



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Ukraine	EUROPE AND CENTRAL ASIA	P172348	
Project Name	Eastern Ukraine: Reconnect, Recover, Revitalize (3R Project)		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social	Investment Project Financing	3/31/2020	7/30/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	UKRAVTODOR, Ministry of Veterans Affairs, Temporarily Occupied Territories and Internally Displaced Persons		

Proposed Development Objective(s)

To strengthen transport connectivity and enhance agricultural efficiency in project areas in Luhansk Government Controlled Areas (GCAs) in eastern Ukraine.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>100.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The conflict in eastern Ukraine, now over five-years-old, continues to impact the lives and livelihoods of millions of Ukrainians. The outbreak of conflict severely impacted socio-economic activity in Ukraine’s eastern industrial heartland including damage to infrastructure, interruption of markets and services, restrictions of movement, loss of employment and psychosocial impacts. The socio-economic impacts of the conflict have been amongst their most acute in Luhansk Oblast in eastern Ukraine. The region has experienced the sharpest decline of Gross Domestic



Product in Ukraine since the conflict and has lost an estimated 84 percent of its industrial capacity and 81 percent of jobs. What remains of Luhansk's economy after 2014, is now dominated by agricultural production. But Project areas in Luhansk Oblast face disruption and disorganization of agricultural supply and value chains, transport links, markets and service delivery networks as well as local governance challenges related to the conflict.

To address such challenges, the project will seek to strengthen transport connectivity and enhance agricultural efficiency in project areas in Luhansk Government Controlled Areas (GCAs) in eastern Ukraine. Recognizing the agricultural profile of Luhansk Oblast, the project focuses on enhancing agricultural sector efficiency and competitiveness as a key anchor of regional development and growth. Component 1 will support rehabilitation of roads in Luhansk oblast to connect farmers to processors and markets; and to connect people to urban service centers. Component 2 will complement Component 1 by financing agriculture-related local infrastructure investments to promote agricultural productivity and economic opportunity. These investments will be accompanied by community engagement, technology transfer, and training activities to address issues particular to Luhansk Oblast including capacity deficits of local institutions, low levels of civic engagement, and limited access to new technologies. Component 3 will focus on project management activities, including a focus on strategic communications, community monitoring and oversight of project activities, and implementation support in Luhansk project areas.

#### D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project and all its components would be implemented on the government-controlled territories of Luhansk region (oblast) of Ukraine. For the Component 1, Ukravtodor has prioritized following roads; R66, N26, N21, T-13-02, T-13-08, T-13-13 (these are not specific segments, but titles/names of the roads). Specific road sections of these roads to be rehabilitated under Component 1 (up to 150 km in total) will be defined shortly before appraisal. List of types of local infrastructure investments under Component 2 will be defined before appraisal (it is envisaged that the list would include, for example, rehabilitation of irrigation systems or storage facilities).

All road sections under Component 1 will be transferred under Ukravtodor responsibility for the duration of the project. The roads have several structures, such as small bridges, box/and pipe culverts, and water spillways. These structures will be assessed and improved/replaced. Due to different causes (armed conflict, insufficient maintenance, an increase of road traffic, among others), the road condition of the national and provincial network is poor.

Luhansk region is located in eastern Ukraine in the middle reaches of the Siversky Donets River basin. The territory of the Luhansk region represents steppes with average elevation of 150-200 meters. Luhansk region has two primary types of landscape - steppe and wooded. Forests occupy 8.6% of the region's. Luhansk region's area is 2,668,300 hectares, of which 1,908,700 hectares is agricultural land. Overall, in Luhansk region there are about 122 rivers with a total length of 4,556 km, including six rivers that are more than 100 km long. Siversky Donets river basin is a part of international watershed (the river flows through Belarus, Ukraine and Russia). There are few natural reserves and few candidate Emerald Sites along the routes of roads proposed for rehabilitation under the project.

