

UKRAINE

PROGRAM-FOR-RESULTS

**Supporting Reconstruction through Fiscal Governance
(SURGE) Program**

(P504773)

**Environmental and Social Systems Assessment
(ESSA)**

World Bank

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The Environmental and Social Systems Assessment (ESSA) of the Program-for-Results (PforR) Ukraine Supporting Reconstruction through Fiscal Governance (SURGE) (P504773) was prepared by a Bank team composed of Aki Tsuda (Senior Social Development Specialist), Oksana Rakovych (Senior Environmental Specialist), Anastasiia Zakharova (Social Development Consultant) and Nataliia Khilobochenko (Environmental Consultant).

Contents

EXECUTIVE SUMMARY.....	5
1 INTRODUCTION	11
2 EXPECTED ENVIRONMENTAL AND SOCIAL EFFECTS.....	14
3 LEGAL AND REGULATORY FRAMEWORK FOR MANAGING THE PROGRAM’S ENVIRONMENT AND SOCIAL IMPACTS.....	20
4 INSTITUTIONAL CAPACITY ASSESSMENT FOR MANAGING THE PROGRAM’S ENVIRONMENT AND SOCIAL EFFECTS.....	23
5 COMPARATIVE ANALYSIS OF BORROWER E&S SYSTEM AND WORLD BANK CORE PRINCIPLES	27
6 STAKEHOLDER ENGAGEMENT	34
7 CONCLUSION AND RECOMMENDATIONS.....	35

Annex 1: List of Stakeholders Met

Annex 2: Assessment of E&S Laws and Regulations of Ukraine

Annex 3: Emergency Preparedness and Response Plan (EPRP) (Sample)

Abbreviations

TERM	EXPANDED TERM/ DEFINITION
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
DREAM	Digital Restoration Ecosystem for Accountable Management
E&S	Environmental & Social
EC	European Commission
ECA	Europe and Central Asia
EIB	European Investment Bank
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management Systems
ESSA	Environmental and Social Systems Assessment
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GoU	Government of Ukraine
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IFI	International Financial Institution
IPF	Investment Project Financing
IVA	Independent Verification Agent
IMF	International Monetary Fund
M&E	Monitoring & Evaluation
MoE	Ministry of Economy
MoF	Ministry of Finance
Moi	Ministry of Infrastructure
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OHS	Occupational Health and Safety
PDO	Program Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program-for-Results
PPP	Public-Private Partnership
PIM	Public Investment Management
RDNA	Rapid Damage and Needs Assessment
RE	Renewable Energy
SNG	Subnational Governments
SOE	State-Owned Enterprise
SURGE	Supporting Reconstruction through Smart Fiscal Governance Program
USD	United States Dollar
WB	World Bank

EXECUTIVE SUMMARY

Program Description

The Program Development Objective (PDO) of the proposed “Supporting Reconstruction through Fiscal Governance (SURGE)” Program for Results (PforR) is “to establish the institutional foundations for implementation and financing of climate-smart recovery and reconstruction”. The PforR will be implemented over 27 months at an estimated total cost of US\$1.5 billion, with US\$750 million funded by IBRD and IDA (See Section 1). The Program will support the implementation of selected components of the Government’s PFM Reform Strategy Action Plan, PIM Reform Roadmap, and National Revenue Strategy:

- **PIM Reform Roadmap**, led by MoF, including: strategic and medium-term budget planning for investments; selection and approval of public investment projects for financing; management of public investments at the local level; and human and IT capacity building for public investment management.
- **PFM Action Plan components** directly led by MoF, including: local medium-term budget planning; program-based budgeting at the local level; aligning intergovernmental transfers with expenditure assignments.
- **National Revenue Strategy**, led by MoF, including: compliance management; strengthening the audit process; exchange of information for tax purposes; improvement of excise tax administration; consolidation of IT systems; improvement of STS personnel policy.

ESSA Methodology

The ESSA was prepared by the World Bank’s assessment team through a combination of reviews of existing program materials and available technical literature as well as interviews with government staff, non-governmental organizations, community members and development partners. The ESSA (a) examines the scope, context, and potential impacts of the Program from an E&S perspective; (b) assesses in detail the different E&S effects under the Program activities, including indirect and cumulative effects, contextual and political risks related to the E&S issues; (c) assesses the capacity of national bodies in addressing related E&S risks and identify any complex risks in implementing E&S measures; (d) compares the borrower’s systems (laws, regulations, standards, procedures, and implementation performance) against the PforR’s following **six core principles**; and (e) formulates recommended measures to address capacity for and performance on policy issues and specific operational aspects relevant to managing program risks. As part of the PforR appraisal process, further consultations will be conducted with key stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the World Bank.

- 1) **promote environmental and social sustainability** in the PforR Program design; **avoid, minimize or mitigate adverse impacts**, and promote informed decision-making relating to the PforR Program’s environmental and social impacts;
- 2) **avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources** resulting from the PforR Program;
- 3) **protect public and worker safety** against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous waste, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;
- 4) **manage land acquisition and loss of access to natural resources** in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their **livelihoods** and living standards;

- 5) give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, **giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups;**
- 6) **avoid exacerbating social conflict**, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

Anticipated E&S Benefit

The Program will have a number of positive **environmental** effects resulting from improving project appraisal methodology and introducing climate change and sustainability consideration into budget expenses planning, as well as building local governments' capacity in these matters. Also, the Program will have a number of positive **social** effects stemming from enhanced transparency and accountability measures and gender equality associated with supporting PFM reform strategy and improvements in public investment management.

Potential E&S Risks and Impact and Risk Classification

While the proposed Program will not directly support physical infrastructure interventions, the Program will support the "upstream" fiscal governance system. As such, the key potential E&S issues of the proposed Program are the "downstream" (or future) effects of projects to be prepared for the urgent reconstruction/recovery of damaged infrastructure/facilities in 2024-2026 (such as electricity, transportation, logistics, housing, heating/water/sewerage systems), while the proposed Program will put in place the institutional framework for more full-scale reconstruction activities when the conflict ends. The overall E&S risks are considered "**Substantial**" as per the WB ESSA Guidance (with appropriate exclusions and mitigations presented in the ESSA) (See Section 2).

The main potential negative **environmental** impacts are the downstream effects of projects assessed through the new PIM system for future implementation, which will have potential E&S risks and impacts related to:

- construction as well as operation-related pollution (including air, water, soil pollution; waste management), resources utilization;
- biodiversity impacts and cultural heritage impacts; and
- OHS and community health and safety.

The main potential adverse **social** effects are the downstream effects of projects assessed through the new PIM system for future implementation, such as:

- labor and working conditions;
- land acquisition and involuntary resettlement;
- potential socio-economic inequities of budget transfers to municipalities if there is insufficient outreach to ensure and awareness about subvention grant application processes (for example in de-occupied territories) and lack of inclusion of vulnerable groups in prioritizing municipal projects and service delivery, if there is inadequate stakeholder and citizen engagement processes;
- social tensions, such as inadequate grievance mechanism and war hazards (ERW, aerial strikes) and their impact on in-person activities (such as construction, operation, capacity building trainings, surveys).

Legal and Regulatory Framework

The GoU has developed national **environmental** legislation and adopted new laws and regulations together with a number of programs and action plans to address environmental issues and promoted sustainable use of natural resources. The country has adopted several subsidiary laws and legislation on environmental management and is a party to series of international and regional environmental agreements and conventions. The country also

has the nature protection policy and the implementation of measures in the field of rational use of natural resources and environmental protection are ongoing. On the **social** side, the country has developed relevant legal and regulatory frameworks which cover key social issues, including land acquisition and resettlement, labor and working conditions and social inclusion and sustainability. The ESSA provides a concise assessment of the country's E&S legal and regulatory framework on the six core principles under WB's PforR Policy, which are deemed applicable to the proposed Program, including its strengths and challenges (see Section 3).

Institutional Capacity Assessment

The PIM Reform Roadmap and its Action Plan define the institutional roles and responsibilities in the PIM reform, including on the E&S issues. The Roadmap will be implemented by **MoF, MoE, MoI and subnational governments** (SNGs) in collaboration with other government institutions. MoF is the implementing agency of the proposed Program, while MoE and MoI are the implementing partners with SNGs. The salient characteristics of these institutions and relevant E&S capacity have been assessed. The lack of qualified personnel within the state institutions for project preparation and evaluation (appraisal) has been identified as one of the most significant obstacles to the effective management of public investments. The proposed Program will help the government address E&S capacity gaps (See Section 4).

Comparative Analysis of Borrower E&S System and World Bank Core Principles

Key findings from the E&S systems assessment are summarized below, including on the strengths and weaknesses/areas for improvement of the current system which will inform the proposed gap-filling/mitigation measures to ensure that the Program is managed in a manner consistent with the Core Principles of the Bank's PforR Policy (See Section 5).

1. Core Principles 1 (Environmental and Social Sustainability and Risk Management) and 2 (Natural Habitats and Physical Cultural Resources)

Strengths

- Ukraine has formally **aligned its legislation with the EU's** Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs.
- **The scope of Ukrainian environmental legislation is comprehensive** (more than 300 legal acts) and covers most areas of environmental protection and natural resources management.
- **The PIM Reform Roadmap and its Action Plan** (approved by the cabinet ministers in June 2024) **covers the E&S risk management aspects and assigns institutional responsibilities to relevant ministries.**
- **Some implementing partners (MOF and MOI) have good E&S track record in WB-funded IPFs.**

Weaknesses/Areas for improvement

- **The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms** for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities during ongoing invasion. Many of the acts are not coherent.
- Past operational experience and practical information from similar construction sites show that some of **the national legislation on OHS, community health and safety, waste management and resource efficiency are sometimes overlooked and/or neglected** – partially, due to the lack of knowledge of the workforce, due to the lack of supervision and guidance, but also to speed up the process and save the budget (for mitigation measures).

- **The E&S capacity of MoF/MoE/MoI/SNGs** would benefit from extensive support to ensure methodological and practical guidance on proper screening, assessing and managing of ES risks, as well as relevant capacity building.
- While the proposed Program will focus on urgent reconstruction/recovery of damaged existing infrastructure/facilities in 2024-25 (where the scale and magnitude of the E&S risks and impacts are deemed not significant), **the projects in the future to be appraised in the new PIM system could inevitably include projects with significant E&S risks and impacts** (such as more full-scale reconstruction activities or new construction) when the conflict ends.
- **The E&S capacity of the implementing partners/institutions would benefit from extensive support in managing nationally funded projects.**

2. **Core Principle 3 (Public and Worker Safety)**

Strengths:

- Ukrainian legislation on labor protection consists of the Law of Ukraine “On Labour Protection” and many bylaws. **Efforts are underway to improve the compliance of Ukraine’s OHS legal framework with key international and European standards on OHS and labor relations.**

Weaknesses/Areas for improvement:

- **The high incidence rates of work-related accidents and occupational diseases** indicate that a lot still remains to be done, when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers.
- **These gaps and shortcomings are further exacerbated by the ongoing conflict situation.** Accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict.
- **There are 1,469 local self-government bodies (Of these, 31 communities are in occupied areas) where the E&S capacity will vary significantly at regional, district and municipal levels.** While the E&S risks and impacts of local projects are likely to be limited (in scale as well as magnitude), it will require significant support for capacity enhancement.

3. **Core Principle 4 (Management of Land Acquisition and Involuntary Resettlement)**

Strengths:

- The PIM Reform Roadmap to be supported under the proposed Program will focus on urgent reconstruction/recovery of damaged existing infrastructure/facilities (such as electricity, transportation, logistics, housing, heating/water/sewage systems) where **the scale and magnitude of resettlement risks and impacts are deemed limited.**

Weaknesses/Areas for improvement:

- However, **the projects in the future to be appraised in the new PIM system could inevitably include projects with significant resettlement risks and impacts** (such as more full-scale reconstruction activities or new construction) when the conflict ends.
- In Ukraine, the right to dispose of land and other property is based on registration of ownership. **There are important gaps between the national regulations and WB standards under Core Principles 4** (such as support to informal users and livelihood restoration).
- The key potential E&S issues of the proposed Program are the “downstream” (or future) effects of projects to be prepared for the urgent reconstruction/recovery in 2024-2026, which could have physical and economic resettlement risks and impacts.

