

Luxembourg, 15.11.2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>UKRAINE RECOVERY III FL</i>
Project Number:	<i>2023-0227</i>
Country:	<i>Ukraine</i>
Project Description:	<i>Third Framework Loan to support priority investments in the recovery of areas affected by the Russia's invasion of Ukraine and basic infrastructure needs of internally displaced persons.</i>

EIA required: No

This is multi-scheme Framework Loan operation. Most schemes, given the size and sectors, would not require and EIA as foreseen under the Ukrainian EIA legislation.

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

Environmental Assessment

The proposed project aims to assist Ukrainian communities in responding to the damages caused by Russia's invasion. Its primary objective is the rehabilitation of critical social and urban infrastructure in the areas affected or destroyed by the war and under control of the Ukrainian Government, as well as construction of critical social infrastructure in areas under heavy pressure on social services and other infrastructure due to the influx of Internally Displaced Persons (IDPs). It is anticipated that the Project will enhance the urban environment and improve living conditions for residents in the targeted investment areas.

The Project will finance emergency repairs and other small and medium-scale investment sub-projects, such as: construction of social housing for IDPs; rehabilitation of schools, health facilities and social centres; reestablishment and expansion of water, wastewater infrastructure; rehabilitation/recovery of local and regional critical access roads and bridges; improving energy efficiency of public buildings, social housing and wastewater treatment plants; and other relevant infrastructure damaged by the war or needed to address basic needs to ensure decent living conditions for displaced people and host communities.

The Borrower is the Ministry of Finance of Ukraine and will coordinate all financial aspects of the project framework as the central financial government agency. The Promoter is the Ministry of Communities, Territories, and Infrastructure Development of Ukraine, and will be responsible for managing and monitoring the operation through a dedicated Programme Management Support Unit. Sub-project implementation will be led by public local entities.

Extensive Technical Assistance support will be provided to strengthen the Promoter's capacity for efficient project monitoring, as well as for local authorities responsible for sub-project implementation. It is envisaged that at the local level the EU will finance TA services to be

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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provided by UNDP, while support to the Ministry for Communities, Territories and Infrastructure Development and the Ministry of Finance will be financed by EIB.

The schemes might be exempted from applicable environmental impact assessment procedures, considering that all the planned works are aimed at contributing to “eliminating the consequences of emergencies, the consequences of military aggression...” as stated in the Ukrainian EIA Act. However, the Promoter is required to assess, every time when it is materially possible, on a case-by-case basis, whether stringent imperatives make the EIA impossible to implement in practice, and to ensure the environmental sustainability of the project, and that these schemes do not significantly impact protected areas.

Environmental Impact

Due to the relatively small to medium scale of individual schemes and their focus on reconstructing municipal infrastructure in urban areas, significant negative environmental impacts are not likely to be expected. Investments related to rehabilitation of sewerage and wastewater treatment facilities, rehabilitation of central heating and incorporation of energy-efficient measures in the renovation of public buildings and municipal infrastructure are anticipated to yield positive effects environmental effects. The Project aims to have, overall, positive environmental impacts by restoring climate-resilient infrastructure and setting the stage for a "build-back-better" approach during future restoration and rebuilding efforts.

Traffic-related schemes, such as repairing damaged roads and bridges, will restore access to critical education and health services and are likely to promote connectivity normalization required for the restoration of key economic activities. While re-construction activities may lead to temporary negative impacts like noise and dust emissions among others, these are expected to be minor and short-lived. Upon project completion, overall environmental impact benefits are expected to be positive.

During on-site re-construction work, several environmental impacts and risks are expected, including impacts on energy, water, and material consumption, waste generation, water quality, nuisance factors (dust, air, vibration, noise), occupational health and safety concerns, community health and safety hazards, and increased traffic. All these are expected to have minor temporary negative impacts during the re-construction period and mitigation measures will be implemented to reduce or prevent the impacts.

