

Luxembourg, 11/12/24

Environmental and Social Data Sheet

Overview

Project Name:	SUPPORT OF UHE STABILITY AND RECOVERY
Project Number:	2024-0318
Country:	Ukraine
Project Description:	Supporting the resilience of the Ukrainian energy system consisting of an investment programme including: (i) technical repairs, upgrades and installation of safety measures at three key hydroelectric plants; and (ii) urgent emergency measures in response to the continued military aggression.
EIA required:	Some of the investments may require an EIA under the relevant national legislation or as determined by the competent authority on a case-by-case basis.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Due to its emergency nature, at this stage the Project scope is not fully defined. The already identified rehabilitation and modernization works under component (i) will take place within the boundaries of existing and already identified hydropower plants. As regards the emergency measures under component (ii), extension of the plants' boundaries is unlikely and works will not involve significant modifications of the plants' designs but merely reestablish conditions prevailing before the plants were attacked and damaged.

Environmental Assessment

The Law of Ukraine "On Environmental Impact Assessment" addresses the requirement for Environmental Impact Assessment (EIA) in a very similar approach as the EU EIA Directive and the availability of the relevant permits will be checked prior to any disbursement, considering both national requirements and EIB Environmental and Social Standards.

The environmental and social due diligence focused on the Promoter's capacity and capability to implement the programme in line with EIB environmental and social standards and requirements. Based on this assessment, the environmental capacity of the Promoter is deemed good.

The main environmental impacts of the projects are expected to be related to the construction phase and, in particular, construction waste generation, nuisance factors (dust, air, vibration, noise), and increased traffic. Mitigation measures will be implemented to reduce or prevent the impacts in accordance with the requirements of the environmental legislation in the Ukraine.

It is noted that the anticipated works are not expected to have an impact on the water regime.

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.



Luxembourg, 11/12/24

EIB Carbon Footprint Exercise

Estimated emissions savings were calculated for one generating unit to be installed in one of the already identified HPP. Savings are 17 kilo-tonnes of CO₂ equivalent per year for an annual generation of the unit of 38.6 GWh.

The operation is not included in the annual accounting purposes of the EIB Carbon Footprint as the emissions savings are below the threshold of 17 kt of CO₂ equivalent per year.

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty PJSC "Ukrhydroenergo" (UHE) is in scope and screened out of the PATH framework, because it is not considered high emitting. The counterparty is screened in to the PATH framework, because it is considered high vulnerability.

The counterparty has agreed to develop its resilience plan and publicly disclose a new or updated alignment plan.

Social Assessment

The Project is not expected to result in either physical or economic displacement of population.

Ukraine has ratified all ILO fundamental conventions, and the design documentation of the Project includes provisions for occupational health safety and labour-related matters. The Promoter will ensure that health and safety and emergency preparedness procedures are in place and address both typical construction-related and war-related risks, such as potential air missile bombardments.

The Project will generate significant social benefits. It will contribute to ensure a reliable power supply, critical for essential services, and minimize disaster risks.

Public Consultation and Stakeholder Engagement

Prior public consultation and stakeholder engagement is foreseen as part of the environmental permitting.

Other Environmental and Social Aspects

Substantial risk, for the implementation of the works and in general, must be expected due to potential presence of unexploded ordnance and mines in the vicinity of the plants and work sites. Thorough clearance up to safe distance is required prior to works.

The Promoter is committed to adhering to environmental protection norms, regulations, and safety requirements throughout all stages of construction and the operation of the facilities. These will be also imposed on Contractors. However, these risks may be exacerbated by the threat of missile or drone attacks and other military actions, introducing an element of extreme uncertainty and risk that cannot be entirely mitigated by environmental and social management measures. Works will be suspended in case of missiles/drones attacks in the area and if the vicinity of the plants become active battle fields.

As current conditions do not allow physical monitoring by the Bank's staff it is intended, to the extent required, to use an external consultant (e.g. UNDP) to independently validate general progress and compliance with environmental protection, health, and safety norms at construction sites on the basis of random samples.

Based on preliminary assessments, some of the HPP are exposed to high/medium climate risks, mainly flooding and drought. The Climate Change Vulnerability Risk Assessment (CCVRA) of the HPP rehabilitated/repared under the scope of the programme will be submitted to the Bank for review prior to the relevant disbursement.

The Project comprises multiple schemes that will be co-financed by the WB, EBRD and the EIB on a parallel basis. Although coordination will be ensured among co-financiers, EIB, WB and EBRD will retain the responsibility to monitor the environmental and social impacts of their respective investments under the Project.



Luxembourg, 11/12/24

Conclusions and Recommendations

Based on the information available, and with appropriate conditionalities (see below), the Project is expected to be acceptable in environmental and social terms for Bank financing.

The following undertakings and disbursement conditions will apply:

Undertakings:

- The promoter (counterparty) undertakes to develop and publish its climate risk vulnerability plan no later than one year after the conclusion of an armistice and reinstatement of ordinary law.

Conditions prior to allocations and disbursements:

- For both components, the Promoter shall submit to the Bank for review and to its satisfaction the relevant E&S documentation, including environmental assessments, biodiversity assessments as required and permits by the Competent Authority.
- For the HPP under both components, the promoter shall submit to the Bank for review and to its satisfaction a CCVRA.
- The Promoter shall provide to the Bank for review and to its satisfaction a protocol to be implemented prior to the start of the works for demining and removal of unexploded ordnance (UXO).