4. **Core Principle 5 (Inclusion of Vulnerable Groups)**

Strengths

- **Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups.**

Weaknesses/Areas for improvement:

- There is potential that **vulnerable groups might be excluded from Program benefits** due to a variety of reasons (such as gender, remoteness, disabilities, digital literacy).

5. Core Principle 6 (Avoidance of Social Conflict)

Strengths

- **There are a number of national policies and regulations that cross cutting systems for stakeholder engagement and information disclosure across all the program activities.**
- The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations.

Weaknesses/Areas for improvement:

- Ukrainian legislation, relative to international good practice, is **absent the possibility of anonymous grievances.**
- **While the ministries have their own grievance system, their functionality could be reviewed and strengthened** (including on management of anonymous grievances and appeal process for unresolved cases).
- **No effective E&S system is available to address safety risks related to war hazards** (such as ERW, landmines and aerial strikes), which could affect the safety of stakeholders in PIM.

Stakeholder Engagement

- **Consultation Event for Preparing ESSA (June-July, 2024):** For the preparation of this ESSA, the Bank task team undertook a series of meetings with different stakeholders, including the following. The consultation meetings were organized online in June-July, 2024, with relevant government institutions and with the CSO group on June 28, 2024. No site visits were conducted due to the security concerns in the country. The outcomes of the consultations have informed the ESSA, including the assessment of the regulatory and framework, the institutional capacity and community engagement program (the list of persons met is provided in Annex 1).
- **Consultation Event for Finalizing ESSA (planned before the end of July 2024):** Further consultations will be undertaken in an inclusive manner before the completion of appraisal, which will consist of formal public consultations with key stakeholders including those in selected regions. The inputs will be considered and incorporated into the final ESSA (See Section 6).
- **Document Dissemination and Public Disclosure:** The draft ESSA will be translated into local languages and shared with the stakeholders and publicly disclosed before the public consultation. The final report will be disclosed publicly in-country and at the World Bank's website before the board approval.

Conclusion and Recommendations

Based on the above assessment, a series of measures and actions are recommended for the proposed Program to address the identified gaps between the government E&S management system and the core principles of the Bank's PforR Policy. These would ensure that the proposed program be managed in a manner consistent with the Core Principles. These recommendations shall be integrated in the following. They will be also embedded in the

POM for operationalization, as appropriate. Their effectiveness will continue to be monitored and adjusted throughout the program life (See Section 7):

- (i) **Excluded activities** (such as large-scale construction and rehabilitation work with significant E&S risks and impacts; large-scale land acquisition and involuntary economic and physical resettlements; significant conversion or degradation of critical natural habitats or critical physical cultural heritage; support to activities for military purposes);
- (ii) **Relevant DLIs/verification protocol** for integration/embedding of WB PforR E&S core principles and exclusion criteria and EU regulations including climate change and gender consideration with PIM reform: and
- (iii) **The Program Action Plans (PAPs)** (such as appropriate E&S staffing arrangement and institutional capacity development of government institutions; preparation and implementation of E&S guidelines for the PIM; inclusive community engagement program; establishment/improvement of functional grievance systems; and regular and incident program reporting).

1 INTRODUCTION

Program Description

1. The proposed Program for Results (PforR) operation is part of the fast-track response under the strategic framework for the WB on the Global Impacts of Russia’s invasion of Ukraine, supporting the priority themes under the WBG Strategy for Fragility, Conflict, and Violence 2020-2025. The proposed PforR supports the outcomes of the Ukraine Relief, Recovery, Reconstruction, and Reform Trust Fund, which are to provide a coordinated financing and support mechanism to assist the GoU in planning and implementing Ukraine’s recovery, resilient reconstruction, and reform agenda.

2. **The Program Development Objective (PDO) is “to establish the institutional foundations for implementation and financing of climate-smart recovery and reconstruction”. The Program will support the implementation of selected components of the Government’s PFM Reform Strategy Action Plan, PIM Reform Roadmap, and National Revenue Strategy.** Table below provides details on PforR-supported components of the government reform programs. The Government has requested the Bank support for the implementation of reforms that are critical for reconstruction and recovery:

- **PIM Reform Roadmap**, led by MoF, including: strategic and medium-term budget planning for investments; selection and approval of public investment projects for financing; management of public investments at the local level; and human and IT capacity building for public investment management.
- **PFM Action Plan** components directly led by MoF, including: local medium-term budget planning; program-based budgeting at the local level; aligning intergovernmental transfers with expenditure assignments.
- **National Revenue Strategy**, led by MoF, including: compliance management; strengthening the audit process; exchange of information for tax purposes; improvement of excise tax administration; consolidation of IT systems; improvement of STS personnel policy.

Comparison between the Government and PforR Programs

Item	Government Program	PforR Program
1. Title	Ukraine Facility Plan (2024-2027)	Supporting Reconstruction through Smart Fiscal Governance Program-for-Results (SURGE)
2. Objectives	Modernize Ukraine’s economy, advance EU accession, promote sustainable growth, attract priority investments, and enhance resilience.	Support post-war reconstruction, enhance public investment management, improve fiscal governance, and modernize revenue administration.
3. Duration	2024-2027	2024-2026
4. Geographic Scope	National and subnational	National, with focus on war-affected areas and subnational governments (SNGs)
5. Key Components/Areas	1. Public Investment Management 2. Subnational Fiscal Governance Reforms 3. Public Financial Management 4. Revenue Administration	1. Strengthening Public Investment Management 2. Improving Fiscal Governance at Local Level 3. Enhancing Public Financial Management 4. Modernizing Revenue Administration
6. Strategic Documents	Ukraine Facility Plan, Strategy for Public Administration Reform in Ukraine (2022-2025), PIM Reform Roadmap, Action Plan on Reforming Local Self-government (2024-2027), Strategy for Public Finance Management System Reform (2022-2025), National Revenue Strategy 2030	PIM Reform Roadmap, Action Plan on Reforming Local Self-government (2024-2027), Strategy for Public Finance Management System Reform (2022-2025), National Revenue Strategy 2030

Item	Government Program	PforR Program
7. Internal Stakeholders	Ministry of Finance (MoF), Ministry of Economy (MoE), Ministry of Infrastructure (MoI), Subnational Governments (SNGs), Line Ministries, Civil Society Organizations (CSOs)	Ministry of Finance (MoF), Ministry of Economy (MoE), Ministry of Infrastructure (MoI), Subnational Governments (SNGs), Line Ministries, Civil Society Organizations (CSOs)
8. External Stakeholders	European Union (EU), World Bank (WB), International Monetary Fund (IMF), European Investment Bank (EIB), Foreign, Commonwealth & Development Office (FCDO), Organization for Economic Co-operation and Development (OECD), Canada, Sweden, US Treasury	European Union (EU), World Bank (WB), International Monetary Fund (IMF), European Investment Bank (EIB), Foreign, Commonwealth & Development Office (FCDO), Organization for Economic Co-operation and Development (OECD), Canada, Sweden, US Treasury
9. Key Activities and Reforms	<p>PIM: Streamline project planning and selection, establish Strategic Investment Council, integrate digital systems (DREAM, Prozorro).</p> <p>Subnational Fiscal Governance: Improve intergovernmental transfer mechanisms, enhance local budget equalization, strengthen municipalities' strategic planning.</p> <p>PFM: Resume medium-term budgeting, improve fiscal transparency and public participation, strengthen debt management</p> <p>Revenue Administration: Digitize tax administration, reform simplified tax regimes, combat corruption.</p>	<p>PIM: Developing a comprehensive action plan, centralized coordination mechanisms, climate risk consideration, digital integration.</p> <p>Subnational Fiscal Governance: Review intergovernmental transfer mechanisms, reintroduce medium-term budgeting, enhance program budgeting, gender-sensitive budgeting.</p> <p>PFM: Enhance resource allocation, fiscal transparency, and accountability, human resource management, digital transformation.</p> <p>Revenue Administration: Strengthen integrity and anti-corruption measures, implement digital solutions, improve taxpayer services, align with EU standards.</p>
10. Expected Outcomes	Enhanced resilience, efficient use of public funds, sustainable growth, improved public administration, transparent fiscal governance, modernized economy.	Improved alignment of resource allocations with strategic priorities, efficient public investment, systematic consideration of climate risks, enhanced local service delivery, gender equality in budgeting, strengthened fiscal governance, modernized tax administration.

3. **The PforR will be implemented over 24 months at an estimated total cost of US\$1.5 billion, with US\$750 million funded by IBRD loans and grants.** An advance of 5 percent (US\$35 million) will be provided upon Program effectiveness to kick-start the reform activities. Withdrawal of up to US\$190 million (25 percent) can be made against prior results achieved between the date of the program concept review and the date of the Legal Agreement. They are critical for the timely operationalization of the Program and implementation of the activities because they address the key policies and institutional changes upfront to ensure the sustainability of the Program. 400 million will be disbursed during the 2024 calendar year. The support for reform implementation in 2025 and 2026 of US\$1.1 billion is expected to be funded through remaining 350 million and future donor contributions in the form of guarantees and grants.

ESSA Methodology

4. The ESSA was prepared by the World Bank’s assessment team through a combination of reviews of existing program materials and available technical literature as well as interviews with government staff, non-governmental organizations, community members and development partners. As part of the PforR appraisal process, further consultations will be conducted with key stakeholders. The findings, conclusions and opinions expressed in the ESSA document are those of the World Bank.

5. The scope of the ESSA covers the activities and systems necessary to achieve the Program Development Objectives (PDO), the expenditure program and the defined Results Areas and the DLIs. The ESSA assesses the potential E&S effects of the Program and examines the client's E&S system to determine the consistency with the following six (6) E&S Core Principles as described in the WB PforR Policy:

- 1) **promote environmental and social sustainability** in the PforR Program design; **avoid, minimize or mitigate adverse impacts**, and promote informed decision-making relating to the PforR Program's environmental and social impacts;
- 2) **avoid, minimize or mitigate adverse impacts on natural habitats and physical cultural resources** resulting from the PforR Program;
- 3) **protect public and worker safety** against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous waste, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;
- 4) **manage land acquisition and loss of access to natural resources** in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their **livelihoods** and living standards;
- 5) give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, **giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups**;
- 6) **avoid exacerbating social conflict**, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

6. The key steps of the ESSA are the following:

- **Review of the baseline** environmental and social information to understand the context under which the Program activities are undertaken.
- **Analysis of environmental and social benefits and risks** of the Program activities.
- **Assessment of the borrower's systems** for environmental and social management for planning and implementing the Program activities for consistency with the applicable Core Principles.
- **Identification of procedural and policy gaps** with Bank Policy and Directive for Program-for-Results Financing (notably the six Core Principles) as well as performance constraints in carrying out environmental and social management processes.
- **Development of a set of actions to strengthen the systems** and improve environmental and social performance outcomes of the Program.

7. The methodology included three distinct elements: (i) the first consisted of interviews with concerned agencies and other key stakeholders, which was undertaken by the Bank task team in June and July, 2024; (ii) the second consisted of a review of documents, literature and data available at key agencies on the legal and regulatory frameworks related to environment and social risk management including grievance management systems; and (iii) the third consisted of a national level stakeholder consultation workshop to assess possible E&S impacts on different categories of stakeholders. The national level stakeholder consultations took place on **July XXX 2024**, and the outcomes of the consultations are incorporated in the analysis – the discussions are detailed below in Chapter 6– Stakeholder Consultation and a list of participants is attached as Annex 1. The draft ESSA was disclosed publicly and shared with the stakeholders before the consultations and prior to appraisal. The final ESSA will be disclosed before the approval of the Program.

2 EXPECTED ENVIRONMENTAL AND SOCIAL EFFECTS

8. **Salient E&S characteristics of the proposed Program:** While the proposed Program will not directly support physical infrastructure interventions, the Program will support the “upstream” fiscal governance system for (i) public investment management for reconstruction, (ii) local government fiscal governance for post-war recovery and (iii) integrity and compliance win revenue administration. As such, the key potential E&S issues of the proposed Program are the “downstream” (or future) effects of projects to be prepared for the urgent reconstruction/recovery of damaged infrastructure/facilities in 2024-2026 (such as electricity, transportation, logistics, housing, heating/water/sewerage systems), while the proposed Program will put in place the institutional framework for more full-scale reconstruction activities when the conflict ends.

