

Luxembourg, 15 November 2023

Environmental and Social Data Sheet

Overview

Project Name:	<i>UKRAINE WATER RECOVERY FL</i>
Project Number:	<i>2021-0112</i>
Country:	<i>Ukraine</i>
Project Description:	<i>Framework loan aiming at improving water supply and waste water treatment across Ukraine</i>
EIA required:	This is multi-scheme Framework Loan operation. Most schemes, given the size and sectors, would not require an EIA as foreseen under the Ukrainian EIA legislation.

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

Environmental Assessment

The proposed project (this operation) aims to assist Ukrainian communities in responding to the damages caused by Russia's invasion. Its primary objective is the rehabilitation of critical water infrastructure in the areas affected or destroyed by the war and under control of the Ukrainian Government; as well as (re-)construction of critical water infrastructure in areas under heavy pressure due to the influx of internally displaced persons (IDPs). It is anticipated that the project will improve living conditions for residents in the targeted investment areas.

The Borrower is the Ministry of Finance of Ukraine, which will coordinate all financial aspects of the project framework, acting as the central financial government agency. The Promoter is the Ministry of Communities, Territories, and Infrastructure Development of Ukraine (MCTID). It will be responsible for managing and monitoring the operation through a dedicated Programme Management Support Unit (PMSU). The implementation of the schemes will be led by public local entities.

The MCTID was the Promoter of similar operations financed by EIB² and is familiar with EIB's Environmental and Social Standards. However, extensive Technical Assistance (TA) support is and will be made available by the EIB to strengthen the Promoter's capacity for preparation and selection of the schemes. TA will also be made available for efficient project monitoring and implementation of the schemes, both at the local level (local authorities and utilities), and at the central level (to the MCTID and the Ministry of Finance).

The competent authority for Environment is the Ministry of Environmental Protection and Natural Resources' representative office in each Oblast.

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.

² 2014 Ukraine Early Recovery Project and 2020 Ukraine Recovery Programme



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This is a multi-scheme framework loan operation. In most cases, given the schemes size and sector, they are not expected to require an Environmental Impact Assessment (EIA) report under Ukrainian EIA legislation, which aligns with the EU EIA directive 2011/92/EC, as amended by Directive 2014/52/EC.

Moreover, the schemes might be exempted from applicable environmental impact assessment procedures, considering that all the planned works are aimed at contributing to “eliminating the consequences of emergencies, the consequences of military aggression...” as stated in the Ukrainian EIA Act. However, the Promoter is required to assess, every time when it is materially possible, on a case-by-case basis whether stringent imperatives make the EIA impossible to implement in practice, and to ensure the environmental sustainability of the project, and that these schemes do not significantly impact protected areas.

The Promoter will monitor and implement policies for protection and conservation of the environment.

An Environmental and Social Management Framework (ESMF) will be prepared by the Promoter, to be applied during the implementation of the whole project. The ESMF will be aligned with the EIB's environmental and social standards, and it will be used for screening the schemes against EIB's environmental and social policy. The ESMF will be part of the mandatory project documentation.

Environmental Impact

Due to the relatively small to medium scale of individual schemes and their focus on reconstructing infrastructure in urban areas, significant negative environmental impacts are not expected. Investments related to rehabilitation of sewerage and wastewater treatment facilities are anticipated to yield positive environmental effects by reducing the discharge of pollution into the water bodies. The project aims to have, overall, positive environmental impacts by restoring climate-resilient infrastructure and setting the stage for a "build-back-better" approach during restoration and rebuilding efforts.

While (re-)construction activities may lead to temporary negative impacts like noise, traffic disruption and dust, these are expected to be minor, localised and temporary. Mitigation measures on construction sites will be implemented to reduce or prevent these impacts. However, these risks may be exacerbated by the threat of missile attacks and other military actions, introducing an element of extreme uncertainty and risk that cannot be entirely mitigated by environmental and social management measures. Furthermore, 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 parties, and assess and address risks.

Upon project completion, the overall environmental impacts are expected to be positive.

Climate Change

Considering the sector, it is expected that the schemes will contribute to climate change mitigation by the (re-)construction of efficient wastewater and water supply infrastructure. The reduction of emissions will mainly stem from energy efficiency gains in pumping and treatment.



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Paris Alignment

It is expected that the schemes will be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (CBR)

Social Assessment

The Project is expected to generate significant positive social impacts. As of May 2023, Ukraine has approximately 5.1 million IDPs, with a substantial portion located in the Eastern part of Ukraine under government control, closest to their original places of residence³. The ongoing Russian invasion has strained public services and infrastructure, especially in the South and East, impacting the nationwide economy.

This Project aims to improve public water infrastructure and commits to providing equal access to affected populations based on non-discrimination and equality principles. The Promoter and the local entities, supported by external TA, will develop and implement environmental and social management plans (ESMP) within the ESMF, and stakeholder engagement plans. This will ensure that citizens have accessible information on Project-supported structures and national legal provisions. This approach aligns with EIB and international standards, including the UN Guiding Principles on Internal Displacement.