According to 2017 report on Socio-Economic Impacts of Internal Displacement and Veteran Return, the social impacts of the conflict in Ukraine have been among their most acute in Luhansk region. With the onset of conflict and the division of the region into government and non-government areas of control, Luhansk's rural and agricultural north was severed from its industrialized south, and GDP in the region dropped precipitously. By 2017, an estimated 692,400 persons remained in the portion of Luhansk under government control, out of a pre-conflict population of 2.24 million. There are also an estimated 276,747 IDPs registered in Luhansk GCA as of November 2019, the second



largest total in the country, per region, behind Donetsk. However, population numbers continue to decline with significant out-migration. The disruption of market and service delivery connections, closure or reduced operations of industrial plants and agricultural processing facilities, the presence of vulnerable displaced persons and veterans, and the uncertainties associated with the future of the region have had economic and social effects. Risk aversion, civic isolation, low levels of trust in institutions, and pronounced disillusionment with Ukraine’s reform processes characterize the social environment in Government-controlled areas of Luhansk region.

Due to previous armed collisions on some of the possible project sites, as well as ongoing low-level armed conflict to the south of the project location, finds of UXOs are not excluded but are generally not found in this region of eastern Ukraine. The ESMF will include requirements for employment of established international disarming protocols for handling of UXOs. Specialized services and expertise will be sought (such as State Emergency Service of Ukraine expertise) and cost for such services would also be included in the project budgets. Escalation of conflict is not likely but possible and in case of escalation zone of active engagements may expand rapidly up to 60-80 km from the established line of contact.

**D. 2. Borrower’s Institutional Capacity**

Project activities will be implemented by two implementing agencies. Transport-related activities will be implemented by Ukravtodor, State Road Agency that has a previous and ongoing experience in managing World Bank-supported project (but its capacity to handle safeguards requirements is still limited, including due to novice of the ESF and shortage of human resources). In order to address capacity shortage/adequacy issue, Ukravtodor will commit to allocating a dedicated ES Specialist and investing in capacity building efforts both on national and regional levels. The Ministry for Veterans Affairs and Temporarily Occupied Territories and IDPs (MVTOT) will also serve as an implementing agency, establishing it's own PIU with capacity to handle management of all sub-components (including compliance with ESF requirements) and secure strong presence in Luhansk Oblast project areas, and the project will be administered in close cooperation with Luhansk Regional Administration. MVTOT does not have prior experience in working on Bank-funded investment projects but is implementing a current World Bank grant. For Component 2, MVTOT (or other agency as stipulated by the GoU) may also hire Training and Facilitating Partner(s) (TFPs) to deliver the range of capacity building, training (including on safeguards and ESF requirements), and community engagement activities envisioned under the Project. The Project will include a focus on communications and outreach activities in target communities (to be outlined in SEP) during implementation to reinforce national commitment to recovery and growth of conflict-affected eastern Ukraine, to engage local populations on ongoing reform efforts, and to report on Project results. The Project will provide financing for key agency staff, consultants, essential equipment, operating costs, technical assistance, training, and office refurbishment. Funding will also be provided for beneficiary assessments, periodic surveys, monitoring and evaluation activities, a management information system, project audits, and a project grievance redress mechanism that will monitor the handling of grievances. Environmental and social risk management capacity of both MVTOT and Ukravtodor is insufficient with very limited knowledge of ESF requirements and therefore capacity building and support activities are planned.

Public Disclosure

**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)** Substantial

**Environmental Risk Rating** Substantial



Nature and magnitude of the potential ES risks and impacts, the nature of the potential risks and impacts (e.g. whether they are irreversible, unprecedented or complex): at this stage of preparation, the specific sites where physical works will take place are yet to be identified, but based on the project description of the possible activities, key environmental issues may include increased pollution due to improper care, handling and storage of construction material and waste; generation of excessive noise and dust levels from trucks and other construction machinery; soil disturbance during earth works; tree-cutting and loss of vegetation; health and safety impacts caused by construction impediments on traffic safety situation (both for vehicles and pedestrians) due to narrowing of the roads and pavements; temporary impact on cross drainage; and, possibly, water/soils quality impacts in case of construction pollution as well as pressures on the environment caused by the material sourcing. Due to relatively small size of project area and numerous simultaneous civil works, cumulative impact may prove to be significant.