9. **Overall E&S benefit:** The Program will have a number of positive **environmental** effects resulting from improving project appraisal methodology and introducing climate change and sustainability consideration into budget expenses planning, as well as building local governments’ capacity in these matters. Also, the Program will have a number of positive **social** effects stemming from enhanced transparency and accountability measures and gender equality associated with supporting PFM reform strategy and improvements in public investment management.

10. **Screening and classification of key E&S risks and impacts:** This section provides the summary of potential key E&S risks and impacts associated with (A) each DLI/DLR and (B) the expenditure program, which the Bank team has identified through discussions with key stakeholders and analysis of available information (No site visits were conducted due to the security situations in the country). Based on the assessment of (i) likely E&S effects, (ii) contextual risk factors, (iii) institutional capacity and complexity risks and (iv) political and reputational risks undertaken by the Bank team (which are presented in this ESSA and the PAD), the overall E&S risks are considered “**Substantial**” as per the WB ESSA Guidance¹ with appropriate exclusions and mitigations presented in the ESSA. It should be also noted that the ESSA cannot fully account for contextual risks that may go beyond the boundary of the proposed Program (such as risks associated with mining of territories, historical/war-related pollution and other war hazards). The Bank team will continue to monitor and revisit this classification throughout the Program implementation.

A. Potential E&S risks and impacts under DLIs/DLRs

12. The main potential negative **environmental** impacts are the downstream effects of projects assessed through the new PIM system for future implementation. These projects will have potential E&S risks and impacts related to:

- construction as well as operation-related pollution (including air, water, soil pollution; waste management), resources utilization (**Core Principle 1**);
- biodiversity impacts and cultural heritage impacts (**Core Principle 2**); and

¹ As per the E&S risk rating guide in the WB ESSA Guidance, the definition of “**Substantial**” E&S risk is as follows: “There is a strong likelihood that that Program activities would lead to adverse E&S consequences. It is possible that the Program may not achieve its E&S operational objectives or sustain the desired E&S results because of context, institutional complexity, or reputational risks. However, these risks are less diverse or complex and many are more predictable than for a High-risk Program. Known and demonstrated risk management measures are likely available. While the borrower may have some demonstrated capacity to manage risks, it does not demonstrate this capacity consistently, and some E&S risks may still be beyond the direct control of the operation. The operation may have potential adverse environmental impacts, but they are less severe. Such impacts could be on environmentally or socially sensitive areas, but the operation is less likely to have a large footprint; impacts are site-specific and less diverse and complex; and there is less potential for strong synergistic or cumulative impacts. The operation may also have some adverse impacts on GHG emissions or may lead to change in the emissions intensity or efficiency. The operation may also present potential adverse effects on gender, vulnerable groups, poverty, or equity, and may have the potential to aggravate existing situations of fragility or conflict. The operation is less likely to be subject to national or international advocacy campaigns, but poor borrower performance could lead to significant complaints and grievances if affected people consider, or perceive, that the operation is leading to harm.”

- OHS and community health and safety (**Core Principle 3**).

To address these environmental risks and impacts, the Program will ensure to implement screening to exclude activities with adverse environmental impacts of significant magnitude (such as projects impeding on critical habitats or known cultural heritage sites) and the E&S criteria and agenda to be embedded in the PIM reform.

13. The main potential adverse **social** effects are the downstream effects of projects assessed through the new PIM system for future implementation, such as:

- labor and working conditions (**Core Principles 3**)
- land acquisition and involuntary resettlement (**Core Principle 4**);
- potential socio-economic inequities of budget transfers to municipalities if there is insufficient outreach to ensure and awareness about subvention grant application processes (for example in de-occupied territories) and lack of inclusion of vulnerable groups in prioritizing municipal projects and service delivery with inadequate stakeholder and citizen engagement processes (**Core Principle 5**).
- social tensions, such as inadequate grievance mechanism and war hazards (ERW, aerial strikes) and their impact on in-person activities (such as construction, operation, capacity building trainings, surveys) (**Core Principle 6**).

To address these social risks and impacts, the Program will incorporate screening criteria to exclude activities and expenditures that entail larger investments with significant resettlement risks and impacts. The Program will include measures to enhance gender inclusion in municipal budgeting processes and engaging citizens on reconstruction planning. The Program will ensure functional grievance mechanism and incorporation of proper safety measures in line with national legislation and other relevant guidance into all envisaged activities requiring physical presence of people on site, in groups or individually.

Disbursement-linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
<p>DLI 1: Public investment projects are aligned with strategic sustainable development priorities.</p>		
<p><u>Baseline:</u> (i) fragmented PIM system; (ii) unclear definition of public investment project; (iii) roles of central agencies and project proponents (line agencies and SNGs) are not clearly identified; (iv) unclear process for inclusion of public investment in the budget; (v) lack of standardized methodologies for project identification, prioritization, preparation, appraisal, approval, and monitoring across central and subnational governments; (vi) the public investment process does not systematically consider climate risks and impacts; (vii) SNG’s capacity in the management of reconstruction projects is varied and often limited; and (viii) PIM IT systems are not interoperable.</p>		
<p>DLR 1.1. The Government has streamlined and unified procedures for the approval of public investment projects by: (i) approving the PIM Action Plan, including specific requirements for climate resilient and low-carbon public investments; (ii) establishing and operationalizing PIM units in the MoF and MoE; and (iii) adopting of a Cabinet of Ministers Resolution establishing the Medium-Term Priority Public Investment Plan and a unified definition of public investment and public investment projects.</p>	<ul style="list-style-type: none"> •Potential downstream environmental risks and impacts related to construction-related pollution (including air, water, soil pollution; waste management), resources utilization (Core Principle 1) 	<ul style="list-style-type: none"> • Potential downstream social risks and impacts related to land acquisition (Core Principle 4) • Potential socio-economic inequities of budget transfers to municipalities if there is insufficient outreach to ensure and awareness about subvention grant application processes and lack of inclusion of vulnerable groups in prioritizing municipal projects and service delivery, if there is inadequate stakeholder and citizen engagement
<p>DLR 1.2. The Government has put in place the institutional framework that will strengthen the alignment of investment projects with national development and climate change priorities by: (i) establishing the Strategic Investment Council (SIC) as the sole authority for the approval of public investment projects; (ii) SIC approving a single project pipeline of at least 200 project concepts for 2025-2027 budget; and (iii) MoF exercising its gatekeeping function by ensuring that only projects approved by SIC are included in the 2025 Budget submission.</p>	<ul style="list-style-type: none"> •Potential downstream biodiversity impacts and cultural heritage impacts (Core Principle 2) 	
<p>DLR 1.3. The Government has put in place the institutional framework to support the preparation of complex investment projects, including the integration of climate change considerations, with the establishment and operationalization of the Project Preparation Facility (PPF).</p>	<ul style="list-style-type: none"> •Potential downstream OHS and community health and safety risks (Core Principle 3) 	
<p>DLR 1.4 MoF has strengthened accountability and transparency and facilitated public consultation by establishing and implementing requirements for the publication of information on all central level projects selected for inclusion in the 2025 Budget submission prior to approval by the legislature.</p>		

Disbursement-linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
<p>DLR 1.5. The Government has established and implemented procedures that apply a build back better approach to public investment projects by: (i) approving a PIM Methodology for project identification, prioritization, preparation, appraisal, and approval that include gender equality and climate change considerations; and (ii) SIC's approval of a single project pipeline for 2026-2028 based on a prioritized list of at least 200 projects concepts which address gender and climate change considerations.</p>		<p>processes. (Core Principle 5)</p> <ul style="list-style-type: none"> • Functionality of the grievance mechanism, which could cause social tension (Core Principle 6)
<p>DLR 1.6. The Government has approved the business processes to support the new PIM procedures and the build back better approach by approving regulations and specifications for: (i) enhancement of DREAM that support the new public investment management procedures and build back better approach, including climate change adaptation and mitigation assessment, and civil society feedback modules; and (ii) information exchange between the DREAM system, Prozorro, Treasury, and Budgeting systems and the interoperability requirements to link these systems.</p>		
<p>DLR 1.7. The Government has established the institutional framework for monitoring and evaluation of public investment projects by: (i) approving a Resolution requiring the application of the PIM Methodology for project monitoring, revision, reporting, and evaluation that include gender equality and climate change considerations; and (ii) training at least 50 central government PIM specialists in new PIM procedures, including on integrating climate change considerations and making training materials available in an online format.</p>		
<p>DLR 1.8. The Government has operationalized DREAM as a single data entry platform for public investment projects that digitizes the PIM Methodology and the build back better approach by: (i) requiring all projects included in the State Budget to be registered in the DREAM system with effective information exchange between DREAM, Prozorro, the Treasury, and the Budgeting systems; and (ii) operationalizing climate change modules in the DREAM system that allows central and local governments to identify and address project-level climate-related physical risks (adaptation) and impacts (GHG emission mitigation).</p>		
<p>DLR 1.9. The Government has applied the PIM Methodology and build-back approach by initiating the implementation of at least 30 investment projects that include climate physical risk and impact mitigation measures in the project concept.</p>		
<p>DLI 2: Local governments publish information on their budgets, debt and service delivery and reconstruction performance. <u>Baseline:</u> (i) SNG budgets are poorly aligned with policy objectives, with no performance data disaggregated by gender, no inclusion of climate considerations, and poor integration of medium-term plans with the annual budget cycle; (ii) limited ability and authority to borrow by most local governments.</p>		
<p>DLR 2.1. The Government has put in place the institutional framework to support the alignment between national and regional development objectives by: (i) approving the State Strategy of Regional Development of Ukraine; and (ii) approving revised instructions for the preparation of local government medium-term performance budget plans, including gender relevant performance information.</p>	<ul style="list-style-type: none"> • No considerable additional adverse environmental risks and impacts anticipated (beyond DLI1). 	<ul style="list-style-type: none"> • No considerable additional adverse social risks and impacts anticipated (beyond DLI1).
<p>DLR 2.2. The Government has strengthened the institutional framework for transparency and oversight of local government borrowing by: (i) approving revised procedures that provide for expanded authority for local governments to borrow; (ii) MoF approving and disseminating methodologies for local government debt and guarantee management and reporting; and (iii) MoF publishing training materials and conducting thematic workshops on debt and guarantee management for at least 300 local government representatives.</p>		
<p>DLR 2.3. MoF has strengthened the institutional framework for transparency and strengthened oversight of local government budgets by: (i) approving procedures for reporting and consolidation of local government medium-term performance budget plans and budget</p>		

Disbursement-linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
<p>execution, including gender and climate relevant performance information; and (ii) upgrading of local finance management information system (LOGICA) to digitally capture and report on medium-term performance budget plans and budget execution, including gender relevant performance information.</p>		
<p>DLR 2.4. Local governments have strengthened budget transparency by at least 80 percent of local governments approving budgets integrating build back better gender and climate change considerations and making them publicly available in compliance with the new procedures issued by MoF.</p>		
<p>DLR 2.5. Local governments have strengthened debt transparency and enabled oversight by at least 70 percent of local governments reporting [monthly] on their debt and guarantees following the new reporting procedures issued by the MoF.</p>		
<p>DLR 2.6. Local governments have strengthened accountability for service delivery and progress in building back better by local governments reporting that at least 50 of local government targets that include gender and climate change considerations are achieved or partially achieved in their end of year budget execution reports.</p>		
<p>DLI 3: Allocations of intergovernmental transfers reflect updated service needs. Baseline: fiscal transfers do not address the needs of communities damaged by Russia’s invasion.</p>		
<p>DLR 3.1. The Government has approved criteria and procedures for the allocation of Additional Grants to support the delivery of basic services in Amalgamated Local Governments that have been negatively affected by Russia’s invasion.</p>	<ul style="list-style-type: none"> • Similar environmental risks and impacts under DLI1 but more associated with local governments 	<ul style="list-style-type: none"> • Similar social risks and impacts under DLI1 but more associated with local governments
<p>DLR 3.2. The Government has approved and implemented a pilot mechanism for transparent and accountable financing of climate-informed (mitigation and adaptation) local government reconstruction projects by allocating grants to at least 20 local governments.</p>		
<p>DLR 3.3. The Government has strengthened and expanded the mechanism for transparent and accountable financing of service delivery by allocating Additional Grants to at least 100 Amalgamated Local Governments.</p>		
<p>DLR 3.4. The Government has improved the allocation of Additional Grants to Amalgamated Local Governments by: (i) approving criteria that consider climate-informed recovery needs; (ii) updating the list of eligible Amalgamated Local Governments; and (iii) allocating Additional Grants to at least 50 Amalgamated Local Governments.</p>		
<p>DLI 4: The State Tax Service has compliance risk management in place for tax audits. Baseline: (i) the outdated administration model leads to high compliance costs for taxpayers and perceived corruption. It undermines tax collection efforts; (ii) fragmented IT systems do not support the use of third-party information for compliance management.</p>		
<p>DLR 4.1. STS has launched a pilot project to test improvements in the efficiency and effectiveness of the tax compliance risk management system by: (i) the Council of Ministers approving a pilot project, and (ii) STS developing guidance, regulations and required changes to the STS structure.</p>	<ul style="list-style-type: none"> • No considerable additional adverse environmental risks and impacts anticipated (beyond DLI1). 	<ul style="list-style-type: none"> • No considerable additional adverse social risks and impacts anticipated (beyond DLI1).
<p>DLR 4.2. STS has put in place a regular taxpayer engagement survey to gather information on STS performance and integrity issues by: (i) launching a taxpayer survey based on tax compliance cost survey methodology; and (ii) making survey findings publicly available.</p>		
<p>DLR 4.3. STS has established procedures for planning and reporting on integrity initiatives by: (i) publishing the 2024 implementation progress report for the Anti-Corruption Program of the State Tax Service for 2023-2025 on the STS website; and (ii) updating and publishing the 2025 Action Plan for the implementation of the Anti-Corruption Program of the State Tax Service for 2023-2025.</p>		

