

## Environmental and Social Data Sheet

### Overview

Project Name:	Ukraine Municipal Infrastructure Programme
Project Number:	2011-0487
Country:	Ukraine
Project Description:	Framework for Ukrainian Municipalities for the rehabilitation and upgrading of municipal infrastructure
EIA required:	Multi-sector investment programme for sub-projects of various sizes; some sub-projects may require an EIA.

Most sub-projects are not expected to require a full environmental impact assessment (EIA); however, for those that do require an EIA, it will be reviewed by the Bank and a non-technical summary (NTS) of the study will be published.

Project included in Carbon Footprint Exercise<sup>1</sup>:                      no (framework loans not included)

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

The operation will cover the key municipal sectors of district heating, energy efficiency in public buildings, street lighting, water & sanitation and solid waste management. The overall anticipated environmental and social impacts of the operation are deemed positive. While there may be minor adverse impacts during the construction and implementation of the sub-projects, considerable environmental benefits are anticipated from rehabilitation, upgrading and extension of public infrastructure facilities (heat distribution, municipal energy efficiency, water supply and wastewater networks and solid waste management systems and facilities) once the works are completed. Some risks associated with operating in a conflict area, related to the volatile and complex political and security environment remain and shall be addressed during the screening and appraisal of the sub-projects.

The individual sub-projects will benefit from the following environmental and social framework:

- The sub-projects will be implemented in line with the requirements of the environmental acquis (Annexes XXX and XXXI to Chapter 6) of the Ukraine–European Union Association Agreement;
- A strategic environmental impact assessment (SEA) of the Government's municipal infrastructure investment programme will be undertaken by the Ministry of Regional Development, Construction, Housing and the Municipal Services of Ukraine (MRD) in line with the principles of Directive 2001/42/EC.
- Environmental pre-screening of the projects, including connection infrastructure where applicable, will be required. Some sub-projects will have similar characteristics to those that in the EU would be classified under Annex II (energy, infrastructure and other projects) of Directive 2011/92/EU, thus requiring a decision by the competent authority whether or not an Environmental Impact Assessment process is required. The need for environmental studies and public consultation will be assessed during the subsequent preparation of sub-projects.
- For sub-projects that require an EIA according to national legislation, the Borrower will be required to provide the Bank with a copy of the Environmental Impact Study (EIS),

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

including a non-technical summary (NTS), or provide a web-site link to the location where the EIS is published for at least 3 years, and will confirm that the project incorporates all mitigating measures recommended as a result of the EIA, in order to ensure compliance with the EIB's Public Disclosure Policy;

- The Borrower will undertake to not allocate funds to sub-projects that have the potential to adversely affect a site of nature conservation, protected under national or international legislation or agreements, until the appropriate approval from competent authority confirms the sub-project does not have a significant adverse impact on the site.
- The use of Best-Available Technique will be obligatory for all schemes, in line with the Industrial Emissions Directive (where applicable). Ex-ante approval of the allocations by the Bank will be required to ensure compliance with the Bank's environmental and social standards including those on Emission Performance Standards and those on the protection of sites of nature conservation, where applicable.
- The project takes place in a conflict area featuring volatile and complex political and security environment. Corresponding risks for the sub-projects and the sub-projects' potential impact on the conflict and its parties remain and shall be addressed during the screening and appraisal of the sub-projects. The Bank will limit its support to operations in the areas under Government control.

Considering the above mentioned conditions, the operation is considered acceptable under environmental and social aspects.

## **Environmental and Social Assessment**

### **Environmental Assessment**

Ukraine is one of the least energy efficient countries in the world. Its municipal district heating sector is characterised by inefficient heat production, high heat losses, low service quality, and affordability issues for low income consumers. Heat supply infrastructure is being operated beyond its service life and requires large investments to maintain acceptable operating conditions and meet demand.