Type, location, sensitivity and scale of the Project including the physical considerations of the Project: the project is located in the area of moderate environmental sensitivity but heightened alert on the subject of occupational health and safety due to proximity to armed conflict zone. Due to ongoing low-level armed conflict to the south of the project location

although generally not found in this region of eastern Ukraine, , finds of UXOs are not excluded. Escalation of conflict is not likely but possible and in case of escalation zone of active engagements may expand rapidly up to 60-80 km from the established line of contact. These conditions may impede on project activities, as well as supervision efforts on the borrower's side and Bank's side. Capacity and commitment of the Borrower to manage risks and impacts in a manner consistent with the ESSs: one of the implementing Agencies has extensive experience of working under Bank's safeguard policies but limited knowledge of ESF standards. The other implementing agency does not have such experience, but is knowledgeable in general IFI EHS requirements. Risk from borrower capacity and commitment will be further assessed at later stage taking into account staff availability and allocation of necessary resources. Given the overall scale of the project, risk associated with project location and baseline conditions, possible cumulative impact, anticipated challenges in ES supervision, the environmental risks is rated Substantial.

**Social Risk Rating**

Substantial

Proposed social risk is Substantial. The Project's key interventions will relate to rehabilitation of existing local roads, infrastructure investments in local agriculture sector, and project management and implementation support to implementing entities. Social issues and potential risks emanate on four fronts: one, works to be financed under components 1 and 2, and associated ESS5 impacts; two, engagement with local communities and other relevant stakeholders (including with most vulnerable and disadvantaged groups) and ensuring their genuine participation in decision-making processes of the project and avoidance of potential risk of elite capture (particularly activities related to financing of selected infrastructure); three, challenging contextual environment and baseline conditions in Eastern Ukraine due to conflict; and four, limited capacity of Ukravtodor as well as the Ministry (or another chosen agency) in handling ESF requirements. The following Standards will be particularly relevant to address these social risks -- ESS 1, ESS2, ESS4, ESS 5, and ESS 10. The Project does not pose any social risks associated with ESS7.

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

**Overview of the relevance of the Standard for the Project:**

Public Disclosure



This standard is relevant to the project.

Based on project description, potential adverse impacts to the environment will be derived primarily from labor influx, dust, noise, vehicle emissions, and other forms of pollution from construction, drainage blockage/flooding, traffic interruption, removal of vegetation, disruption of economic activities, as well as increased traffic flow and speed during operations. Additionally, while improving road conditions would greatly contribute to better access to public services, it could also increase access to natural resources, forest in particular, which could exacerbate deforestation from logging and land clearance/grabbing in the areas. Improved road conditions also often cause rapid increase in traffic accidents, especially near urban sections. IDPs and veterans in Luhansk face particular development challenges. Among the 271,367 IDPs in Luhansk that are registered with the Ministry of Social Policy, the largest percentage are age 60 and above (72 percent). Among oblast-level IDP populations in Ukraine, this is the largest concentration of pensioners, per oblast, in the country. During project identification, local officials highlighted that large numbers of these individuals likely live in NGCAs, registering and periodically travelling to Luhansk GCAs to obtain pensions and conduct other administrative transactions.

There is little IDP-host community tension in the region, in part because many authorities, inclusive of oblast-level offices in Severodonetsk, are IDPs themselves. Tensions are also generally low with IDPs and hosts tending to suffer the deprivations associated with the conflict and poor services in equal measure. What does distinguish many IDPs in Luhansk is their difficulty in accessing land and housing (they typically rent). Working age IDPs that are not in public service must also contend with fewer job opportunities in the agricultural northern portions of Luhansk that match their more industry-centric skill sets developed in the southern region of Luhansk. Full integration, or the ability to own property, find fulfilling employment, and fully participate in the civic and political life of host communities is often elusive. Social risks and impacts will be related to potential livelihoods impacts (under Component 1).