Disbursement-linked Results (DLRs)	Key Environmental Risks and Impacts	Key Social Risks and Impacts
DLR 4.4. STS has put in place a more effective tax compliance system informed by the results of the pilot project by: (i) implementing an IT solution for processing data from the standard audit file (SAF-T UA); and (ii) applying algorithms and tests for SAF-T UA data analysis that allow for better targeting of compliance management efforts.		
DLR 4.5. STS has improved efficiency and effectiveness of the tax compliance system by: (i) using the standard audit files to inform selection of 100% of the audits of large taxpayers; and (ii) streamlining audit processes.		

B. Potential E&S risks and impacts under the Expenditure Program

14. The Public Expenditure Framework (PEF) will focus on budgeted expenditures that support fiscal governance reforms, public investment management, local government fiscal governance, and revenue administration. The PEF is sustainable, aligned with the IMF program, and included in the 2024 budget. Expenditures will be regularly monitored to maintain alignment with strategic objectives and ensure financial sustainability amid ongoing economic pressures. The SURGE PforR will finance approximately 30 percent of the Government of Ukraine’s supported program expenditures. The program will be financed over 27 months with a total of US\$1,500 million, including an IBRD loan of US\$400 million and IDA credit of US\$350 million. The Table below presents the expenditures covered by the four RAs.

15. The Program will focus on budgeted expenditures and provide financing for fiscal governance reform. The Table below presents the 2024 government expenditure program and incremental expenditures. The expenditure program under the Program will only be allowed to cover wage bill expenditures under the Basic Grant, Subvention to local budgets and Additional Grant Allocations. Considering this, **no additional E&S risks and impacts have been anticipated under the Expenditure Program beyond what has been assessed for DLIs/DLRs above** (the MoF has demonstrated its capacity to support wage bill expenditures over the last two years, notably through the PEACE project (P178946), which E&S risk classification under the ESF is “Moderate”).

Table. SURGE Expenditure Program

Government Expenditure Program by Results Area	2024 Budget (UAH)	2024 Budget (US\$)	2025 Budget (US\$)	2026 Budget (US\$)	PforR 2024-2026 (US\$)
Results area 1: Public Investment Management	23,154.6	569.0	569.0	569.0	500.0
Governance and management in the financial sector (3501010)	826.9	20.3	20.3	20.3	20.0
Governance and management in the treasury services sector (3504010)	4,378.0	107.6	107.6	107.6	100.0
Basic grant (3511050)	17,950.1	441.1	441.1	441.1	410.0
Results area 2: Subnational Public Financial Management	1,264.4	31.1	31.1	31.10	26.0
Economic governance and management (1201010)	728.4	17.9	17.9	17.9	17.0
Overall governance and management in the community, territorial and infrastructure development sectors (3101010)	429.6	10.6	10.6	10.6	7.0
Governance and management in the infrastructure rehabilitation and development of Ukraine sectors (3111010)	106.4	2.6	2.6	2.6	2.0
Results area 3: Subnational Fiscal Governance	26,907.1	702.1	702.1	702.1	724.0
Subvention from the state budget to local budgets to cover expenditures of rayon	172.5	4.2	4.2	4.2	4.0

P504773 – Supporting Reconstruction through Fiscal Governance (SURGE) Program
 Environment and Social Systems Assessment (ESSA)

Government Expenditure Program by Results Area	2024 Budget (UAH)	2024 Budget (US\$)	2025 Budget (US\$)	2026 Budget (US\$)	PforR 2024- 2026 (US\$)
councils aimed at performing their powers (3121040)					
Additional grant to local budgets for the performance of the powers of local self- government bodies in the de-occupied, temporarily occupied and other territories of Ukraine (3511280)	28,578.1	702.1	702.1	702.1	690.0
Results area 4: Revenue Administration	11,212.1	275.5	275.5	275.50	250.0
Governance and management in the tax policy sector (3507010)	11,212.1	275.5	275.5	275.5	250
Total financing requirement	64,209.5	1,577.7	1,577.7	1,577.7	1,500.0

* The average hryvnia exchange rate for 2024– UAH 40.7 per US dollar, in accordance with FY2024 State Budget calculations.

3 LEGAL AND REGULATORY FRAMEWORK FOR MANAGING THE PROGRAM'S ENVIRONMENT AND SOCIAL IMPACTS

16. **Overview:** The GoU has developed national environmental legislation and adopted new laws and regulations together with a number of programs and action plans to address environmental issues and promoted sustainable use of natural resources. The country has adopted several subsidiary laws and legislation on environmental management and is a party to series of international and regional environmental agreements and conventions. The country also has the nature protection policy and the implementation of measures in the field of rational use of natural resources and environmental protection are ongoing. On the social side, the country has developed relevant legal and regulatory frameworks which cover key social issues, including land acquisition and resettlement, labor and working conditions and social inclusion and sustainability. Below is the concise assessment of the country's E&S legal and regulatory framework on the six core principles under WB's PforR Policy, which are deemed applicable to the proposed Program in public investment management (such as preparation, appraisal and implementation of individual recovery/reconstruction projects). (Annex 2 provides the detailed analysis of these E&S frameworks, including its strengths and challenges, which was prepared in the context of WB IPF and PforR operations in the country).

Management of E&S Sustainability, Risk and Impacts (relevant to Core Principle 1)

17. Ukraine has formally aligned its legislation with the EU's Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs. The scope of Ukrainian environmental legislation is comprehensive (more than 300 legal acts) and covers most areas of environmental protection and natural resources management. However, the country's environmental legislation faces several weaknesses:

- The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities due to ongoing war; and
- Many of the acts are not coherent with each other.

18. Environmental matters that should be considered during the construction and operation of civil infrastructure are generally governed by the Law of Ukraine On Environmental Protection, On the Protection of Atmospheric Air, On the Protection of Land, and On the Environmental Impact Assessment. State Construction Norms and State Sanitary Norms set specific standards for the construction of buildings and, depending on the construction class and its complexity, the construction may require a notification on commencement of the construction work or a building permit. All the potential risks of such activity (including OHS, community health and safety, biodiversity impacts, waste management, etc.) should be mitigated by the existing construction practices mandated by the vast collection of construction standards and norms, sanitary norms and rules, labor Code of Ukraine, legislative and normative base of protection of natural resources etc.

19. However, past experience and practical information from similar construction sites show that some of the national legislation on OHS, community health and safety, waste management and resource efficiency are sometimes overlooked and/or neglected – partially, due to the lack of knowledge of the workforce, due to the lack of supervision and guidance, but also to speed up the process and save the budget (for mitigation measures).

Natural Habitats and Physical Cultural Resources (relevant to Core Principle 2)

20. Most of natural habitats in Ukraine either designated as Nature Protection Fund lands and are protected under relevant legislation, or (rarely) as forest lands with special use status. Ukraine's cultural heritage sites are protected by regulations under the Law of Ukraine "On Protection of Cultural Heritage." The Law of Ukraine "On Protection of Cultural Heritage" provides the foundation for protecting cultural heritage objects, requiring developers to obtain necessary approvals and permits before commencing work that could affect these sites. National regulations mandate that developers take into account restrictions on economic activities in areas with cultural heritage objects. A Chance Find Procedure ensures that any unexpected discoveries of cultural artifacts during construction are handled appropriately, preserving the nation's cultural heritage while allowing for necessary development.

Public and Worker Safety (Relevant to Core Principle 3)

21. Ukrainian legislation on labor protection consists of the Law of Ukraine "On Labour Protection" and many bylaws (labor protection regulations, resolutions of the Ukrainian Government, sanitary standards, orders of ministries that clarify the provisions of this law). Recent EU-ILO Project 'Towards safe, healthy and declared work in Ukraine' was aimed to improve the compliance of Ukraine's occupational health and safety (OHS) legal framework with key international and European standards on OHS and labor relations, and, inter alia, to adequately and sustainably transpose into the national legal framework a set of EU Directives on OHS (such as Directive 89/391/EEC - OHS "Framework Directive" etc.). In addition, EU OHS Directives 2009/104/EC, concerning the minimum safety and health requirements for the use of work equipment by workers at work and 89/656/EEC, on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace, have been transposed to national legislation, through orders of the Ministry of Social Policy of Ukraine (MSP).

22. However, the high incidence rates of work-related accidents and occupational diseases indicate that a lot still remains to be done in Ukraine, when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers. These gaps and shortcomings are further exacerbated by the ongoing situation and related military hazards. For the OHS management system, hostilities become real external threats factors that significantly change the external and internal context of the enterprise and increase the risks of additional accidents at work, which are uncharacteristic for peacetime and have consequences of varying severity. In Ukraine as of April 2024, accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict.

Management of Land Acquisition and Involuntary Resettlement (relevant to Core Principle 4)

23. The Constitution of Ukraine (Articles 13, 14, 41) stipulates that "no one shall be unlawfully deprived of the right for property. The right for private property shall be inviolable." and "The expropriation of private property objects may be applied only as an exception for the reasons of social necessity, on the grounds of, and in the order established by law, and on terms of advance and complete compensation of the value of such objects. The expropriation of such objects with subsequent complete compensation of their value shall be permitted only under conditions of martial law or a state of emergency." (Article 41). Law of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity" of 17.11.2009 No. 1559-VI stipulates legal, organizational, and financial principles of regulation of public relations arising in the course of acquisition of land plots, other property objects placed on them, owned by natural or legal persons, for public needs or for reasons of public necessity. Land Code of Ukraine (in particular, Articles 143, 146, 147, 149-151) which provides the grounds for the involuntary termination of land rights, acquisition of land for public needs and the procedure for conciliation of issues related to the land acquisition for public needs or for reasons of public necessity. Civil Code of Ukraine (of 16.01.2003, No. 435-IV), which establishes the procedure for termination of title to immovable property due to the acquisition or alienation of the land on which the property is located, for national needs, and regulates issues related to the protection of property rights (Articles 3.50-351);

24. In Ukraine, the right to dispose of land and other property are based on registration of ownership. However, under the WB involuntary resettlement standard, affected persons are entitled to compensation whether or not they own a registered land or property title, if they occupy or use the land prior to the cut-off date. The focus of the WB standards is to mitigate the adverse impacts of poverty, where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where PAP have no ownership or tenure rights according to Ukrainian law due to lack of registration, the provisions of the Lender requirements will be applied in terms of their rights for compensation, consultation, and grievance mechanisms (More detailed gap analysis is provided in Annex 3).

Inclusion of Indigenous Peoples and Vulnerable Groups (relevant to Core Principle 5)

25. Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. Along these lines, the 2018–21 State Social Programme on Equal Rights and Opportunities of Women and Men intends to eliminate institutional and legal barriers to gender equality.