The infrastructure projects funded under this program are not expected to result in permanent physical or economic displacement. If temporary displacement does occur due to the Project, the Promoter will manage the process in accordance with the ESMF and related plans (aligned with EIB standards).

The EIB will provide additional TA 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 ILO fundamental conventions, and the project operational manual will include provisions for occupational health safety and labour-related matters. This includes contract provisions related to equal opportunity, non-discrimination, and gender-based violence prevention. The Promoter, with TA support, will develop and communicate health and safety and emergency preparedness plans and procedures to address both typical construction-related risks and war-related risks, such as potential air missile bombardments. Regular monitoring of labour conditions and occupational health and safety standards will also be conducted.

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.

³ IOM; Ukraine — Internal Displacement Report — General Population Survey Round 13 (11 May - 14 June 2023)



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Gender Equality

The International Organization for Migration estimates that of those who have been displaced within Ukraine, 70% are women and children. People on the move are extremely vulnerable to numerous health and security risks, while response capacities in host communities, especially in the western oblasts receiving growing numbers of displaced people, are stretched to the brink.

With the destruction and closing of infrastructure such as water and sanitation facilities as well as broader health care facilities, schools, childcare, and eldercare centres, which have an impact on the population at large, women's care burden is particularly increasing. Thirty-five per cent of women said that their domestic responsibilities had increased since the start of the conflict, and 23% of women report spending more than 50 hours a week on domestic chores⁴. WASH Cluster Ukraine and UN Women highlight that damage to water related infrastructure is one of the drivers for women's increased domestic burden and also link it to risks of sexual harassment and violence. Simultaneously, women are also facing growing unemployment, especially in occupations often dominated by women, such as nursing and teaching.

This Framework Loan focuses on the provision of adequate water and sanitation services. This project has potential to contribute to gender equality by easing the care burden and enhance safety. It is envisaged that further gender analytics will be undertaken to inform the project and that selection and preparation procedures for schemes that consider various social inclusion and gender equality aspects will be established. Based on this, the project will likely be moved to a significant gender tag once such processes are in place.

Public Consultation and Stakeholder Engagement

The Promoter, with the support of United Nations Development Programme (UNDP), has gained experience in stakeholder engagement with relevant stakeholders and grievance management. Stakeholder engagement includes affected populations, local civil society organizations, and other entities operating in project locations. Social Management Plans (SMP) and Stakeholder Engagement Plans (SEP) will be developed as part of the Environmental and Social Management Framework (ESMF) and will be continually supported by TA for capacity building in environmental and social risk management.

Other Environmental and Social Aspects

The Promoter is familiar with EIB's environmental and social standards. The Programme Management Support Unit's environmental and social capacity will be strengthened through Technical Assistance (TA). TA shall also be provided at local level to the final beneficiaries. The EIB envisages to finance advisory services to extend the TA provided by UNDP under the 2020 Ukraine Recovery Programme. UNDP would continue to ensure presence on the ground to support the Promoter and local entities with project preparation, implementation, and monitoring, in compliance with the Bank's environmental and social standards. EIB will finance Technical Assistance to support the Promoter with project management and monitoring.

⁴ [Human Impact Assessment | United Nations Development Programme \(undp.org\)](https://undp.org/)

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Conclusions and Recommendations

Given that detailed information on the schemes is not available at this stage, the environmental and social impacts and mitigants will be evaluated at allocation stage. However, overall, the schemes within this programme are expected to generate a wide range of benefits to the local communities, notwithstanding potential temporary negative impacts during the construction phase, which will be mitigated and managed throughout this phase.

Conditions for disbursement:

- The Promoter shall prepare an Environmental and Social Management Framework (ESMF) in line with EIB standards, including: i) screening criteria for EIB standards triggers, ii) procedures for the environmental impact, iii) procedures for health and safety including occupational health and safety, iv) procedures for compensations due to temporary economic displacement v) stakeholder engagement framework with grievance mechanism, and vi) monitoring fiches.

Undertakings:

- The Promoter shall implement and operate the Project in compliance with EIB's 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 actively monitor for its own construction sites the respect by its contractors of the provisions mentioned above.
- The Promoter shall obtain, maintain, and comply with all relevant permits for the schemes.
- The Promoter shall not commit any EIB funds against schemes that require an EIA report according to applicable laws without, prior to commitment, receiving the consent from the competent authority, and sending the EIA to the EIB for publication on the Bank's website.
- 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 equivalent assessment satisfactory to the Bank is provided, that the component does not have a significant negative impact on the site.
- The Promoter shall not commit EIB funds to schemes that require involuntary resettlement. Temporary displacement, if needed, would follow the regulatory framework for temporary relocation in Ukraine and the procedures developed under the Project social management plan.
- The Promoter shall ensure that the benefits of each scheme are equally available to people affected by conflict based on the principles of non-discrimination, participation and transparency; that affected people are provided with transparent and accessible information on the assistance available under the Project and under Ukrainian law.
- The Promoter shall not commit EIB funds to schemes carried out in an area in Ukraine which is experiencing active military action; causes new active conflict to occur in Ukraine; or is located in areas not under Ukraine government control.

Considered the above, the project is acceptable for EIB financing from an environmental and social point of view.