Component 2 will finance agriculture-related infrastructure and will have eligibility criteria that will exclude any sub-projects that may result in land acquisition, physical or economic displacement. Component 1 will finance rehabilitation of existing local roads. While land acquisition and physical displacement is unlikely under this component, informal small shop keepers along the existing roads may be impacted temporarily during rehabilitation works. The extent of this risk will be assessed further during preparation, and a Resettlement Policy Framework (RPF) may need to be prepared depending on the scale of such livelihood impacts. If such livelihood impacts are minor, the team will explore the possibility of addressing these impacts through ESMF following the principles of ESS5. Potential minor land acquisition and legacy issues are also not ruled out under Component 2, and will be assessed further (and such impacts will also be addressed through RPF that will need to be prepared by appraisal). The project has a challenging social environment due to conflict.

Specific sub-projects to be financed under this project will be identified only after appraisal. The borrower will prepare an environmental and social management framework (ESMF) to be disclosed and consulted upon, before appraisal, whereas site-specific instruments will be prepared during implementation after sites are confirmed. The ESMF will provide the necessary environmental and social conditions, safety measures for workers, measures to ensure safety of local communities including after road rehabilitation (through road safety campaign), guidelines and measures to be taken by the civil works contractors to ensure that health, safety and environmental norms are met. The ESMS will also include a result of conflict analysis that will be conducted as part of the project preparation, and describe any additional social assessment that may need to be conducted.

The ESMF will provide screening (in a form of ES screening checklist) and guidance for preparation of due diligence for the road segments and associated works under Component 1, as well as the infrastructure development and agricultural activities under Component 2. The ESMF will include a negative list of subprojects that will not be eligible



for financing, which are the ones with a potential high risk (e.g. in critical habitats or ecosystems) given that the overall project risk is Substantial.

The ESMF will encompass risks and mitigation measures under both components. ESMF will provide breakdown of responsibilities between different implementing agencies and, specifically, describe ES responsibilities of respective PIUs, as well as staffing and reporting requirements. It is not envisaged that any subproject can be handled jointly by two PIUs so no shared responsibility is foreseen.

The ESMF will include a generic ESMP with general mitigation measures for construction and operational phases, roles and responsibilities, time plans, costs and implementation agencies for each mitigation measures recommended. This generic ESMP will then be adaptable for specific activities under both Components (rehabilitation of road segments and agricultural/community facilities) as they become identified during project implementation. Contractors will be required, as a condition of their contracts with the Project, to implement and comply with the ESMP, including preparing necessary management plans and measures will be put in place to monitor contractors and subcontractor's compliance.

The ESMF and ESMP will consider, in an integrated way, all relevant direct, indirect and cumulative environmental and social risks and impacts of the project (including technical assistance activities for “feeder road” development activities). These documents will include specific requirements of the contractor on Occupational Health and Safety (OHS) and other provisions for the management of their employees (also covering labor influx, if applicable) and measure to screen for and prevent gender-based violence. The ESMF and ESMP will provide recommendations for pollution management (air, noise, solid and liquid wastes, etc.) and sustainable use of resources (sand, gravel, water and energy usage, issues related to opening new borrow pits and their subsequent remediation), as well as waste management requirements. The ESMF and ESMP will cover requirements to ensure community health and safety during construction and operation phases. The document will detail chance find procedure and overall management for cultural heritage sites (if applicable). The ESMF and ESMP will include special provision for safe and secure approaches in field environment due to possible findings of UXO or escalation of the armed conflict based on adequate international standards related to UXOs. The ESMF will include requirements for employment of established international disarming protocols. Specialized services and expertise will be sought (such as State Emergency Service of Ukraine expertise) and cost for such services would also be included in the project budgets. For public consultation on the ESMF, the borrower will maintain and disclose a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was considered, or the reasons why it was not.

An Environmental and Social Commitment Plan (ESCP) will be developed before project appraisal.

**Areas where “Use of Borrower Framework” is being considered:**

The Borrower’s current Environment and Social Framework does require the development of comprehensive ESIA/ESMP for the rehabilitation of these types of roads. Also, due to the absence of methodological guidance, national instruments sometimes lack the depth and may be short on the scope to fit the requirements of the Bank’s ESF, particularly on social and labor requirements. Also, some of the required instruments (SEP, Traffic Management Plan, etc.) are not present in Ukraine’s Environment and Social Framework. Given all the restrictions mentioned above and bearing in mind Substantial risk of the Project, the Borrower’s Framework will not be used in full or part under the Project.