Avoidance of exacerbating social conflict (relevant to Core Principle 6)

26. There are a number of national policies and regulations that cross cutting systems for stakeholder engagement and information disclosure across all the program activities. The right to information is a fundamental and protected by a law. In accordance with the Law of Ukraine "On Information," guarantees equal rights and opportunities for access to information to all subjects of information relations. At the national level, information dissemination and communication channels include official websites of government bodies such as the Verkhovna Rada of Ukraine, the President, and the Cabinet of Ministers, where all official information is posted. All government websites allow for electronic submission of inquiries directly through the site. Accessibility modes for citizens with visual and hearing impairments are available on all sites. The issue of digital accessibility of web resources is regulated by DSTU EN 301 549:2022. At the regional level, where active engagement of program beneficiaries should take place, several entities responsible for organizing dialogue with the public. The Mininfra, which currently serves as the administrator of the DREAM system. They are actively engaging all stakeholders in training on how to operate within the DREAM system.

27. The Law of Ukraine "On Information" declares that the main areas of the state information policy shall include ensuring that every person has access to the information. The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations. The Law on Citizens Appeals and the Law "On Access to Public Information," guarantees the citizens' right to address government bodies and define the duties and timelines for handling such appeals by government bodies. The Resolution of The Cabinet of Ministers approved the "Classifier of Citizen Appeals," which establishes a typology for categorizing appeals according to the following criteria: by form of submission (via mail, in person, through government authorities, through the media, etc.); by submission characteristic (initial, repeated, multiple, mass); by type (suggestion, application, complaint); by gender (male, female); by subject (individual, collective, anonymous), and others. The practical realization of citizens' rights to access on public information and submission of appeals and complaints, ensured through a 24/7 Government contact Centre "National hotline 1554", which provides various options for submitting inquiries, including options for people with disabilities (hearing and visual impairments). All inquiries received by local executive authorities or state institutions of other levels will be registered and classified according to the established state standards and internal document circulation procedures. All inquiries and responses will be stored in the authority to which they were addressed, and which provided the response. Ukrainian legislation, relative to international good practice, is absent the possibility of anonymous grievances. Section 8 of the Law "On Citizens' Appeals" directly specifies that anonymous appeals are not considered.

4 INSTITUTIONAL CAPACITY ASSESSMENT FOR MANAGING THE PROGRAM’S ENVIRONMENT AND SOCIAL EFFECTS

28. **Overview:** The PIM Reform Roadmap and its Action Plan (approved by the cabinet ministers in June 2024) define the institutional roles and responsibilities in the PIM reform, including on the E&S issues. The Roadmap to be supported by the proposed Program will be implemented by **MoF, MoE, MoI and subnational governments (SNG)** with the following key functions, in collaboration with other government institutions. Their institutional capacity for managing the program’s E&S effects is summarized as follows:

29. **Ministry of Finance (MoF):** The MoF will be the **Program Implementing Agency** of the proposed Program. The First Deputy Minister of Finance will be the Project Coordinator and primary contact point for the World Bank on Program-related issues. MoF will establish a Program Implementation Unit (PIU). The PIU Director will report to the Project Coordinator. The PIU will be financed by and shared with the STRONG Project. The PIU will provide administrative support to MoF in fulfilling its functions as a Program Implementing Agency. The PIU will be based in MoF’s International Finance Directorate and support MoF in the overall program management. **MoF has demonstrated its capacity to manage complex multi-agency projects during two years of implementing the IPF projects “PEACE” in Ukraine (including E&S risk management).** MoF has currently 33 staff in the department working with different international organizations. **MoF has its own grievance mechanism** on the MoF website to submit grievances or complaints with is a specialized department that monitors and responds to grievances (Anonymous complaints are registered, but not considered). **MoF has established a dedicated unit for the PIM (“PIM Sector”), which consists of 3 persons (including 1 sector head).** While MoF will have limited functions to manage E&S risks and impacts under the proposed Program, **engagement of individual E&S specialists is currently not foreseen in this unit.** MoF’s overall roles and responsibilities under the PIM Reform Roadmap includes the following:

- determination of the fiscal framework for public investment, taking into account all sources and mechanisms of financing and the need to ensure macro-financial stability;
- methodological support for budget planning of public investments aligned with the strategic goals and objectives and fiscal framework;
- assessment of the feasibility of attracting public investment and ensuring the selection of the optimal financing mechanism;
- assessment of fiscal risks related to public investments, primarily regarding PPPs and concessions;
- assessment of the reasonableness of the determined cost of projects and availability of financing;
- ensuring inclusion in the budget or provision of state support only for those projects that have passed established appraisal and selection procedures;

30. **Ministry of Economy (MoE):** The MoE will be one of the **Program Implementing Partners** under the proposed Program. The MoE is currently in the process of establishing a **Public Investment Management Department** with nine officers, which will consist of one department head, four staff for PIM methodology and four staff for PIM monitoring. While **MoE may consider engaging one E&S expert in the Department**, timely engagement of such expert is deemed challenging due to the availability of such expertise in the country under the current circumstances. While **MoE has no significant experience working with the WB to date, its E&S capacity is expected to be enhanced through forthcoming Bank-supported PforR and IPF operations**, including SURGE, STRONG and RISE. **MoE has its own grievance mechanism** managed by public relations/press department, which also monitors and responds to social media. For nationally supported projects (without donor funding), MoE is mandated to have key responsibilities in setting the standards for such national projects (such as preparation/appraisal methodologies including E&S criteria. More details are provided in the relevant Resolutions of the Cabinet Ministers No. 312 dated March 12, 2024 and No. 515 dated May 19, 2021). According to MoE, conduct of public consultations has recently become mandatory for national projects approved by Cabinet Ministers. MoE’s overall roles and responsibilities under the PIM Reform Roadmap includes the following:

- coordination of the national system of strategic planning and preparation of a long-term document of national development, which contains the main goals and priorities of investment;
- preparation of a medium-term plan of priority public investments in close connection with the Budget Declaration;
- methodological support for the preparation, prioritization, appraisal, selection and implementation of public investment projects to ensure unified approaches to all types of public investments both at the central and local levels;
- monitoring the implementation of single project portfolio;
- analytical and secretarial support to the **Strategic Investment Council (SIC)**, which will be chaired by the Prime Minister, made up of members of the Cabinet of Ministers – ensuring coordination of strategic priorities for public investments and approval of a single project pipeline.

MoE has key responsibilities relevant to E&S risk management in all stages of the project life under PIM Reform Roadmap, including (i) project concept/preparation, (ii) appraisal, (iii) selection/prioritization, (iv) implementation and (v) completion/audit. According to the PIM Reform Roadmap:

- Project concept/preparation**: MoE (together with the Ministry of the Environment, the Ministry of Social Policy, other ministries and central bodies of the executive power) will develop and approve the methodological guidelines which will contain different types of analysis and clear criteria for their application (cost, industry, level of complexity and risk, etc.) applicable to projects implemented both at the national and local levels. **The methodological guidelines will include environmental and social assessment of a public investment project**, including environmental sustainability and social requirements for inclusiveness and accessibility, as well as compliance with the Sustainable Development Goals (SDGs) and climate change consideration;
- Appraisal**: **MoE will carry out the appraisal of large investment projects (worth more than 300 million hryvnias (approx. 7.4 million US\$)). The current priority for MoE will include recovery and rehabilitation of damaged facilities in the sectors of electricity, transport and logistics.** The rest of the project will be appraised by the relevant line ministries where the MoE will ensure the quality control of appraisals;
- Selection/prioritization**: Considering the prioritized sectoral project pipelines and within the expenditure limit set by MoF, the ministries submit their proposals regarding the priority directions and projected amounts of investments to the **MoE, which consolidates them into the Medium-term plan of priority public investments for further consideration and endorsement by the SIC and approval together with the Budget Declaration.** An addition to the Medium-Term Plan will be a single project pipeline - a consolidated prioritized list of projects (concepts) based on sectoral portfolios, formed by MoE, considering the level of their maturity. All relevant public investments will have to be made in accordance with the Medium-Term Plan. (The formed list of priority projects can be presented to international partners within the framework of the Multi-agency Donor Coordination Platform for Ukraine to determine the available amount of external financial resources for project implementation and reflect it in the Budget Declaration.)
- Implementation**: To ensure the effective implementation of projects, MoE will develop **methodological guidelines for each stage of the project life cycle and tools, including digital and regular training programs of the relevant personnel of the line ministries and other central executive agencies.**
- Completion/audit**: MoE will conduct the audit after the completion of investment projects (with the possible participation of the Accounting Chamber and independent experts) 3-5 years after the end of the investment stage to determine the degree of achievement of the expected results and public benefit.

31. Ministry of Communities, Territories and Infrastructure Development (MOI): The MOI will be another Program Implementing Partner under the proposed Program. **MOI has demonstrated its capacity to manage multiple WB-funded IPF projects including “HOPE” to support damaged housing in Ukraine (with solid E&S**

risk management track record). MoI has a department specialized for managing internationally funded projects where external E&S consultants are engaged to comply with E&S Standards of the funders. **MoI has no in-house E&S experts at this stage**. MoI's overall roles and responsibilities under the PIM Reform Roadmap includes the following:

- coordination of strategic planning of regional development, consisting of the State Strategy for Regional Development, the Plan for Reconstruction and Development of Regions and the Program for Integrated Development of Communities, on the basis of which public investments at the local level should be planned (**the current priority for MoI will include recovery and rehabilitation of damaged housing, heating, water and sewerage facilities**);
- preparation of sectoral strategies in the fields of transport and transport infrastructure, housing policy, housing and communal services and energy efficiency, determination of sectoral prioritization criteria based on them, preparation of a sectoral project pipelines and proposals for the medium-term plan of priority public investments and coordination of the implementation of projects in the said sectors;
- development and implementation of the Digital Restoration EcoSystem for Accountable Management (**DREAM**), which will become a bank of public investment projects that meet the defined strategic priorities of national and regional development and established criteria, and will ensure effective monitoring of their implementation.

MoI is in the process of improving the system of planning documents of regional and local development and urban planning, which will ensure the streamlining and optimization of many currently existing instruments and increase their quality. The priority directions of public investments will be determined in the plans for the recovery and development of the respective territories, which, in turn, will be coordinated with the State Strategy for Regional Development.

32. **Local self-government bodies**: There are 1,469 local self-government bodies (Of these, 31 communities are in occupied areas). That is, **the tentative number of local government bodies that will participate within the framework of the proposed Program is 1,438**. Their overall roles and responsibilities under the PIM Reform Roadmap are the preparation of plans for the recovery and development of relevant territories, development, prioritization and implementation of public investment projects based on them. At the local level, a similar approach will be introduced for local investment projects. The development of concepts of public investment projects will be carried out considering the relevant methodological recommendations of the MoE. The preliminary screening will be carried out by the relevant local bodies. The project appraisal, selection and approval of the list of priority investment projects will be carried, considering the methodological recommendations of the MoE. The approved list will be entered into the integrated IT system for managing public investment projects (DREAM). **Their E&S capacity will vary significantly at regional, district and municipal levels. While the E&S risks and impacts to be caused by local projects are likely to be limited (in scale as well as magnitude), it will require significant support for capacity enhancement (which shall be supported through DLI2 and TA program under STRONG IPF).**

33. **Other entities**: The following entities will also support the PIM Reform. While no E&S capacity assessment has been conducted for these entities during the ESSA (due to logistical constraints), the E&S capacity development program under the proposed Program (and STRONG) will support these entities, as relevant (in particular the officers who will be assigned to support the PIM Reform):

- **Line ministries** – preparation of sectoral strategies, determination of sectoral prioritization criteria based on them, preparation of a sectoral project pipelines and proposals for the medium-term plan of priority public investments and coordination and monitoring of project implementation in the relevant spheres of state policy;
- **State Agency for Reconstruction and Development of Infrastructure of Ukraine** – preparation and implementation of large-scale infrastructure projects in accordance with the medium-term plan of priority public investments; provision of support to local self-government bodies during the preparation and implementation of infrastructure projects; At the same time, the Reconstruction

Agency will be able to provide direct support to responsible project implementing agencies, including local governments, in case they lack the necessary project management capacity. This Agency is one of the implementing partners for WB-funded RELINK IPF project which supports transport infrastructure rehabilitation. The Agency will be also involved in WB-funded REPOWER IPF project (power infrastructure rehabilitation). The agency has established appropriate E&S risk management arrangement for these operations.

