<b>Kyrgyzstan</b>
● <b>Bishkek-Naryn-Torugart road</b> Contractors: China Road and Bridge Corporation Investors: Asian Development Bank, Arab Coordinating Group (and China’s government)	Road	<b>Kyrgyzstan</b>
● <b>Pamir Highway upgrade</b> Contractors: China Road and Bridge Corporation Investors: Grant by China	Highway	<b>Tajikistan</b>
● <b>Obigarm-Nurobod Road Project</b> Contractors: Hunan Road & Bridge Construction Group Company Limited Investors: Asian Development Bank (\$110 million grant), OPEC Fund for International Development (\$40 million loan), Tajik government (\$28 million), EBRD (\$150 million credit), AIIB (\$50 million)	Road	<b>Tajikistan</b>
● <b>Zhambyl (Merke-Burylbaital road)</b> Contractors: China Xinxing Construction & Development Co Investors: China Exim Bank	Road	<b>Kazakhstan</b>
● <b>Aktobe-Atyrau highway</b> Contractors: Kazavtozhil JSC, JV SineMidasStroy, Todini Costruzioni Generali S.p.A., JV Akzhol Kurylys LLP, AzVirt LLC, Assana DorStroy LLP Investors: <a href="#">Islamic Development Bank</a> , <a href="#">ADB</a>	Highway	<b>Kazakhstan</b>
● <b>Astana LRT</b> Contractors: City Transportation Systems LLP, China Railway Intl Group Co., Ltd., Beijing State-Owned Assets Management Co., Ltd Investors: China’s state-owned Development Bank	Light rail	<b>Kazakhstan</b>
● <b>Almaty Bypass Road Reconstruction Project (BAKAD)</b> Contractors: Bakad Investment and Operations LLP (the “Project Company”) is owned by Alsim Alarko Sanayi Tesisleri ve Ticaret A.S. (33.3%), Makyol Insaat Sanayi Turizm ve Ticaret A.S. (33.3%), SK Engineering and Construction (33.3%), and Korea Expressway Corporation (0.10%) (jointly the “Sponsors”) Investors: <a href="#">EBRD (\$225m)</a> , <a href="#">EBRD \$125m syndicated to Bank of China (\$100 million)</a> and <a href="#">Dutch pension fund PGGM (\$25 million)</a> ; <a href="#">Islamic Development Bank (\$100m)</a> , <a href="#">Eurasian Development Bank (\$135m)</a>	Road	<b>Kazakhstan</b>
● <b>East-west railway line</b> (tunnel in the village of Kvishkheti) Contractors: China Railway 23rd Bureau Group Investors: Georgian Railway JSC	Railway	<b>Georgia</b>
○ <b>East-west railway line</b> (tunnel in Bezhatubani) Contractors: China Railway 23rd Bureau Group Investors: Georgian Railway JSC	Railway	<b>Georgia</b>



