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## Environmental and Social Data Sheet

### Overview

Project Name:	<i>Ukraine Social Housing Reconstruction</i>
Project Number:	<i>20230998</i>
Country:	<i>Ukraine</i>
Project Description:	Framework loan aimed at developing financially sustainable model and financing investments in the affordable social housing in Ukraine in the context of EU accession.
EIA required:	No  This is a multi-scheme operation. Some of the schemes may require an EIA.
Project included in Carbon Footprint Exercise <sup>1</sup> :	No

### Environmental and Social Assessment

#### Environmental Assessment

The project aims at implementing a public rental housing programme in Ukraine according to EU best practices in social and affordable housing.

The Project is a Framework Loan operation that will be implemented in accordance with the Bank's Environmental and Social Standards. Certain sub-projects may fall under Annex II of the EIA Directive and in line with national EIA legislation may require EIA. The applicable national environmental legislation requirements, as well as the Bank's environmental and social requirements, will be verified during the allocation process, once the individual investments have been identified.

The investments are foreseen to be implemented within settlements using existing water/sewage infrastructure in built environment.

The Promoter is the Ministry of Communities, Territories and Development of Ukraine (MCTD), and will be responsible for managing and monitoring the operation through a dedicated Programme Management Support Unit (PMSU). Sub-project implementation will be led by public local entities (municipalities or municipal companies) through their Project Implementation Units (PIU). A dedicated 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.

<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.



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## **Environmental Impact**

Due to the focus on construction of residential buildings in urban areas, significant negative environmental impacts are not expected. The Project aims to have climate-resilient infrastructure and buildings and setting the stage for a "build-back-better", approaching standard construction practice with a solid energy efficiency performance.

While construction activities may lead to temporary negative impacts like noise and dust emissions among others, these are expected not to be significant and short-lived. Upon project completion, overall environmental impact benefits are expected to be positive. During on-site construction work, several environmental impacts and risks are expected, including impacts on 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. 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 entities, and assess and address risks.

## **Social Assessment**

Russia's full-scale invasion of Ukraine in February 2022 has caused unprecedented destruction, with the housing sector suffering the most severe damage. According to the Fourth Rapid Damage and Needs Assessment (RDNA4), over 13% of Ukraine's housing stock has been damaged or destroyed, affecting more than 2.5 million households and resulting in losses exceeding USD 57 billion (EUR 50.7 billion). This crisis has displaced over 6 million people abroad and 3.7 million internally, placing immense pressure on host municipalities and social infrastructure.

Ukraine's housing system, already weakened by decades of underinvestment and the absence of a public rental sector, is ill-equipped to meet the needs of displaced and vulnerable populations. The private rental market is unaffordable and poorly regulated, while municipalities lack the capacity to develop and manage affordable housing at scale.

From the newly constructed social housing are expected to benefit internally displaced people and vulnerable persons. The Project will implement the capital investments (new housing) and institutional objectives (creation of new local delivery and central policy institutions).

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 fundamental conventions of the International Labour Organisation (ILO). The EIB finance agreement will include provisions addressing occupational health safety, as well as labour-related matters. These provisions will cover equal opportunity, non-discrimination, and the prevention of gender-based violence. With the support of a dedicated Technical Assistance, the Promoter will develop and disseminate health and safety procedures, along with emergency preparedness plans, to address both standard construction-related risks and context-specific risks, such as potential missile or airstrike threats. Labour conditions and occupational health and safety standards will be regularly monitored throughout project implementation.



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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 construction of social and affordable housing under this Project has a strong potential to promote gender equality. In Ukraine, a significant majority of internally displaced persons are women with children and elderly dependents. These groups face heightened vulnerability due to the destruction of essential infrastructure and increased caregiving responsibilities. By providing safe, accessible housing, the Project will help alleviate the care burden on women and improve living conditions for displaced families. Gender considerations will be integrated into project design and implementation, ensuring that the specific needs of women and vulnerable groups are addressed throughout.

### **Public Consultation and Stakeholder Engagement**

Where applicable, the public consultation will take place in line with the EIA Directive and national legislation. The Ministry of Communities, Territories, and Infrastructure Development of Ukraine was the Promoter of similar operations financed by EIB and is familiar with EIB's environmental and social standards. The Promoter, with the support of the previous technical assistance provided by 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 operating in project locations.

### **Other Environmental and Social Aspects**

The Promoter's environmental and social capacity will be strengthened through the deployment of qualified staff within the Project Management Support Unit (PMSU) at the central level and Project Implementation Units (PIUs) at the local level. Dedicated Technical Assistance will support the Promoter and local entities throughout the phases of the project cycle—covering preparation, implementation, and monitoring—in line with the Bank's environmental and social standards.

## **Conclusions and Recommendations**

Given that detailed information on the sub-projects is not available at this stage, the environmental and social impacts, along with corresponding mitigation measures will be assessed during the allocation stage, once the individual investments have been identified.

Nevertheless, the programme as a whole is expected to deliver substantial benefits to local communities. While temporary adverse impacts may occur during the construction phase, these are anticipated to be limited in scope and will be appropriately mitigated and managed throughout implementation.

#### **Undertakings:**

- The Promoter shall ensure full compliance of the sub-projects with applicable EU and Ukrainian legislation, and will be subject to reporting requirements to the Bank.
- 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, safety and security standards
- The Promoter shall provide to the Bank' satisfaction, prior to allocation, evidence on its internal environmental and social management system compliant with relevant provisions of EIB Environmental and Social Standards, Grievance Mechanism, labour and occupational health and safety provisions.



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- The Promoter shall actively monitor the construction sites and implementation of the environmental and social requirements by the contractors.
- The Promoter shall obtain, maintain, and comply with all relevant permits for the sub-projects.
- The Promoter shall not commit any EIB funds against schemes that require an EIA report according to applicable legislation without, prior to commitment, receiving the consent from the competent authority.
- For sub-projects that do require an EIA, the Promoter shall deliver the Environmental Impact Assessment Report and if applicable the social assessment, to the Bank.
- For sub-projects that do not require an EIA, the Promoter shall ensure that if any additional environmental and/or social information or assessment is required, this should be provided.
- The Promoter shall not commit any EIB funds against schemes that have a potential to affect a site of nature conservation importance that is protected under national legislation or international agreements, until the time the competent authority confirms, or an assessment satisfactory to the Bank is provided, that the component does not have a significant negative impact on the site.

The Promoter's institutional capacity for managing environmental and social issues is deemed satisfactory. This assessment takes into account the safeguards foreseen under the framework loan operation, including the planned deployment of intensive Technical Assistance, which is expected to support alignment with EU environmental and social standards and ensure the operation remains acceptable for EIB financing from both social and environmental perspectives.