34. **Capacity building strategy under the PIM Reform Roadmap:** The Roadmap identifies the lack of qualified personnel within the state institutions for project preparation and evaluation (appraisal) as one of the most significant obstacles to the effective management of public investments. While the Roadmap proposes the following three approaches to address such obstacles, the proposed Program can help the government address E&S capacity gaps:

- (i) MoE, together with MoF and Mol, will **update the entire methodological base of PIM** for all stages of the investment cycle. Knowledge bases with all the necessary information will be created on the websites of the relevant ministries. MoE, together with the National Agency for Civil Service, will **develop training programs for PIM specialists and training plans**.
- (ii) **The creation and strengthening of appropriate dedicated units for the PIM in the bodies at the central and local level** will be ensured. The MoE will develop an exemplary statute and functions of such a unit. To support their work, technical tools for preparation, evaluation and analysis of the implementation of investment projects will be created within the integrated IT system for managing public investment projects (**DREAM**).
- (iii) **Centers of expertise on PIM will be created within the Government**, for example on the basis of the Reconstruction Agency, the PPP Agency. Mechanisms for attracting external expertise will also be developed, primarily at the stage of project preparation, both with the use of international technical assistance and at the expense of budget funds.

5 COMPARATIVE ANALYSIS OF BORROWER E&S SYSTEM AND WORLD BANK CORE PRINCIPLES

35. Based on the key findings of the borrower’s E&S systems assessment in the previous sections, this section presents the comparative analysis organized by each of the six Core Principles outlined in Bank Policy and Directive for Program-for-Results Financing. More specifically, this section: (i) examines the relevance of each Core Principle to the proposed Program; (ii) highlights key findings from the E&S systems assessment (including legal/regulatory framework and institutional capacity) presented in the previous sections, including on the strengths and weaknesses/areas for improvement of the current system; and (iii) proposes gap-filling/mitigation measures to ensure that the Program is managed in a manner consistent with the Core Principles of the Bank’s PforR Policy. The proposed gap-filing/mitigation measures in the following table have informed the final conclusion and recommendations of the ESSA, as presented in Section 7.

Core Principle 1: General Principle of Environmental and Social Management

<p>Bank Policy for Program-for-Results Financing: <i>Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.</i></p>
<p>Bank Directive for Program-for-Results Financing: <i>Program procedures will:</i></p> <ul style="list-style-type: none"> ▪ <i>Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.</i> ▪ <i>Incorporate recognized elements of environmental and social assessment good practice, including</i> <ul style="list-style-type: none"> <i>(a) early screening of potential effects;</i> <i>(b) consideration of strategic, technical, and site alternatives (including the “no action” alternative);</i> <i>(c) explicit assessment of potential induced, cumulative, and transboundary impacts;</i> <i>(d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized;</i> <i>(e) clear articulation of institutional responsibilities and resources to support implementation of plans; and</i> <i>(f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.</i>
<p>Relevance to the proposed Program: Relevant</p> <p>While the proposed Program will not directly support physical infrastructure interventions, the Program will support the “upstream” fiscal governance system for (i) public investment management for reconstruction, (ii) local government fiscal governance for post-war recovery and (iii) integrity and compliance win revenue administration. As such, the key potential E&S issues of the proposed Program are the “downstream” (or future) effects of projects to be prepared for the urgent reconstruction/recovery of damaged infrastructure/facilities in 2024-2026 (such as electricity, transportation, logistics, housing, heating/water/sewerage systems), while the proposed Program will put in place the institutional framework for more full-scale reconstruction activities when the conflict ends.</p>

<u>Findings from E&S Systems Assessment</u>	<u>Proposed Gap-filing/Mitigation Measures</u>
<p>Strengths:</p> <ul style="list-style-type: none"> Ukraine has formally aligned its legislation with the EU’s Environmental Impact Assessment (EIA) Directive and the Directive on Strategic Environmental Assessment. Also, after signing the Association Agreement with the EU, Ukraine became a signatory to environmental and sustainable development international conventions and adopted a wide range of legal acts and programs. The scope of Ukrainian environmental legislation is comprehensive (more than 300 legal acts) and covers most areas of environmental protection and natural resources management. The PIM Reform Roadmap and its Action Plan (approved by the cabinet ministers in June 2024) covers the E&S risk management aspects and assigns institutional responsibilities to relevant ministries, which will be supported by the proposed Program and the TA under the STRONG IPF. Some implementing partners have good E&S track record in WB-funded IPF operations (such as MOF and MOI). <p>Weaknesses/Areas for improvement:</p> <ul style="list-style-type: none"> The legislation is largely declarative in nature and does not have all the essential enforcement mechanisms for implementing legal acts and international agreements, especially due to limited capacity of responsible authorities due to ongoing war. Many of the acts are not coherent with each other. Past operational experience and practical information from similar construction sites show that some of the national legislation on OHS, community health and safety, waste management and resource efficiency are sometimes overlooked and/or neglected – partially, due to the lack of knowledge of the workforce, due to the lack of supervision and guidance, but also to speed up the process and save the budget (for mitigation measures). While the proposed Program will focus on urgent reconstruction/recovery of damaged existing infrastructure/facilities in 2024-25 (where the scale and magnitude of the E&S risks and impacts are deemed not significant), the projects in the future to be appraised in the new PIM system could inevitably include projects with significant E&S risks and impacts (such as more full-scale reconstruction activities or new construction) when the conflict ends. The E&S capacity of the implementing partners/institutions (MoF/MoE/MoI/SNGs) would benefit from extensive support in managing nationally funded projects. 	<ul style="list-style-type: none"> Establish a Program Implementation Unit (PIU) in MoF and PIM units in MoF/MoE and MOI with appropriate E&S expertise. Assign E&S focal points in relevant SNGs to help manage the E&S risks and impacts in their projects. Implement capacity building program for above E&S staffing. WB will consider facilitating some of the capacity building (including through “Center for Advancement in Restoration and Modernization Capacity” Project (P181604) with programming and training materials). Embed WB PforR E&S Core Principles (and general and sector-specific WBG EHS&G as relevant) and relevant EU standards in the PIM methodologies with appropriate training programs. Apply exclusion criteria to exclude projects with possible significant E&S risks and impact.

Core Principle 2: Natural Habitats and Physical Cultural Resources

<p>Bank Policy for Program-for-Results Financing: <i>Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.</i></p>	
<p>Bank Directive for Program-for-Results Financing: <i>As relevant, the program to be supported:</i></p> <ul style="list-style-type: none"> ▪ <i>Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.</i> ▪ <i>Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.</i> ▪ <i>Takes into account potential adverse effects on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.</i> 	
<p>Relevance to the proposed Program: Relevant While the proposed Program will not directly support physical infrastructure interventions, the Program will support the “upstream” fiscal governance system. As such, the key potential E&S issues of the proposed Program are the “downstream” (or future) effects of projects, which could potentially affect natural habitats and physical cultural resources.</p>	
<p>Findings from E&S Systems Assessment</p> <ul style="list-style-type: none"> • Covered under Core Principle 1 	<p>Proposed Gap-filing/Mitigation Measures</p> <ul style="list-style-type: none"> • Covered under Core Principle 1

Core Principle 3: Public and Worker Safety

<p>Bank Policy for Program-for-Results Financing: <i>Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.</i></p>	
<p>Bank Directive for Program-for-Results Financing:</p> <ul style="list-style-type: none"> ▪ <i>Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.</i> ▪ <i>Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.</i> ▪ <i>Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.</i> 	
<p>Relevance to the proposed Program: Relevant The workers engaged in public investment and community members may be exposed to occupational and community hazards during construction and operation.</p>	

<u>Findings from E&S Systems Assessment</u>	<u>Proposed Gap-filing/Mitigation Measures</u>
<p><u>Strengths:</u></p> <ul style="list-style-type: none"> Ukrainian legislation on labor protection consists of the Law of Ukraine “On Labour Protection” and many bylaws. Efforts are underway to improve the compliance of Ukraine’s OHS legal framework with key international and European standards on OHS and labor relations. <p><u>Weaknesses/Areas for improvement:</u></p> <ul style="list-style-type: none"> The high incidence rates of work-related accidents and occupational diseases indicate that a lot still remains to be done, when it comes to the prevention of occupational risks and the promotion of the safety, health and well-being of workers. These gaps and shortcomings are further exacerbated by the ongoing conflict situation. Accidents with fatal consequences caused by hostilities constitute almost half of the total fatal injuries at work in the conditions of conflict. There are 1,469 local self-government bodies (Of these, 31 communities are in occupied areas). That is, the tentative number of local government bodies that will participate within the framework of the proposed Program is 1,438. Their E&S capacity will vary significantly at regional, district and municipal levels. While the E&S risks and impacts of local projects are likely to be limited (in scale as well as magnitude), it will require significant support for capacity enhancement. While SNGs have a mandate to oversee OHS issues within their administrative areas, they often lack formal training and necessary knowledge to do so effectively and mostly rely on centralized supervision and enforcement of OHS standards. Inadequate attention to GBV and SEA/SH risks. 	<ul style="list-style-type: none"> Embed WB PforR E&S Core Principles and relevant EU standards in the PIM methodologies with appropriate training programs, which would help reduce the number of incidents/accidents. Conduct monitoring of project implementation and regular and incident reporting on EHS. Apply/Promote GBV and SEA/SH risk mitigations.

Core Principle 4: Land Acquisition

<p>Bank Policy for Program-for-Results Financing: <i>Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.</i></p>	
<p>Bank Directive for Program-for-Results Financing: <i>As relevant, the program to be supported:</i></p> <ul style="list-style-type: none"> ▪ <i>Avoids or minimizes land acquisition and related adverse impacts;</i> ▪ <i>Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;</i> ▪ <i>Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;</i> ▪ <i>Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and</i> ▪ <i>Restores or replaces public infrastructure and community services that may be adversely affected.</i> 	
<p>Relevance to the proposed Program: Relevant</p> <p>While the proposed Program will not directly support physical infrastructure interventions, the Program will support the “upstream” fiscal governance system. As such, the key potential E&S issues of the proposed Program are the “downstream” (or future) effects of project, which could have resettlement risks and impacts.</p>	
<p>Findings from E&S Systems Assessment</p> <p>Strengths:</p> <ul style="list-style-type: none"> • The PIM Reform Roadmap to be supported under the proposed Program will focus on urgent reconstruction/recovery of damaged existing infrastructure/facilities (such as electricity, transportation, logistics, housing, heating/water/sewerage systems) where the scale and magnitude of resettlement risks and impacts are deemed limited. <p>Weaknesses/Areas for improvement:</p> <ul style="list-style-type: none"> • However, the projects in the future to be appraised in the new PIM system could inevitably include projects with significant physical and economic resettlement risks and impacts (such as more full-scale reconstruction activities or new construction) when the conflict ends. • In Ukraine, the right to dispose of land and other property are based on registration of ownership. There are important gaps between the national regulations and WB standards under Core Principles 4 (such as support to informal users and livelihood restoration). 	<p>Proposed Gap-filing/Mitigation Measures</p> <ul style="list-style-type: none"> • Include an exclusion criterion that the program will not support significant compulsory land acquisition, involuntary physical and economic displacement, including informal users (to be clarified in the DLI verification protocol, so that the projects with such potential risks and impacts will not be supported/counted under the Program). • Embed WB PforR E&S Core Principle 4 on resettlement and relevant EU standards in the PIM methodologies with appropriate training programs, which would help minimize/manage resettlement risks and impacts.

Core Principle 5: Indigenous Peoples and Vulnerable Groups

<p>Bank Policy for Program-for-Results Financing: <i>Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.</i></p>	
<p>Bank Directive for Program-for-Results Financing:</p> <ul style="list-style-type: none"> • <i>Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.</i> • <i>Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.</i> • <i>Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.</i> 	
<p>Relevance to the proposed Program: Relevant Inclusion of vulnerable groups (such as female stakeholders, persons with disabilities, persons in remote areas) in program benefit and stakeholder engagement processes is relevant for the proposed Program (the presence of Indigenous Peoples were not identified under the Program).</p>	
<p>Findings from E&S Systems Assessment</p> <p>Strengths</p> <ul style="list-style-type: none"> • Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. <p>Weaknesses/Areas for improvement:</p> <ul style="list-style-type: none"> • While no particular risk of exclusion has been identified through consultations with key stakeholders, there is potential that vulnerable groups might be excluded from Program benefits due to a variety of reasons (such as gender, remoteness, disabilities, digital literacy). 	<p>Proposed Gap-filing/Mitigation Measures</p> <ul style="list-style-type: none"> • Conduct the stakeholder engagement program are conducted in an inclusive manner through involvement of representatives of such vulnerable groups.

