



Luxembourg, 13.12.2023

## Environmental and Social Data Sheet

### Overview

Project Name:	IMPROVEMENT ROAD NETWORKS SOLIDARITY LANES FL
Project Number:	20230351
Country:	Ukraine
	Project Description: Financing of priority investment needs in road sector, covering reconstruction and development of main export routes (TEN-T roads M-06 and M-09), co-financing of approved CEF projects aimed at improvement of border crossing infrastructure with the EU (Solidarity Lanes) and emergency rehabilitation and capital repairs of the damaged national road infrastructure, including bridges.
EIA required:	to be assessed at scheme allocation stage
Project included in Carbon Footprint Exercise <sup>1</sup> :	to be assessed at scheme allocation stage.

### Environmental and Social Assessment

#### Environmental Assessment

*The project:* This framework operation is expected to address priority investment needs in the road sector, covering reconstruction and development of the main export routes (TEN-T roads M-06 and M-09), co-financing of approved CEF projects aimed at improvement of border crossing infrastructure with the EU (Solidarity Lanes) and emergency rehabilitation and capital repairs of the damaged national road infrastructure, including bridges. A more detailed scope of the project will be defined at scheme allocation stage.

The project's schemes are expected to be implemented during the on-going war in Ukraine against the invasion of the Russian Federation. The risk profile is thus very different from any previous operation and subject to war time uncertainties.

It is expected that the foreseen M-06 and M-09 road rehabilitation works will be along the existing alignment and will include profile correction, resurfacing and strengthening of pavement, repair of bridges and structures, rehabilitation of the roadside drainage systems, replacement of elements to ensure traffic safety and environment protection and improvements to several intersections.

*Compliance with applicable Environmental Legislation:* The sub-projects are expected to be designed and implemented to minimize the negative environmental impacts of transportation in line with the environmental acquis (Annexes XXX and XXXI to Chapter 6 of the Ukraine – European Union Association Agreement.). Through this agreement, Ukraine has undertaken to align its environmental legislation and regulations with specific EU legislation. The sub-projects to be financed under this framework loan will be implemented in accordance with the Law of Ukraine on Environmental Impact Assessment (№ 2059-VIII dated 23/05/2017). During the

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



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appraisal, the Promoter was informed that the Bank will require that the sub-projects are be implemented in accordance with EIB's social and environmental standards.

Given that detailed information on the schemes is not available at this stage, environmental and social aspects will be further reviewed at scheme allocation stage. The Bank will require the Promoter to follow the EIB environmental and social (E&S) standards.

Given the extraordinary circumstances in which some of the schemes under the project are to be implemented (e.g. providing for a connectivity through emergency replacement of damaged bridges and rehabilitation of damaged road sections), there will be a need to apply certain adjustments to the standard procedure on a case by case basis.

The promoter has experience in the management of environmental and social plans and is familiar with the application of EIB and other international financing institutions' standards, based on the experience during implementation of their existing operations. However, if deemed necessary, technical assistance (TA) will be made available to support the Promoter in the preparation and implementation of the schemes. The TA may also support the promoter in setting up an environmental and social monitoring and reporting system.

It is expected that most the schemes under the FL will be reconstruction. Due to the nature of the works within the largest individual schemes (rehabilitation of the existing national roads), significant environmental impacts are not expected. Should any scheme, included under this Framework Loan, require an EIA Report, it will be subject to the Bank's standard review. Schemes aimed at repairing war damaged road infrastructure, are likely to enhance essential mobility and connectivity. Although the construction activities may lead to temporary negative impacts like noise and dust, these are expected to be minor and limited in time. Other expected environmental impacts and risks are related to waste generation, nuisance factors (dust, air and water quality, vibration, noise), occupational health and safety concerns, community health and safety hazards, and increased traffic. These are expected to have only minor temporary negative impacts during the construction period. Once the works are completed, it is expected that the environmental impact will be positive.

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, if engaged, including experienced environmental specialists, to oversee and manage environmental impacts, provide guidance to local implementing parties, and assess and address risks.

*EIB Carbon Footprint Exercise:* Framework loans are not covered by the EIB Carbon Footprint Exercise. It may be expected that the project will contribute to a positive reduction in road transport related GHG emissions due to improved efficiency and decongestion of the road network. 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. The GHG emissions, if relevant, will be quantified in the appraisal of schemes before allocation.

*Climate change:* Climate change related risks and adaptation measures will be assessed and quantified during the appraisal of individual schemes. Sub-projects are expected to be standard road rehabilitation projects. The promoter informed the Bank that the designs will be properly adapted the climate change related impacts. This will be checked at the allocation stage and before tendering.



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*Paris alignment:* For allocations including road capacity expansion schemes, the Climate Bank Roadmap will apply, and the Adapted Economic Test will be the key criteria to ensure Paris Alignment and economic justification.

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

Overall, the project is expected to have a positive impact on the living conditions of inhabitants of the settlements along the routes. Users of the reconstructed road sections are expected to benefit from safer road infrastructure. It is expected that the number of traffic accidents, including the ones with lethal consequences, will be reduced. Traffic safety measures will create not only safer driving conditions and operating cost savings, but also better protection of vulnerable road users. Construction of new parking facilities at border crossings will improve working conditions for drivers.

Based on the information provided to the Bank at this stage, the potential schemes are not likely to have significant negative social impacts, although some limited land expropriation may be necessary in places where road widening and parking facilities are planned. The Promoter confirmed that the projects will be designed in a way that keeps the intervention as much as possible within the existing right of way, to reduce the negative impacts to a minimum.

In accordance with national law on labour standards and ILO obligations ratified by Ukraine (Ukraine has ratified all ILO fundamental conventions), the works contracts of each sub-project are expected to comply with ILO core labour standards.

### **Conclusions and Recommendations**

Given that detailed information on the schemes to be financed under the framework loan is not available at this stage, environmental and social compliance aspects will be further reviewed at scheme allocation stage.

The Bank will require the Promoter to comply with the Bank's environmental and social standards. However, given the extraordinary circumstances in which some of the schemes under the project are to be implemented, there will be a need to apply certain adjustments to the standard procedure on a case-by-case basis.

The overall anticipated environmental and social impacts of the operation are deemed positive. Minor negative (temporary) impacts during the construction will be compensated by economic, social, public health and environmental benefits.

Considering the above, the project is acceptable for EIB financing from an environmental and social terms, subject to conditions to be defined at scheme allocation.