↓ Project status: ● completed, ● in construction, ● stopped, ● planned, ○ unknown	Sector	Location
● <b>East-west motorway</b> (Upper Osiauri–Chumaleti section, part of East-West E60 highway) Contractors: Sinohydro Investors: <a href="#">EIB</a>	Highway	Georgia
● <b>Samtredia-Grigoleti section of the East-West E60 highway</b> Contractors: Sinohydro, China Railway 23rd Bureau Group Investors: <a href="#">EIB</a>	Highway	Georgia
● <b>Khevi-Ubisa section of the East-West highway</b> Contractors: Hunan Road and Bridge Construction Group Investors: <a href="#">Asian Development Bank (\$255million)</a>	Highway	Georgia
● <b>Kvesheti Kobi road</b> Contractors: China Railway Tunnel Group Co., China Railway 23rd Bureau Group Co Investors: EBRD (\$60million), Asian Development Bank (\$415million)	Road	Georgia
● <b>Lanjik-Gyumri section of North-South road</b> Contractors: Sinohydro Investors: EIB	Road	Armenia
● <b>Banja Luka – Prijedor highway</b> Contractors: China Shandong International Economic and Technical Cooperation Group (part of SDHS) Investors: <a href="#">Shandong Hi-Speed International (SDHS)</a>	Highway	Bosnia-Herzegovina
● <b>Mostar-Počitelj section of Corridor Vc</b> Contractors: JP Autoceste Investors: EIB, EBRD, Western Balkans Investment Framework	Motorway	Bosnia-Herzegovina
● <b>Hemus Motorway</b> Contractors: Avtomagistrali, Vodno Stroitelstvo-Blagoevgrad Investors: Self funded	Motorway	Bulgaria
● <b>Corridor 8 &amp; 10D</b> (sections Tetovo – Gostivar, Struga – Kafasan, Prilep – Bitola) Contractors: Bechtel-ENKA consortium Investors: <a href="#">EBRD</a> , <a href="#">Western Balkans Investment Fund</a>	Road	North Macedonia
● <b>Kičevo–Ohrid Highway</b> Contractors: Sinohydro, Granit, Ilinden, Victoria Invest Investors: China Exim Bank	Highway	North Macedonia
● <b>Bar-Boljare highway</b> Contractors: China Road and Bridge Corporation, Bemax, Cijevna Komerc, Skladgradnja Investors: China Exim Bank	Highway	Montenegro
● <b>Budapest-Belgrade railway</b> (Hungary section) Contractors: China Railway Group Limited (CREC) subsidiaries – China Tiejiuju Engineering & Construction Limited, China Railway Electrification Engineering Group, Hungary’s RM International Limited (unit of Hungary’s Opus Global) Investors: China Exim Bank (85%) and Hungarian government (15%)	Railway	Hungary
● <b>M-12</b> (road section in Nizhny Novgorod and Chuvashia, part of Europe-West China road) Contractors: Avtodor, Avtoban, CRCC Rus Investors: Self funded	Highway	Russia
● <b>Volga Bridge</b> (part of M12) Contractors: Avtodor, Mostotrest Investors: <a href="#">Eurasian Development Bank</a>	Bridge	Russia
● <b>E-40 Waterway</b> Contractors: N/A Investors: N/A	Waterway	Russia



## What we learned

In the 38 allegations recorded in the EECA region, we documented 41 instances of harms to communities (e.g. impacts on land rights, displacement, discrimination, impacts on social security), 30 instances of issues with governance and transparency (e.g. corruption, complicity, impacts on access to information), 27 instances of labour rights violations (e.g. deaths, injuries, wage theft), 25 instances of environmental harms (e.g. water pollution, inadequate impact assessment, impacts on the right to a clean, healthy and sustainable environment) and 13 instances of impacts related to human rights defenders and civil society (e.g. protests, intimidation).

➔ In **Central Asia**, investments in railways and roads often affect local ecosystems, for example when river courses are [changed](#), thus affecting flora and fauna. These risks are heightened due to the [weak enforcement](#) of environmental protection around infrastructure projects in the region. Seven instances of environmental impacts were linked to infrastructure projects in Central Asia. Local populations also faced issues, such as the [division](#) of their communities (when a highway passes through it) or problems with [relocation](#) when compensation was not paid on time or in full. We documented 19 instances of impacts on communities in Central Asia and five instances of labour rights impacts in the region, including construction workers not being paid [on time](#) and [substandard](#) working conditions. A further nine instances of impacts recorded in Central Asia related to governance and transparency issues, and one allegation related to human rights defenders and civil society.

Companies from China made up 42% of the infrastructure project contractors in Central Asia (eight companies). In addition to Chinese companies, 11 local and foreign companies were linked to allegations – Korean, Turkish, Italian and Azerbaijani companies. Investors in Central Asia are more diverse than the companies. They include **China Exim Bank** and **China Development Bank**, **Japan International Cooperation Agency (JICA)**, **EBRD**, the **World Bank**, the **Islamic Development Bank**, **ADB**, **OPEC Fund for International Development** and host governments.

➔ In **South Caucasus**, infrastructure development is most active in Georgia, with most of the 15 instances of labour rights violations recorded in South Caucasus occurring in Georgia. These ranged from violations of [occupational safety](#) to failure to pay [living wages](#). Cases of [inadequate impact assessments and consultations](#) (four instances), adverse [impact on biodiversity](#) (one instance) and [corruption](#) (one instance) were also recorded in the South Caucasus region. Overall, there were 11 instances of harms to communities, eight instances related to human rights defenders and civil society (one related to intimidation), three instances of harms to the environment and three instances relating to lack of transparency and governance issues. In South Caucasus, all project contractors were Chinese companies (nine companies), while **EIB**, **EBRD** and **ADB** were among the key investors.