Core Principle 6: Social Conflict

<p>Bank Policy for Program-for-Results Financing: <i>Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.</i></p>	
<p>Bank Directive for Program-for-Results Financing: <i>Considers conflict risks, including distributional equity and cultural sensitivities.</i></p>	
<p>Relevance to the proposed Program: Relevant Timely and satisfactory management of grievances and social conflicts/tensions is key for the success of the proposed Program.</p>	
<p>Findings from E&S Systems Assessment</p> <p><u>Strengths</u></p> <ul style="list-style-type: none"> • There are a number of national policies and regulations that cross cutting systems for stakeholder engagement and information disclosure across all the program activities. • The Law of Ukraine "On Citizen Appeals" provides the right to file observations, complaints and proposals with the government authorities, local governments, citizens associations, enterprises, institutions, organizations. The Law on Citizens Appeals and the Law "On Access to Public Information," guarantees the citizens' right to address government bodies and define the duties and timelines for handling such appeals by government bodies. <p><u>Weaknesses/Areas for improvement:</u></p> <ul style="list-style-type: none"> • Ukrainian legislation, relative to international good practice, is absent the possibility of anonymous grievances. Section 8 of the Law "On Citizens' Appeals" directly specifies that anonymous appeals are not considered. • While the ministries have their own grievance system, their functionality could be reviewed and strengthened (including on management of anonymous grievances and appeal process for unresolved cases). • No effective E&S system to address safety risks related to war hazards is available (such as ERW, landmines and aerial strikes), which could affect the safety of stakeholders in PIM (The State Emergency Service of Ukraine is responsible for giving recommendations on how to deactivate or clear territory of explosive substances (due to the war). 	<p>Proposed Gap-filing/Mitigation Measures</p> <ul style="list-style-type: none"> • Establish functional grievance mechanism and/or improve existing grievance mechanism. • Adopt Emergency Preparedness and Response Plan (EPRP) (sample attached in Annex 3). While it's not the direct purpose of the E&S capacity building program under the proposed Program, there is a need to build SNGs awareness and capacity on how to deal with war hazards when planning/implementing their recovery projects. • Exclude defense sectors from program support.

6 STAKEHOLDER ENGAGEMENT

36. **Consultation Event for Preparing ESSA (June-July, 2024):** For the preparation of this ESSA, the E&S specialists of the Bank task team undertook a series of meetings with different stakeholders, including the following. The consultation meetings were organized online in June-July with relevant government institutions and with the CSO group on June 28, 2024. No site visits were conducted due to the security concerns in the country. The outcomes of the consultations have informed the ESSA, including the assessment of the regulatory and framework, the institutional capacity and community engagement program (the list of persons met is provided in Annex 1).

- 1) MoF
- 2) MoE
- 3) MoI
- 4) CSO Group “RISE Ukraine” (CEE Bankwatch Network, WWF Ukraine, Kyiv National University)
- 5) [Subnational governments (under preparation)]

37. **Consultation Event for Finalizing ESSA (July XXX 2024):** Further consultations were undertaken in an inclusive manner before the completion of appraisal, which consisted of formal public consultations with key stakeholders including those in selected regions. The inputs were considered and incorporated into the final ESSA. Main issues discussed and Bank responses include the following (TBD):

Topics	Issues raised	Bank Staff Responses
Program Design		
Environmental issues		
Labor and working conditions		
Community health and safety		
Inclusion of vulnerable groups		
Community engagement		
Grievance redress		

38. **Document Dissemination and Public Disclosure:** The draft ESSA was translated into local languages and shared with the stakeholders and publicly disclosed before the public consultation. The final report will be disclosed publicly in-country and at the World Bank’s website before the board approval.

7 CONCLUSION AND RECOMMENDATIONS

39. Based on the above assessment, a series of measures and actions are recommended for the proposed Program to address the identified gaps between the government E&S management system and the core principles of the Bank’s PforR Policy. These would ensure that the proposed program be managed in a manner consistent with the Core Principles. Subject to adjustment through negotiations with the client, these recommendations shall be integrated in (i) excluded activities; (ii) relevant DLIs/verification protocol or (iii) the Program Action Plans (PAPs), as specified below (some key actions are intentionally overlapping for better follow-through). They will be also embedded in the POM for operationalization, as appropriate. Their effectiveness will continue to be monitored and adjusted throughout the program life:

(i) Excluded Activities:

40. The Program will exclude activities that do not meet the World Bank’s Policy and the ESSA Guidance (September 2020) on eligibility for PforR financing. The borrower shall ensure that the Program excludes any activities which, in the opinion of the World Bank, are likely to have significant adverse impacts that are sensitive, diverse or unprecedented on the environment and/or affected people. More specifically, the SURGE PforR will not support investments with potentially significant environmental and social risks and impacts, which will be excluded from financing under the Program. The program will exclude large-scale construction and rehabilitation work. This Program will not support large-scale land acquisition and involuntary economic and physical resettlements. The Program will not accommodate activities that involve the significant conversion or degradation of critical natural habitats or critical physical cultural heritage. The program will exclude support to activities for military purposes. An exclusion list will be also included in the POM. The general list of excluded activities with sectoral examples are depicted in Table below.

The proposed PforR financing should not be used to support programs, or activities within the proposed Programs, that in the Bank’s opinion involve the following:
<ul style="list-style-type: none"> • Any support for military purposes • <i>Significant conversion or degradation of critical natural habitats or critical cultural heritage sites;</i> • <i>Air, water, or soil contamination leading to significant adverse impacts on the health or safety of individuals, communities, or ecosystems;</i> • <i>Workplace conditions that expose workers to significant risks to health and personal safety;</i> • <i>Land acquisition and/or resettlement of a scale or nature that will have significant adverse impacts on affected people, or the use of forced evictions;</i> • <i>Large-scale changes in land use or access to land and/or natural resources;</i> • <i>Adverse E&S impacts covering large geographical areas, including transboundary impacts, or global impacts such as greenhouse gas (GHG) emissions;</i> • <i>Significant cumulative, induced, or indirect impacts;</i> • <i>Activities that involve the use of forced or child labor;</i> • <i>Marginalization of, discrimination against, or conflict within or among, social (including ethnic and racial) groups; or</i> • <i>Activities that would (a) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (b) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources that are subject to traditional ownership or under customary use or occupation; or (c) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities’ cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected communities.</i>
The list below provides examples of activities that are excluded from the proposed PforR financing: new or significant expansion of the following:
<ul style="list-style-type: none"> • <i>Power plants;</i>

- *Major transport infrastructure—for example, new highways, expressways, urban metro systems, railways, and ports;*
- *Operations in mining and extractive industries;*
- *Commercial logging or large-scale forest-products-processing operations;*
- *Large-scale water (surface and groundwater) resource infrastructure, including large dams, or activities involving the allocation or conveyance of water, including inter-basin water transfers or activities resulting in significant changes to water quality or availability; or*
- *Manufacturing or industrial processing facilities.*

(ii) DLIs and verification protocol which address E&S issues

41. The DLIs and verification protocols under the proposed Program include key items relevant to E&S risk management, including list of excluded activities/projects, climate resilience and gender inclusion in fiscal governance. The effectiveness of the proposed DLIs and protocols will be monitored and supported through the implementation of the relevant PAP indicated below and the STRONG IPF TA support (including capacity building program, monitoring and reporting).

(iii) Program Action Plan (PAP):

42. Based on the assessment and to strengthen the existing system and processes, the following actions will be included as part of Program Action Plans along with key due dates, responsibilities and indicators for its completion measurement.

Action Description	Due Date	Responsible Party	Completion Measurement
1. E&S Staffing arrangement for the Program: (i) Engagement of qualified Environmental and Social Specialist(s) in the PIU in MoF and in the PIM Departments in MoE and MoI; (ii) Assignment of an E&S focal point in relevant SNGs (who can be existing or new personnel); (iii) Setting up effective communication and coordination mechanism among them; and (iv) Implementation of capacity building program for the E&S staff and focal points. (v) Hiring of additional E&S staff, as needed	Before the start of relevant program activities for (i), (ii) and (iii) Throughout the life of the Program for (iv) Hiring of additional E&S staff under (v) dependent on the Program E&S performance, as agreed with WB	MoF, MoE, MoI, SNGs	<ul style="list-style-type: none"> • Inclusion of the listed specialists in the team (WB clears ToRs). • Staff/focal points maintained throughout the Program implementation. • Training module and implementation reported to the Bank
2. Preparation and implementation of Program Operational Manual (POM) with comprehensive E&S Exclusion List (as presented in the table above) and E&S PAP actions (as presented in this table).	POM completion as part of dated Covenants (as defined in financing agreement) Implementation throughout the life of the Program		<ul style="list-style-type: none"> • POM completed and disseminated to stakeholders. • Associated training provided. • E&S guidelines operationalized to all Program activities.
3. Preparation and implementation of E&S guidelines (the IPF STRONG will support the E&S capacity enhancement in ESG agenda, as per WB and EU standards):	Adoption as part of POM Relevant DLIs and verification		Roll-out of E&S guidelines and training programs.

Action Description	Due Date	Responsible Party	Completion Measurement
(i) WB PforR E&S core principles (and general and sector-specific WBG EHSs as relevant) and EU standards with appropriate training programs; (ii) Emergency Preparedness and Response Plan (EPRP) (sample Annex 3) (iii) GBV and SEA/SH risk mitigations.	protocols to confirm the E&S guidelines embedded in relevant PIM methodologies. Implementation and training throughout the life of the Program		
4. Inclusive community engagement program: Inclusive community engagement program operationalized. Vulnerable groups (such as female stakeholders, representatives of persons with disabilities, remote areas) are to be involved in program design and implementation (consultations, monitoring and grievance redress, etc.)	Adoption as part of POM Implementation throughout the life of the Program		Inclusive community engagement program operationalized
5. Semi-annual regular reporting on E&S aspects and incident reporting (i) PIU E&S specialist and focal points in other institutions conduct regular site visits and check stakeholder feedback (ii) Sem-annual for regular reporting ; (iii) Within 48 hours for incident reporting in serious incidents occurred under the program	Ongoing		Completed report with recommendations on key EHS issues and functionality of GM.
6. Establishment of functional grievance mechanism (GM) (or improvement of existing grievance mechanism)	Adoption as part of POM GM operational throughout the life of the Program		Grievance cases that occurred under the program reported in the semi-annual meeting.

Annex 1. Summary of stakeholder meetings conducted to prepare the ESSA (June XXX, 2024)

Under preparation

Name	Title and Organization
Stakeholder Meetings on June-July (Government)	
Ministry of Finance	
Olena Mykhaylova	Acting Director, International Financing Projects Department
Valentyna Lakosnyk	Head, Monitoring Section, International Financing Projects Department
Larysa Buniak	Chief Specialist, Monitoring Section, International Financing Projects Department
Ministry of Economy	
Vyacheslav Ovechkin	Director, Investment, Innovations and Intellectual Property Department
Olena Riabtseva	Deputy Head, Investment, Innovations and Intellectual Property Department, Department, Head of International Investment Unit
Serhii Maidanevych	Senior Project Manager, Reform Support Team
Stanislav Brus	Senior Analyst, Reform Support Team
Vasylyna Shpytalna	Chief Specialist, Department of Public Investment
Ministry of Infrastructure	
Iryna Kucheruk	Head, Department for Investment Policy
Julia Skubak	Head, Public Investment Reform Department, ProSteer Office
Stakeholder Meeting on June 28 (NGOs)	
Mariia Lukyanova	Ukraine National Coordinator, CEE Bankwatch Network
Vladlena Martynkevych	Ukraine reconstruction officer, CEE Bankwatch Network
Ivan Shvets	Institute of International Relations, Kyiv National University
Yaroslav Teleshun	Senior Policy Expert, WWF Ukraine
Stakeholder Meeting on July XXX	

Annex 2: Relevant E&S legal and regulatory framework in Ukraine (excerpt of the ESMF prepared for XXX)

Management of E&S risks and Impacts (Core Principle 1)

(Excerpt of the E&S Management Framework (ESMF) prepared for REPOWER)

Ukrainian legislative and regulatory framework environmental, social, labor, occupational health and safety (OHS) issues is quite broad and complex and includes international conventions, protocols and agreements ratified by the Verkhovna Rada of Ukraine, laws, decrees and orders of the Cabinet of Ministers of Ukraine (CMU), orders of ministries, various norms, procedures, standards and guidelines.

