

Environmental and Social Data Sheet

Overview

Project Name:	UKRAINE AGRI-FOOD APEX LOAN
Project Number:	2015-0476
Country:	UKRAINE
Project Description:	Loan to Ukraine to finance the upgrading of (i) cereals, (ii) oil seeds and (iii) aquaculture and fisheries value chains.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no

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

The project is expected to bring an overall positive environmental and social impact by supporting the introduction of resource-efficient technologies and aiming at approximation to EU technical, sanitary and phytosanitary and environmental norms. This will result in higher yields and profitability from reduced levels of inputs as well as reduced losses and waste in priority agri-food chains. The operation will focus on small and medium sized projects, which will result in limited environmental impact, but nevertheless will potentially contribute to reductions in emissions.

Environmental and Social Assessment

Environmental Assessment

In the aquaculture and fisheries value chain, the project will focus on rehabilitation of freshwater aquaculture production, fish processing and logistics. Investments in the Ukrainian offshore (ocean going) marine fish capture fleet will not be eligible for finance under the project. Similarly, given current environmental challenges facing the Black and Azov seas, project-supported investments relating to marine capture fisheries will be limited to on-shore fish-handling and processing/conservation and to offshore sub-projects, such as fishery monitoring and control initiatives, that promote sustainable management of Black and Azov sea fish stocks. Such sub-projects will be subject to ex-ante review by the EIB services.

National environmental legislation and the environmental and social due diligence capacities and procedures of financial intermediaries will be assessed, during selection, in order to ensure compliance of the operation with the Bank's environmental and social policy. Some projects (in particular investments in irrigation or agro-industry), either in their own right or as a part of larger schemes, may be categorised as Annex II-type projects under the EIA Directive 2014/52/EU, which in the EU would require a review by the competent authority to determine the need for an environmental impact assessment. Any allocation aiming to finance this kind of investment will be subject to ex-ante review by the EIB services.

Social Assessment

For decades, SMEs active in the agri-food sector have been viewed as high risk by Ukrainian commercial lenders confronted with their seasonal cash flows. This has resulted in high interest rates and prohibitive collateral requirements, effectively cutting off access to finance for longer term investments in technology upgrades for small enterprises and farmers.

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.

The project will facilitate SME access to credit for production, logistics and improved safety and quality standards, in line with Ukraine's commitment to approximating to EU norms. This will allow final beneficiaries to increase their productivity, safeguarding jobs and stimulating demand for produce from smaller farmers, while raising safety, health and environmental standards across target value chains. Ultimately, this will lead to increased profitability, incomes and economic development, particularly in rural areas, as well as an improved supply of quality food to the population.

Public Consultation and Stakeholder Engagement

The project has strong support at the political level and from organisations representing the value chains targeted by the project, including public entities and private enterprises of all sizes. Round tables were held during project appraisal with local producers and representatives of other value chain participants, including sector associations and public authorities at both the central and regional level to ensure open discussion and an informed project design.