

Environmental and Social Data Sheet

Overview

Project Name: **URENGOY- POMARY- UZHGOROD GAS PIPELINE**
 Project Number: 20100598
 Country: Ukraine
 Project Description: Replacement of four corroded pipeline sections (total length of 119km; diameter DN1400); replacement of two compressor units of 26 MW each with the objective of reducing fuel consumption and extending operational lifetime of an existing compressor station.

EIA required: yes

(National EIAs will be amended and become accessible through the Bank's website)

Project included in Carbon Footprint Exercise¹: no

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project consists of five individual components. Ukrainian law requires environmental assessments for all of them. Under EU environmental legislation the replacement of the four corroded large pipeline sections would likely require an impact assessment as well, while the replacement of the existing compressors, taking place within an existing station and without increase in size, would probably not require such assessments. All components represent typical sector activities, which can be implemented with proven practices in principle. There are gaps between national and EU requirements for impact assessments therefore appropriate additional analysis is required.

At this stage the EIAs for two pipeline sections have been finalised according to Ukrainian law and approved by the relevant authorities. They do not identify areas of concern or significant residual impacts on sites of nature conservation. The review of these EIAs resulted in the conclusion that, with regard to local law, the scope sometimes appears to a certain degree limited, but accepted by the competent authorities. The EIAs do not demonstrate involvement of the public in the process, although it is understood that comments on the different components were invited at an early stage and following their definition. With regard to EU EIA requirements, the review has identified gaps that can be summarized as following:

- Fauna, flora, and biodiversity: the two studies are lacking sufficient baseline data and information for fauna, flora, and biodiversity and do not contain an adequate impact assessment;
- Social baseline and social impacts: there is a general lack of information on the social baseline within the areas of influence and, consequently, the impact assessment is weak; in addition, there is no information on compensation requirements for stakeholders that will be affected by the projects through temporary or permanent loss of land;

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

- Other non-compliances with specific EU and EIB requirements: the EIAs do not present adequate information on stakeholder engagement, appropriate public consultations, project alternatives, cumulative impacts, associated facilities, and issues related to the decommissioning of the old pipelines.

The above conclusions do not necessarily imply that new full EIA studies should be prepared and should replace the existing EIAs. The gaps could be bridged by developing additional stand-alone studies that address the different requirements.

The above findings must be taken into account also for the EIA assessments yet to be prepared for all other components in this project. Assessments to the satisfaction of the Bank prior to the start of construction are a condition to disbursement of funds for a particular component. At this stage no component has been identified acceptable under the Bank's environmental and social standards. The project implementation unit that is planned to be put in place together with other IFIs and the promoter will comprise environmental experts who shall scope and steer the additional studies required.

Environmental and Social Assessment

Environmental Assessment

The review of each of the project components identified a number of key issues and potentially significant impacts, generally common to all project components. They can be summarized as follows:

- The occupation of agricultural land, that may result in potentially temporary impacts on topsoil and the social component;
- The loss of woodlands for some of the project components;
- The abstraction of significant volumes of water from nearby rivers for hydraulic testing, and the generation of large volumes of wastewater to be treated onsite and discharged back to the rivers;
- Rivers and streams crossing;
- The release of methane into the atmosphere as a result of venting of the old pipeline as well as some air emissions during construction (welding, exhaust from vehicles and machinery);
- Potential safety risks during gas release from the old pipeline, general occupational and Health and Safety risks associated with construction (land excavation, pipe laying, welding, driving, etc.), and potential risks of accidents during operation (high pressure, explosion risks).

The review has identified the following main gaps:

- Generally, the documentation provided does not include baseline descriptions or impact assessments for river crossings;
- For rivers that will be used for water abstraction for hydrotesting, no river hydrology baseline or impact assessment have been developed;
- In the EIA studies there is no project-specific fauna/flora and biodiversity baseline description, nor impact assessment on them. Although it is understood that the project components do not cross any existing protected areas, it is also known that new protected areas are planned across the country. In the EIAs there is no information or analysis on whether protected areas might be likely designated in the project area of influence;
- The socio-economic baseline is insufficient and social impact assessment weak. Social impacts are potentially significant due to large land-take, loss of an agricultural season on those plots, increased traffic and noise from construction, and due to the presence of workers who in some cases will be residing in local villages;
- It is unlikely that resettlements will be required, but there is no comprehensive information in this regard;

- There are no details on landowner compensation arrangements (e.g. compensation for loss of income), nor information on legal arrangements with them (e.g. land-lease conditions, servitude agreements, etc.);
- As the review of alternatives was not part of the scope of work for the local EIAs, there is no consideration nor discussion of route/project alternatives.

With regard to Ukrainian regulation the following clarifications are required:

- The scope of the EIAs is sometimes more limited than what could be expected under local regulation;
- Public meetings do not appear to have been carried out (the EIAs do not contain any documents such as minutes of the meetings, records of participants, meeting agendas or list of questions, comments and/or concerns raised by participants);
- Project permitting documentation (other than provided and if existing) should be made available for review.

In order to amend the Ukrainian environmental assessments to a level generally expected in the EU, the following key additional information must be obtained:

- Full environmental baseline and comprehensive impact assessment of river crossings and of the use of these rivers for water abstraction for hydrotesting of pipes and wastewater discharge;
- Component-specific biodiversity baseline and impact assessment on fauna, flora and biodiversity in general, including sensitive species and habitats. Identification and assessment of valuable habitats and species, and of any significant impact on them, particularly with a view to those, which would be protected in the European Union under Natura2000 regulation and the EU Habitat Directive;
- Social baselines and social impact assessment;
- Legal arrangements with landowners and details on their compensation;
- Additional comprehensive public consultations that should include open public meetings with effected stakeholders;
- Review of environmental permit conditions and preparation of environmental and social management plans;
- Consideration of alternative pipeline routings;
- Assessment of cumulative impacts;
- Inclusion of associated facilities in the assessment (lay-down areas, camps, access roads);
- Provision of details and assessment of the impacts of the decommissioning of the old pipelines.

Social Assessment

Technical characteristics and size of the project components, i.e. replacement and rehabilitation of components in an existing pipeline corridor and an existing compression station, suggest that potential social impacts might be limited and mainly related to compensation issues (e.g. laydown areas, access roads) and construction works. At this stage however no social baseline and impact assessment exists that does analyse this. Social baseline and social impact assessments are lacking at this stage and need to be addressed in complementary studies to the satisfaction of the Bank prior to disbursement of funds. Ukraine has ratified the ILO core labour conventions and the promoter will have to monitor their application in works contracts it will sign with contractors.

Public Consultation and Stakeholder Engagement

Information on the pipeline sections reviewed has been disclosed to the public in Ukraine and comments have been invited at an early stage in the process. However, no public consultation or meeting with affected people/stakeholders took place, during which the impacts identified were presented, although mandatory for projects that can pose significant environmental risks such as large gas transmission pipelines. Additional disclosure and engagement will likely be required after the amendment of the studies.

Other Environmental and Social Aspects

None at this stage.

09.07.2014