

Public

Environmental and Social Data Sheet

Overview

Project Name:	UKRAINE GRAIN STORAGE AND EQUIPMENT
Project Number:	2019-0118
Country:	Ukraine
Project Description:	Financing of grain silos, agricultural equipment and grain railcars in Ukraine.
EIA required:	This operation is an investment program. Some of the schemes may require an EIA.
Project included in Carbon Footprint Exercise ¹ :	yes
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

Environmental Assessment

The proposed operation is a phased investment program, consisting of construction and operation of in-land grain elevators with silos, purchase of agricultural equipment and purchase of railcars for the transportation of grains. The agricultural equipment and railcars do not fall under the EIA Directive 2014/52/EU (amending 2011/92/EU) and do not require EIA. Each of the grain elevator component falls under Annex II (Industrial estate development projects) of EIA Directive 2014/52/EU (amending 2011/92/EU) and therefore, is subject to a case by case determination on the need for an assessment that should be carried out by the relevant competent authority.

Due to their location, the silos should have no likely significant effects on protected areas or equivalent.

The silos' designs are developed and will be operated in compliance with national regulatory requirements and the EU standards for emissions abatement. The main emissions from the grain elevators operations are expected to be emissions to the air (dust and GHG from grain handling-drying operations). Dust abatement units (that include filters, central vacuum, cyclone separators, etc.) will reduce significantly dust emissions and prevent risk of dust explosion. The silos, equipped with gas burners to dry grains, will emit seasonally GHGs. Each elevator will have a water pond for fire security purpose. Sewage water from the facilities does not contain any chemical components. The rainwater collection system directs rainwater to a precipitation tank and then to a separator to remove possible oil products.

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.

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EIB Carbon Footprint Exercise

Absolute emissions: The estimated CO₂ of the investment program including utilities and auxiliaries in standard year of operation amounts to 170 kt CO₂ equivalent. This includes the silos, the agricultural equipment and the rail wagons.

Baseline: For the silos it was assumed, as a baseline, that without the project, alternative regional silos would have to be built to meet the demand for the grain collected. Such facilities were assumed to be of the same technological standards as the project's components. Concerning the agricultural equipment, without the project, it was assumed that the land would be cultivated with average Ukrainian inputs and fuel. Concerning the rail wagons, the alternative was assumed to be the use of road trucks.

Relative emissions: Based on the Bank's carbon footprint methodology, the relative emissions (difference between absolute emissions and baseline) can therefore be assumed to be 37 kt CO₂ equivalent per year of emissions savings.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment, where applicable

The community and occupational health & safety setup in Ukraine is developing and the government has notably ratified the ILO core labour standards.

The promoter has a documented Corporate Social Responsibility (CSR) policy and is currently documenting their Occupational Health and Safety (OHS) procedures and policies. The promoter is also engaged in programs for the enhancement of their employees' professional careers. These include, for example, development programs (both internal and outsourced), and corporate training programs. Each elevator will employ 62 new people.

The promoter engages with the local communities in the regions where it operates. It promotes social infrastructure and actions with the neighbouring communes and villages. The project will not trigger any involuntary resettlement.

Public Consultation and Stakeholder Engagement

The promoter has a complaint mechanism in place on its sites and on neighbouring villages. All allegations and complaints are recorded, reported and summarized to the headquarters (HQ) in Kiev. The grievances are addressed directly to the promoter's HQ or locally by business managers, depending on the characteristics of the requests. Corrective and preventive actions are put in place and they are monitored by the dedicated responsible department. Public consultations for their projects are made available on various media channels.

Whenever an EIA will be done, the detailed description of the silos and relevant information on environmental impact will be published on local newspapers. Any objections from the public are reported to the local authorities.

Other Environmental and Social Aspects

A new Ukrainian EIA law has been enforced at the end of 2017. Due to the recent significant change in Ukrainian environmental law, the Promoter agreed, as an undertaking, to

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implement a satisfactory roadmap in order to enhance its group environmental & labour safety organization, as well as its environmental management system (EMS).

The employees are trained on a regular basis for general labour safety and fire safety.

Conclusions and Recommendations

Conditions and undertakings:

- To submit to the Bank the operating permits for the project components before the start of their operations;
- If applicable, send to the Bank the corresponding EIAs (at a level satisfactory to the Bank), including satisfactory public consultations
- Monitor the performance of the installations in terms of emissions into air and water and report yearly to the Bank;
- To propose the Bank a satisfactory roadmap that will enhance the promoter's environmental & labour safety organization, as well as its environmental management system (EMS), with specific milestones and KPIs (Key Performance Indicators).
- To enhance their complaints mechanism, to ensure a fair and transparent process to address all complaints from the public.

Considering all the measure put in place by the promoter to ensure that the project complies with the national environmental legislation and the EIB E&S standards, subject to the above mentioned conditions and undertakings, the project is acceptable for EIB financing in environmental and social terms.