However, these risks may be exacerbated by the threat of missile attacks and other military actions, introducing an element of extreme uncertainty and risk that cannot be entirely mitigated by environmental and social management measures. Furthermore, safety issues limit the EIB's ability to monitor project activities on-site, necessitating reliance on the Promoter and Technical Assistance teams, including experienced environmental specialists, to oversee and manage environmental impacts, provide guidance to local implementing parties, and assess and address risks.

Social Assessment

The Project is expected to generate significant positive social impacts. As of May 2023, Ukraine has approximately 5.1 million internally displaced persons (IDPs), with a substantial portion located in the Eastern part of Ukraine under government control, closest to their original residences². The ongoing Russian invasion has strained public services and infrastructure, especially in the South and East, impacting the nationwide economy.

The Third Ukraine Recovery Programme aims to improve public social infrastructure and commits to providing equal access to affected populations based on non-discrimination and equality principles. The Promoter and the local entities, supported by external Technical Assistance, will develop and implement social management and stakeholder engagement

² IOM; Ukraine — Internal Displacement Report — General Population Survey Round 13 (11 May - 14 June 2023).



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plans, ensuring citizens have accessible information on Project-supported structures and national legal provisions. This approach aligns with EIB and international standards, including the UN Guiding Principles on Internal Displacement.

The infrastructure projects funded under this program are not expected to result in permanent involuntary displacement. If economic or physical displacement does occur due to the Project, the Promoter will manage the process in accordance with EIB standards, including stakeholder engagement and grievance mechanisms. The EIB will provide additional Technical Assistance for identifying, managing, and monitoring social impacts and risks at the local level, including support from a social specialist.

Labour Standards and Occupational Health

Ukraine has ratified all ILO fundamental conventions, and the project operational manual will include provisions for occupational health safety and labour-related matters. This includes contract provisions related to equal opportunity, non-discrimination, and gender-based violence prevention. The Promoter, with TA support, will develop and communicate health and safety and emergency preparedness plans and procedures to address both typical construction-related risks and war-related risks, such as potential air missile bombardments. Regular monitoring of labour conditions and occupational health and safety standards will also be conducted.

The Project will be implemented in government-controlled territories where the risk of damage by Russian forces is limited, making it reasonably safe for implementation and monitoring.

Gender Equality

The International Organization for Migration estimates that of those that have been displaced within Ukraine, 76.4% are women and children under 10 years old³. People on the move are extremely vulnerable to numerous health and security risks, while response capacities in host communities, especially in the western oblasts receiving growing numbers of displaced people, are stretched to the brink. With the destruction and closing of infrastructure such as health care facilities, schools, childcare, and eldercare centres, women's care burden is increasing. Thirty-five per cent of women said that their domestic responsibilities had increased since the start of the conflict, including 52% of women doing 50 hours a week or more of childcare and 23% of women report spending more than 50 hours a week on domestic chores⁴. Simultaneously, women are also facing growing unemployment, especially in occupations often dominated by women, such as nursing and teaching.

This Project has high potential to contribute to gender equality. The Framework Loan focuses on the provision of adequate social infrastructure and will benefit woman by contributing to easing the care burden (through reconstruction/construction of kindergartens, pre-schools and schools) and creating job opportunities in social sectors (health and education). It is envisaged that the Project will establish project selection and preparation procedures for sub-investments that consider inclusion and gender. Based on this the project will likely be moved to a significant gender tag once such processes are in place.

Public Consultation and Stakeholder Engagement

The Ministry of Communities, Territories, and Infrastructure Development of Ukraine was the Promoter of similar operations financed by EIB⁵ and is familiar with EIB's Environmental and Social Standards. The Promoter, with the support of UNDP, has gained experience in stakeholder engagement and plans to continue systematic engagement with relevant stakeholders, including affected populations, local civil society organizations, and other entities

³ International Organization for Migration UN Migration– Ukraine Internal Displacement Report – R13 June 2023.