In the water sector, high levels of water consumption caused by inefficient use of resources and disproportionate losses in the networks result in water consumption being 1.5 to 2 times higher than in developed countries. There are drinking water quality problems derived from secondary contamination of water supplies due to slow speed of water in pipes, poor internal condition of pipes and internal plumbing (e.g. deposits that can be mobilised), syphoning of contaminated ground/surface water during low pressures or reliance on inappropriate/expensive treatment of surface water that is often polluted. Due to the low quality of drinking water (including high chlorine content in some cases), the population sometimes prefer to consume bottled water.

Waste management practices in Ukraine are sub-standard and inefficient resulting in adverse environmental, public health and climate impacts and waste of raw materials and energy. In 2010, ca 12 million tonnes of municipal solid waste was generated in Ukraine. More than 90% of this waste was disposed in landfills, a large portion of which fail to meet basic environmental safety standards. Since waste collection services cover only about 75% of the population, a significant amount of waste is also disposed in backyards and illegal dumpsites. Separate collection of recyclable materials is carried out in a limited number of cities, and it is estimated that less than 10% of municipal solid waste is recycled.

The sub-projects will be designed to reduce the environmental impacts of losses and improve waste management practices in line with the environmental acquis (Annexes XXX and XXXI to Chapter 6) of the Ukraine–European Union Association Agreement. Through this agreement, the Ukraine has undertaken to align its environmental legislation and regulations with specific EU legislation within 2 to 8 years of its entry into force. The following EU

legislation is specified (those in bold are considered particularly relevant to this operation): **Directive 2001/42/EC** on the assessment of the effects of certain plans and programmes on the environment, **Directive 2003/4/EC** on public access to environmental information, **Directive 2003/35/EC** providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment and amending with regard to public participation and access to justice Directives 85/337/EEC and 96/61/EC, **Directive 2008/50/EC** on ambient air quality and cleaner air for Europe, Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, Directive 98/70/EC relating to the quality of petrol and diesel fuels, **Directive 1999/32/EC** on reduction of sulphur content of certain liquid fuels, Directive 94/63/EC on the control of volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations, Directive 2004/42/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products, **Directive 2008/98/EC** on waste, **Directive 1999/31/EC** on the landfill of waste, Directive 2006/21/EC on the management of waste from extractive industries, **Directive 2000/60/EC** establishing a framework for Community action in the field of water policy, Directive 2007/60/EC on the assessment and management of flood risks, Directive 2008/56/EC Directive establishing a framework for Community action in the field of marine environmental policy, **Directive 91/271/EEC** on urban waste water treatment, **Directive 98/83/EC** on quality of water intended for human consumption, Directive 91/676/EC concerning the protection of waters against pollution caused by nitrates from agricultural sources, Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EC on the conservation of natural habitats and of wild fauna and flora, **Directive 2010/75/EU** on industrial emission (integrated pollution prevention and control), Directive 96/82/EC on the control of major accident hazards involving dangerous substances, Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, Regulation (EC) 842/2006 on certain fluorinated greenhouse gases, Regulation (EC) 2037/2000 on substances that deplete the ozone layer, Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the deliberate release into the environment of genetically modified organisms, Regulation (EC) No 1946/2003 of the European Parliament and of the Council of 15 July 2003 on transboundary movements of genetically modified organisms, Directive 2009/41/EC of the European Parliament and of the Council of 6 May 2009 on the contained use of genetically modified micro-organisms.

Framework loans are not covered by the EIB Carbon Footprint Exercise. However, most of the individual allocations or sub-projects are expected to result in CO<sub>2</sub> emissions reductions through energy efficiency improvements, reduction of water losses and capture of methane emissions from landfill sites. The climate benefits will be quantified in the appraisal documentation for each sub-project.

### **Social Assessment, where applicable**

The sub-projects will improve the quality and comfort of public services (municipal heating, lighting, water supply, wastewater and solid waste management) and will be located in urban environments where public utility infrastructure already exists. No involuntary resettlement is foreseen. No adverse social impacts are anticipated.

### **Public Consultation and Stakeholder Engagement, where required**

The Borrower will be required to facilitate the access by the public to environmentally relevant information in accordance with the Bank's Transparency Policy. Technical assistance will be made available to support the Borrower and sub-project promoters in implementation, operation and monitoring of the sub-projects.