➔ In the **Balkans**, there are frequent [transparency](#) concerns with projects and a greater number of [corruption cases](#) when compared with other regions. There were 18 instances of abuse relating to transparency and governance, which could be the result of a more vigilant civil society and media. Projects in the Balkans also threaten the [environment](#) (seven instances recorded), [livelihoods](#) of the local communities (10 instances), human rights defenders and civil society (three instances), as well as workers demanding [better working conditions](#) (three instances). Five Chinese companies made up 29% of project contractors. Twelve other local and foreign contractors included companies from the United States and Turkey, are involved. **China Exim Bank** is among the key investors, together with **EIB** and **EBRD**.





# Infrastructure development along the Northern Corridor and their human rights impacts

Despite logistics companies viewing the Middle Corridor as an alternative route to the sanctioned Russian corridor, [some still see](#) the latter as the fastest and cheapest option and some companies have [shifted](#) their trade back to the northern route. Moreover, there is further construction taking place between China and Russia with the Europe-Western China transport corridor in mind.

In 2022, the [first cross-river railway bridge](#) and [first highway bridge](#) became operational between Russia and China. [Meridian highway](#) is another planned infrastructure project connecting China with Russia's west by road via Kazakhstan, while the M-12 highway is already in full swing. Some sections of M-12 are funded by [Eurasian Development Bank](#). Even though currently the use of these roads connecting China's and Europe's markets seems improbable, considering their purpose and possible future use, we included the M-12 in our data set, finding some sections were marred by allegations of [low or unpaid wages](#) and [risks for the environment](#).

Another project being planned in 2020 between Poland, Belarus and Ukraine was the E-40 waterway, with the aim to improve connectivity between Chinese and European markets (bypassing Russia). Although this is impossible today due to the current armed conflict, this project may be resurrected in the future. Yet, the project [allegedly threatens](#) biodiversity and could potentially result in contamination of drinking water from Chernobyl site.

➔ For more information on all the abuses recorded, [visit our website](#).

➔ Investors and companies were invited to respond to allegations. Their responses and non-responses can be found [here](#).



# Recommendations

Whether projects are completed, ongoing or currently planned (including the [China-Kyrgyzstan-Uzbekistan railway project](#), [Anaklia deep seaport](#), [halted Bar-Boljare highway](#)), investors and companies should plan infrastructure projects with due diligence and access to remedy to guard against environmental and human rights harm. This would also avoid heightened legal, regulatory and reputational risks.

Below are key recommendations which stakeholders involved in investing, constructing or planning (including the current EBRD study) should consider to ensure their actions do not harm human rights or the environment.

## For investors:

- ➔ Ensure safeguard frameworks and policies are in line with international standards of the UN Guiding Principles on Business and Human Rights. A clear commitment to respecting human rights and conducting human rights and environmental due diligence must be part of such frameworks and policies.
- ➔ Undertake human rights impact assessments as part of the due diligence process prior to financing infrastructure projects. Where investors agree to provide financing, they must use their leverage to ensure their clients respect human rights throughout the project life cycle and put in place appropriate safeguards to minimise human rights and environmental risks associated with the project.
- ➔ Ensure infrastructure projects are designed transparently and with the effective participation of all stakeholders, including affected groups, as well as broader civil society.

## For companies:

- ➔ Undertake robust human rights and environmental due diligence with special attention to salient human rights risks in the sector, namely land rights, displacement and forced relocations and commit to provide remedy.
- ➔ Plan infrastructure projects with minimal footprints, emissions, waste and other pollutants, including by using sustainable technologies and construction materials. Construction should be avoided in areas important for biodiversity or areas with sensitive ecosystems.
- ➔ Ensure equity and inclusiveness of projects promoting social inclusion, economic empowerment, and social mobility, and respecting human rights. Projects should actively avoid harming communities and vulnerable groups.

*Some recommendations are taken from the [UNEP \(UN Environment Programme\) International Good Practice Principles for Sustainable Infrastructure \(Nairobi, 2022\)](#) & [UN OHCHR Baseline Study on the Human Rights Impacts and Implications of Mega-Infrastructure Investment \(July 2017\)](#).*





## Business & Human Rights Resource Centre

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**Business & Human Rights Resource Centre** is an international NGO which tracks the human rights impacts of over 10,000 companies in over 180 countries, making information available on our 10-language website.

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