## ESS10 Stakeholder Engagement and Information Disclosure

Risk aversion, civic isolation, low levels of trust in institutions, and pronounced disillusionment with Ukraine’s reform processes characterize the social environment in Government-controlled areas of Luhansk region. To increase the effectiveness of the project and minimize these existing social risks, the project will need to ensure that stakeholders (including vulnerable and disadvantaged communities) have genuine opportunities to participate in decision-making processes of the project (particularly for activities under Component 2), and minimize the potential risk of elite capture. To address this and in order to ensure that a consistent, comprehensive, coordinated and culturally appropriate approach is taken to stakeholder engagement and project disclosure, implementing agencies will have to prepare Stakeholder Engagement Plan (SEP) prior to appraisal.

The SEP will be proportional to the nature and scale of the project and associated social risks and impacts under components 1 and 2 to be assessed further during preparation. The SEP will be developed and implemented to ensure that stakeholder engagement is conducted on the basis of timely, relevant, understandable and accessible information. It will lay out a strategy to identify and map key stakeholders. Such stakeholders will likely to include farmers (both larger scale and household based), road users, local administration, SMEs, representatives of local companies, small and mediums size agricultural enterprises and UN-affiliated agencies present in the region. At an early stage of project preparation, an in-depth stakeholder analysis will be conducted to identify key stakeholders including vulnerable and disadvantaged groups such as IDPs, veterans, elders, female stakeholders, and persons with disabilities. SEP will also have to ensure that consultations are inclusive and accessible (format, languages and location), and will propose differentiated measures to effectively engage such groups. Dedicated approaches and an increased level of resources may be needed for communication with vulnerable and disadvantaged groups so that they can obtain the information they need regarding the issues that will potentially affect them. Stakeholder engagement with local individuals and communities will depend substantially on community representatives, and the implementing entities (especially the PIU based in the field) will need to make reasonable efforts to verify that such persons do, in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner. The SEP will describe how the project will apply participatory approaches in investment prioritization, infrastructure monitoring and feedback (e.g. through community scorecards and GIS-referenced database and mobile-phone tracking of roads rehabilitation and local infrastructure). SEP will have to be disclosed as soon as possible, prior to appraisal and will be updated, as necessary, throughout the project cycle (preparation and/or implementation). A stakeholder grievance redress mechanism (GRM), as part of SEP, will be operationalized for the project to allow for feedback and complaints. As part of GRM design, implementing entities will each have a focal points ensuring that the GRM is functioning with grievance log, timelines, and tracking system. The project will also include citizen engagement-specific indicators such as: community satisfaction with the quality of investments; community feedback on the effectiveness of engagement processes; and responsiveness to grievances of implementing entities. These indicators will be developed further during preparation.

### B.2. Specific Risks and Impacts

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

#### ESS2 Labor and Working Conditions



Project work force will include direct workers (administration staff and consultants) and contracted workers (employees of civil works contractors and sub-contractors under Component 1 and 2). Primary supply workers are not expected to be relevant to the project. The project would primarily rely on supply of construction materials and laborforce from the local market, hence no risk of child and forced labor is expected (as this risk is not relevant for Ukraine-based enterprises due to requirements of national legislation). The borrower will prepare an LMP for the project outlining the expected number and type of workers, key gaps between national legislation and regulations that need to be addressed at the project level, as well as monitoring and supervision arrangements. Key aspects of the LMP pertaining to contracted workers, such as Occupational Health and Safety (OHS), adequate working conditions, adequate living conditions in the event of work camps, a functioning grievance and redress mechanism for workers, will be included in Contractors' ESMP. Bidding documents will make explicit reference to these aspects to ensure the commitment of selected contractors to adhere to ESS 2 principles and WBG EHS Guidelines. A LMP will be prepared including assessment of the borrower's internal HR procedures to ensure consistency with ESS 2 requirements and propose any gap filling measures. Ukraine's legislation on labor and working conditions is relatively advanced. The Labor Code includes measures on equal opportunity and non-discrimination, regulates hiring and firing procedures, allows for collective organization and bargaining; however, it lacks the requirement to establish worker's grievance mechanism. Such mechanism will need to be established at project level.