⁴ UNDP Ukraine Human Impact Assessment, June 2023.

⁵ 2014 Ukraine Early Recovery Project and 2020 Ukraine Recovery Programme.



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operating in project locations. Social Management Plans (SMP) and Stakeholder Engagement Plans (SEP) will be developed in line with the Environmental and Social Management Framework (ESMF) and will be continually supported by Technical Assistance for capacity building in environmental and social risk management.

Other Environmental and Social Aspects

The Promoter is familiar with EIB's environmental and social standards and its environmental and social capacity will be strengthened through qualified staff in the Project Implementation Unit, along with Technical Assistance at the central and local level. It is envisaged the financing of advisory services to extend the technical assistance provided by UNDP under the 2020 Ukraine Recovery Programme. UNDP would continue to ensure presence in the ground to support the promoter and local entities with project preparation, implementation, and monitoring, in compliance with the Bank's environmental and social standards. EIB will finance Technical Assistance to support the Promoter with project management and monitoring.

Conclusions and Recommendations

Given that detailed information on the sub-projects is not available at this stage, the environmental and social impacts and mitigants will be evaluated at allocation stage. However, overall, the schemes within this programme are expected to generate a wide range of benefits to the local communities, notwithstanding potential temporary negative impacts during the construction phase, which will be mitigated and managed throughout this phase.

Conditions for disbursement:

- The Promoter shall prepare an Environmental and Social Management Framework as part of its operational manual (Project Implementation Guidelines "PIG") and in line with EIB standards, including i) screening criteria for standards triggers, ii) procedures for the environmental impact assessment Reports, including justification in case of exempted sub-components from the EIA process iii) procedures for health and safety including occupational health and safety, iv) stakeholder engagement framework with grievance mechanism, and v) monitoring fiches.

Undertakings:

- The Promoter shall implement and operate the Project in compliance with EIB Environmental and Social Standards, and procure that the contracts, which it signs with contractors, will contain provisions that require contractors to comply with ILO standards, as well as with occupational health and safety standards.
- The Promoter shall actively monitor for its own construction sites the respect by its contractors of the provisions mentioned above.
- Where applicable, the Promoter shall obtain, maintain, and comply with requisite Environmental or Social Approvals for the Project.
- The Promoter shall not use the Bank's funding for sub-projects that require an Environmental Impact Assessment Report according to national and EU legislation without/prior to such study being finalised and approved by the competent authority; and the Promoter shall not use the Bank's funding of a sub-project for programme components that have a potential to affect a site of nature conservation importance that is protected under national legislation or international agreements, until the competent authority confirms, or an equivalent assessment satisfactory to the Bank is provided, that the component does not have a significant negative impact on the site.
- The Promoter shall not commit EIB funds to schemes that require involuntary resettlement. Temporary displacement, if needed, would follow the regulatory framework for temporary relocation in Ukraine and the procedures developed under the Project social management plan.



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- The Promoter shall ensure that the benefits of each sub-project are equally available to people affected by conflict based on the principles of non-discrimination, participation and transparency; that affected people are provided with transparent and accessible information on the assistance available under the Project and under Ukrainian law.
- The Promoter shall ensure that the integration of internally displaced persons in their current place of residence is facilitated, whilst simultaneously protecting their right to return voluntarily to their place of origin in accordance with (a) the recently enacted law of Ukraine “On ensuring the rights and freedoms of internally displaced persons⁶” and (b) applicable international standards including (without limitation) the UN Guiding Principles on Internal Displacement.

The Promoter's institutional capacity for managing environmental and social issues is deemed satisfactory. With the established safeguards, the proposed framework project aligns with EU E&S standards and is considered acceptable for EIB finance from social and environmental perspectives.

⁶ Law of Ukraine - Закон України «Про забезпечення прав і свобод внутрішньо переміщених осіб» № 1706-вii від 20.10.2014.