GRM: A locally based project specific GRM, proportionate to the potential risks and impacts of the project, will be established. In addition, a GRM specifically for direct and contracted workers will be provided. The GRM will be designed at an early stage and will be formally established by project effectiveness and before any disbursements. Complaints received and resolved will be reviewed during the implementation support missions.

### ESS3 Resource Efficiency and Pollution Prevention and Management

The project activities under component 1 and 2 will involve civil works on rehabilitation of existing facilities/roads. Typical pollution generated from road improvement activities include: (i) dust and other forms of air pollution from construction site, transportation and auxiliary facilities (including asphalt plant/s); (ii) noise and vibration; (iii) solid waste (domestic waste and construction waste including used oil and lubricant); and (iv) wastewater from workers camps. These impacts are temporary, site-specific and can be managed through a set of mitigation measures to be include in the ESMF and ESMP.

Required building material will potentially include stones, sand, concrete blocks and timber. Borrow material will be obtained from already existing and licensed borrow pits within Ukraine and possibly close to the project area to reduce the transportation distance. Should there be the need to open new borrow pits, the project shall ensure that all national regulations and assessments and permitting requirements are adhered to and pits reinstated as may be required through the site-specific ESMP.

Air emissions will include exhaust from stationary sources (such as asphalt plant/s), heavy vehicles and machinery, and fugitive dust generated by construction activities. Mitigation measures such as dust suppression, vehicle maintenance etc. should be applied to minimize the impacts and residual impacts are expected to be limited in scope and duration.

Noise will likely be generated from use of construction machinery and vehicle movements. The relatively short-term and small-scale nature of the works suggest that noise levels will not be excessive.



Road improvement may require clearance of vegetation or fauna habitats and may lead to soil loss and erosion. This could lead to substantial impacts in the areas with steep slope and vulnerable to disaster or climate variation or sensitive habitats. Soil erosion can lead to blockage of drainage or change of surface water flow or sedimentation. The ESMF/ESMP will include sections on Pollution Prevention and Management, with a focus on those issues which might arise while conducting civil works for facilities construction and rehabilitation activities. Assessment of associated activities with civil works risks and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be clearly specified in the ESMF and requested to be included ESMPs as relevant, and further being part of bidding documents.

The ESMF and ESMP will also provide guidance to screen and assess impacts and provide mitigation measures including application of good practice and close supervision of works to: (i) ensure that cutting of trees and vegetation is limited to a minimum and justified by technical requirements and that relevant national legislation is followed, and replacement where vegetation clearance is unavoidable; and (ii) soil loss and erosion is minimize/protected.

Liquid and solid waste will mainly include excavated soil, oils from construction machinery, concrete blocks, metal and glass pieces from demolished walls etc. Waste will be segregated, stored and disposed at approved sites. As a part of Contractor's ESMP, a Waste Management Plan should be developed to outline practices for collection, storage, transportation and disposal of construction waste, including hazardous waste.

Since Component 2 envisages rehabilitation activities to agricultural facilities (for example, rehabilitation of irrigation systems or storage facilities), down the line effects may include increase in use/application of pesticides. The ESMF and ESMP will include provisions for screening for such future implications and, based on screening results, a Pesticide Management Plan would have to be prepared for such subprojects.

#### **ESS4 Community Health and Safety**

This standard is relevant to the project.

Construction and rehabilitation civil works are associated with dusts/noises, soil disturbances, traffic management, waste disposal, and associated disturbance to local communities. The ESIA/ESMP will include measures to address work related health risks; works and road safety; excessive noise and dust levels; site safety awareness; traffic management; and access restrictions to the satisfaction of the Bank. Without proper efforts to minimize impacts, construction in such premises can also disrupt the learning process through dust emission, noise, increased generation of solid waste, etc. Potential threats to people and communities may be posed by uncovered or barricaded or not signage spots such as excavated sites, trenches, open holes, open electric cables, etc.

The project will ensure community safety during the works by adopting adequate OHS protocols following the World Bank Group Environmental Health and Safety Guidelines. Consultations will help to identify accessibility and safety needs of socially vulnerable groups (women, elderly, disables, children) and reflect in engineering design solutions. Universal access will be installed infrastructure investments under Component 2 where technically and financially feasible.

A GRM for the public will be prepared and consulted on with local communities during project preparation. The Contractor will be required to appoint designated social staff as part of the SEP plan who will keep local communities informed of construction schedule, expected impact and other issues of interest for them, and receive grievances or feedback from them.



Partition of construction area by putting in place fences, signaling, mitigation measures to control excessive noise and dust levels, and secure access to the area in the adjacent buildings for the office workers and public use will be ensured through a robust mitigation and management plan in the design stage (and contractor's) ESIA/ESMPs. To address road safety risks during construction and operation phases, the project's ESMF and ESMP will include road traffic safety measures plan (Traffic Management Plan) for later consideration in the final design of the improved roads. Traffic Management Plan will also take into account potential indirect and cumulative environmental and social impacts caused by the improvement and maintenance of the roads: traffic growth, higher speeds, more trucks, increase in traffic accidents, etc.

Construction sites with stationary equipment that would produce air emissions (such as asphalt plant/s) are the most common approach to civil works organization in Ukraine. The ESMF and ESMP will include provisions for setting up sanitary-protections zone (SPZ) as required by national legislation, as well as obtaining relevant permits and approvals.

It is likely that temporary workers' camps will have to be installed. The ESMP and the ESMF will include specific provisions for labor management procedures (also covering labor influx, if applicable) and measure to screen for and prevent gender-based violence, with clear procedures and institutional responsibilities to help minimize community conflicts, misunderstandings, and exposure to communicable diseases. Among others, it will include provisions to promote local recruitment of workforce plus mitigation measures such as a worker code of conduct (including provisions for both worker-community and worker-worker interactions). Additional activities to be included in the assessments and plans to avoid GBV are, among others: specific actions (training, public awareness, etc.) to avoid sexual harassment, sexual assault and exploitation and human trafficking, establishment of a health screening form and HIV/AIDS awareness program will be implemented to limit community exposure to labor influx and Gender Based Violence.

At present, there is no expectation that security forces will be used during construction – this will be confirmed during appraisal.

Due to previous armed collisions on some of the possible project sites, as well as ongoing low-level armed conflict to the south of the project location, finds of UXOs are not excluded but are generally not found in this region of eastern Ukraine. The ESMF will include requirements for employment of established international disarming protocols for handling of UXOs.

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Component 2 will finance local infrastructure and will have eligibility criteria that will exclude any sub-projects that may result in land acquisition, physical or economic displacement, or any other ESS5 impacts. ESS5 is currently relevant due to potential livelihoods impacts under Component 1. It will finance rehabilitation of existing local roads - land acquisition and/or physical displacement is unlikely, but small shop keepers along the road may be impacted temporarily during works. The extent of this risk will be assessed further during preparation, and RPF may need to be prepared depending on the scale of such livelihood impacts. Potential minor land acquisitions or easements and legacy issues are also not fully ruled out under Component 2, and will be assessed further (and such impacts will also be addressed through RPF that will need to be prepared by appraisal).

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**



Project general area is transected by Emerald Network sites which indicates biodiversity sensitivity of the area. However, envisaged civil works should be limited in their footprint and area of influence, as well as period of implementation.

Proposed subprojects will be screened for potential adverse impacts and those having such impact on critical habitats or ecosystems will be excluded from consideration under this project.

Improvement of roads may also lead to impacts of increased and ease of access to “protected” areas like the Emerald Network sites. The borrower will work in close cooperation with responsible authorities and local communities to ensure proper identification of sensible areas and develop measures for their protection during construction, as well as operation stage of the project.

Relevance of ESS6 will be reassessed upon clarification of subprojects list before appraisal.

Improvement of roads may also lead to impacts of increased and ease of access to “protected” areas like the Emerald Network sites. The borrower will work in close cooperation with responsible authorities and local communities to ensure proper identification of sensible areas and develop measures for their protection during construction, as well as operation stage of the project.

Relevance of ESS6 will be reassessed upon clarification of subprojects list before appraisal.

#### **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

There is no social group in Ukraine that is known to meet the criteria of Indigenous Peoples for the purpose of the standard. Thus ESS7 is not relevant.

#### **ESS8 Cultural Heritage**

The project might in some cases rehabilitate facilities which are included in the list of national or local Cultural Heritage sites (under Component 2). It is expected that these rehabilitation and restoration works will mainly include repair and upgrading of buildings and may also cover some interior utility networks (electricity, water, heating, a/c, etc.) and landscaping. As required by the ESS8 and National legislation, rehabilitation of each such site will be developed and managed in accordance with principles of good practice in the cultural heritage field. The PIU would include an ES specialist knowledgeable in aspects of heritage preservation. ESMF will provide general provisions that would guide site specific ESMPs to address cultural resources preservation measures.

Additionally, civil works to be undertaken may require undertaking of earth works that carries likelihood of chance finds of tangible cultural heritage. To address this issue, following guidance set forth in the ESMF, ESMPs of all such subprojects will have special clauses in all contracts for civil works on “chance finds procedure” which will set out how chance finds associated with the subproject will be managed.

#### **ESS9 Financial Intermediaries**

There will no FI-supported activities under the Project, and thus, ESS9 is not relevant.

### **B.3 Other Relevant Project Risks**



Context of Project area in Eastern Ukraine: Due to the ongoing low-level armed conflict to the south of the project location, finds of UXOs are not excluded. Escalation of conflict is not likely but possible and in case of escalation zone of active engagements may expand rapidly up to 60-80 km from the established line of contact.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

The team will assess during project preparation the scope of the proposed irrigation activities and the potential impact to any international waterways and tributaries including groundwater, and will conduct the necessary and adequate follow up in line with OP 7.50.

**OP 7.60 Projects in Disputed Areas** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

N/A

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

Prior to project appraisal, following documents/mechanisms should be developed/established, disclosed and consulted upon:

1. Environmental and Social Commitment Plan (ESCP).
2. Environmental and Social Management Framework (ESMF) to identify, screen, mitigate and monitor the environmental and social impacts for the proposed rehabilitation works under both Components. The ESMF will assess specific measures to build borrowers' capacity such as training needs for environmental and social risk management and prepare a corresponding capacity development plan. The ESMF will be disclosed locally as well as on the Bank’s website.
3. Depending on the extent of potential impacts under Component 1, Resettlement Policy Framework (RPF). The RPF should cover, among other things, the methodology for calculating compensation in cases of economic displacement.
4. Draft Labor Management Procedures.
5. Stakeholder Engagement Plan (SEP).
6. Grievance Redress Mechanism (GRM) at Project Level.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

1. Implementation and update (as necessary) of ESMF and related site-specific ESMPs.
2. Possible preparation of site-specific RAPs (depending on the extent of potential impacts under Component 1 and the need to prepare RPF).
3. Implementation and update (as necessary) of SEP.

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- 4. Operationalization of Project-level GRM.
- 5. Implementation of Labor Management Procedures (LMPs) and/or Grievance Mechanism for all Direct, Supply and Contracted Workers.
- 6. Recruitment of Social and Environmental Specialist to the PIUs and implementation of the agreed capacity building plans.
- 7. Monitoring the progress made on implementing the agreed measures for mitigating environmental and social risks.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

14-Feb-2020

**IV. CONTACT POINTS**

**World Bank**

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**Borrower/Client/Recipient**

Borrower: Ministry of Finance

**Implementing Agency(ies)**

Implementing Agency: UKRAVTODOR

Implementing Agency: Ministry of Veterans Affairs, Temporarily Occupied Territories and Internally Displaced Persons

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s): Holly Welborn Benner, Yevhen Bulakh

Practice Manager (ENR/Social) Kevin A Tomlinson Recommended on 10-Jan-2020 at 17:48:50 EST

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Safeguards Advisor ESSA

Nina Chee (SAESSA) Cleared on 15-Jan-2020 at 16:22:28 EST