Environmental aspects are also regulated by relevant legal provisions contained in other parts of the country's legislation (civil law, water code, land code, administrative law, criminal law, etc.). These provisions define the nature and limits of penalties and disciplinary rules, administrative, material and criminal liability applicable to the offender of environmental legislation and standards depending on the damage caused by the environmental risk and the scale of the negative impact.

Below is a list of key laws regulating environmental and social aspects of the Project for consideration:

- The Law of Ukraine on “Environmental Protection” (1991 and periodically updated; last update 2019). The purpose of environmental legislation is to regulate relations in the sphere of protection, use and creation on natural resources, ensuring ecological safety, prevention of the negative environmental impact of economic and other activities and liquidation of its consequences, conservation of natural resources, genetic stock of animate nature, landscape and other ecosystems, unique areas and natural objects related to cultural heritage.
- Law of Ukraine No. 2320-IX on “Waste Management” (2022/entered into force on July 9, 2023). This Law defines the legal, organizational, and economic principles of activities related to the prevention of formation, reduction of the volume of waste generation, reduction of negative consequences from waste management activities, promotion of preparation of waste for reuse, recycling and recovery in order to prevent negative impact thereof on human health and surrounding natural environment. This Law regulates relations regarding prevention of generation and management of waste generated in Ukraine, as well as management of waste transported through the territory of Ukraine, exported outside its border and imported into Ukraine for the purpose of recovery, including recycling.
- On November 8, 2017, the Cabinet of Ministers of Ukraine approved the Ukrainian “National Waste Management Strategy until 2030”. The strategy identifies the main directions of state regulation in the field of waste management for the coming decades, taking into account the European approaches to waste management set out in the EU Directives. The main objectives of state policy in the field of waste prevention and management are: (a) protection of human health and the natural environment from the negative impact of waste; (b) implementing measures in the field of waste management without endangering people's health and causing damage to the surrounding natural environment within the limits of the established standards of harmful effects of physical factors; (c) compliance with the hierarchy of waste management; and (d) introduction of extended producer responsibility.
- Law of Ukraine on “Environmental Impact Assessment” (2017). The Law establishes general provisions on environmental impact assessment. It should be noted that this law applies only to those activities that require an environmental impact assessment (EIA) in accordance with parts two and three of Article 3 of the said law.
- The Law of Ukraine on Protection of the population and territories from emergencies of man-caused and natural character" (2000) defines organizational and legal bases of protection of citizens of Ukraine, foreigners and stateless persons staying on the territory of Ukraine, protection of industrial, social facilities and environment from man-made and natural character emergencies.

- The Law of Ukraine on “Atmospheric Air Protection” (1992). This Law is aimed at preserving and restoring the natural state of the atmosphere, creating favorable conditions for life, ensuring environmental safety and preventing the harmful effects of the atmosphere on human health and the environment.
- “Water Code” of Ukraine (1995). The Water Code, in combination with measures of organizational, legal, economic and educational impact, contributes to the formation of water and environmental law and environmental safety of the population of Ukraine, as well as more efficient, scientifically sound use of water and its protection from pollution, clogging and depletion.
- Law of Ukraine on “The Basics of Urban Development” (1992). The Law defines various legal, economic, social and organizational provisions for urban development activities aimed at forming a full-fledged living environment while ensuring the protection of the natural environment, rational use of nature and preservation of cultural heritage.
- Law of Ukraine on “Regulation of Urban Development Activities” (2011). Since the adoption of this Law, numerous regulatory acts defining the requirements for the construction industry have been amended. This Law establishes the legal and organizational framework for urban development and aims at ensuring the sustainable development of territories, taking into account state, public and private interests.
- Law of Ukraine on “Protection of Cultural Heritage” (2000). This Law regulates legal, organizational, social and economic relations in the field of protection of cultural heritage for the purpose of preservation, use of cultural heritage objects in public life, protection of the traditional nature of the environment for present and future generations.

The list of current regulatory legal acts on environmental protection was updated by the adoption on December 30, 2021, of the new DBN A.2.2-1:2021: Composition and content of environmental impact assessment materials, which entered into force on September 1, 2022. These standards set the requirements for the composition and content of the environmental impact assessment section of the design documentation for new construction, reconstruction and major repairs of buildings and structures of any purpose and their complexes. Also, these standards are applied to the design decisions taken, taking into account the justification of economic, technical, organizational, sanitary and other measures, aimed at ensuring environmental safety during the construction and operation of buildings and structures of any purpose and their complexes.

Since the expected environmental impacts associated with the of the Project-related civil works (for rehabilitation/installation of infrastructure/equipment) are rather limited, this document presents only a brief description of the regulatory legal acts that are important for the Project activities.

- Law No. 2509-IV on “Combined thermal and electric energy production (co-generation) and utilization of the combined power potential” (2005). This law establishes legal, economic and organizational conditions of the activity of the subjects of relations in the sphere of energy saving as regards the utilization of co-generation plants regulates relations connected with the particulars of production, transmission and supply of thermal energy form co-generation plants. The purpose of the Act is setting legal conditions for the improvement of the use of fuel in the process of energy production and in other technological processes, development and regulation of the technologies of the combined production of electric and thermal energy and ensuring stable and reliable energy supply at the regional level. The state policy in the sphere of the utilization of co-generation plants is based upon efficient use of fuel and meeting standards of environmental safety.

▪ ***Institutional Framework for Environmental Management***

Environmental issues at the political level are dealt with by the Ministry of Environmental Protection and Natural Resources of Ukraine, which, inter alia, formulates and implements State policy in the areas of environmental protection as well as ecological environment and within the limits of the powers provided by law, radiation, biological and genetic safety. At the same time, the Ministry of Environmental Protection and Natural Resources of Ukraine, inter alia, ensures formulation and implementation of State policy in

the areas, as follows: geological study and rational use of subsoil; implementation of state supervision (control) in environmental protection, rational use, reproduction and protection of natural resources; implementation of state geological control, as well as the preservation of the ozone layer, management of adverse anthropogenic impact on adaptation to climate change, and meeting the requirements of the UN Framework Convention on Climate Change and its Kyoto Protocol, the Paris Agreement.

At the strategic level, environmental policy priorities are defined in the Basic Principles (Strategy) of the State Environmental Policy of Ukraine for the period until 2030, approved by the Law of Ukraine dated February 28, 2019 No. 2697-VIII.

The Ministry of Health of Ukraine (the Deputy Minister - Chief State Sanitary Doctor of Ukraine), the State Service of Ukraine for Labor Affairs, the State Service of Ukraine for Food Safety and Consumer Protection are also central executive authorities responsible for formulating State policy on the health and epidemiological well-being of the population and implementing State policy in this area.

Instead, the main authority in the system of central executive authorities providing formulation and implementation of state regional policy, state policy in the sphere of improvement of settlements, construction, urban development, spatial planning of territories and architecture; state policy in the sphere of technical regulation in construction, as well as providing the formulation of state policy in the sphere of architectural and construction control and supervision; policy in the sphere of control of housing and utility services and policy in sphere of energy efficiency of buildings is the Ministry of Communities, Territories and Infrastructure Development of Ukraine.

Environmental policy is directly implemented by various State agencies, services and administrations (such as the State Environmental Inspectorate of Ukraine, the State Service of Geology and Subsoil of Ukraine, the State Water Resources Agency of Ukraine, oblast state administrations/oblast military administrations, etc.) or local authorities.

The State Environmental Inspectorate of Ukraine (SEI) is the central executive authority, whose activities are directed and coordinated by CMU through the Ministry of Environmental Protection and Natural Resources of Ukraine, and which implements State policy of State supervision (control) in the sphere of environmental protection, rational use, reproduction and protection of natural resources. Among the main tasks of the State Environmental Inspectorate are to exercise, within the powers provided by law, State supervision (control) of compliance with the requirements of the legislation, in particular, on waste management, hazardous chemicals, pesticides and agrochemicals.

Within large cities, local authorities monitor the state of the natural environment (garbage collection, street cleaning, green areas, etc.) through their Departments for Urban Improvement and Preservation of the Natural Environment (the names of these departments may vary from city to city, but their functions are very similar).

The Prosecutor's Office of Ukraine, in particular, the Prosecutor General's Office of Ukraine and the regional prosecutors' offices has in its structure a specialized environmental prosecutor's office (as a structural subdivision). It carries out pre-trial investigation and public accusations in criminal proceedings concerning criminal offenses in the field of environmental protection.

▪ ***International conventions ratified by Ukraine***

The Vienna Convention for protection of ozone layer and the Montreal Protocol on ozone-depleting substances are an international treaty aimed at ending the use of ozone-depleting substances (ozone-depleting substances - ODS). This is the first international convention of any type that has reached universal ratification.. Therefore, it is important to first make sure that there are alternatives that do not contain ODS, available for purchase, or that waste containing these substances is properly treated and disposed of. The Vienna Convention was ratified by Ukraine on June 18, 1986.

The Basel Convention related to the control of transboundary movements of hazardous wastes and their disposal aims to protect human health and environment from the negative effects of hazardous wastes.

This Convention aims to reduce waste generation, promote environmentally sound waste management practices, and restrict the transboundary movement of hazardous wastes. The Convention defines four streams of hazardous waste and determines how they should be treated and disposed of. The Basel Convention was ratified by Ukraine on October 8, 1999; and entered into force on January 6, 2000.

The Stockholm Convention on persistent organic pollutants (POPs) aims to protect human health and environment from the harmful effects of POPs by eliminating and/or controlling the production, trade, use and release of POPs. To avoid generation of POPs, the Convention recommends using non-incineration technologies or having incinerators of appropriate quality, meeting national and international standards for uPOPs emissions. The Stockholm Convention was ratified by Ukraine on September 25, 2007; and entered into force on December 24, 2007.

The Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade, promotes the joint responsibility of exporting and importing countries for the protection of human health and the environment from the harmful effects of certain hazardous chemicals and pesticides and provides for the exchange of information on such chemical substances. The Convention was ratified by Ukraine on December 6, 2002.

The Minamata Mercury Convention is the latest international treaty aimed to protect human health and environment from anthropogenic and mercury emissions. The convention calls for the purchase of mercury-free alternatives in health care and for the implementation of appropriate solutions in the field of waste management. MEPNR has prepared the draft Law of Ukraine 'On Ukraine's accession to the Minamata Convention on Mercury', which was sent for approval to the relevant central executive authorities. The Convention was ratified by Ukraine on May 29, 2023.

In addition to the above-mentioned five international environmental conventions, within the framework of the Project, it is possible to repeatedly refer to the following:

The Aarhus Convention on access to information, public participation in the decision-making and access to justice in environmental matters. The purpose of the convention is to assist member countries in establishing rights of citizens (individuals and their associations) to environmental information ('access to environmental information'). This may include information on the state of the environment, policies or measures taken, as well as on human health and safety where this can be affected by the state of the environment. In addition, the Convention requires public authorities to actively disseminate the environmental information they possess. After ratifying the Convention, the county committed itself to ensuring citizens' access to environmental justice. The obligation is to provide a package of guarantees allowing citizens to apply to a national court to verify whether the public authority has complied with the law and the relevant legislative requirements. Ratified by Ukraine on July 6, 1999.

International Labor Organization Conventions: Ukraine has ratified and has in force 9 out of 10 fundamental conventions (i.e. Forced Labor Convention, Occupational Safety and Health Convention, Minimum Age Convention, Worst Forms of Child Labor Convention, etc.), and several other 52 priority/governance and technical conventions.

Natural Habitats and Physical Cultural Resources (Core Principle 2)

(Excerpt of the E&S Systems Assessment (ESSA) prepared for LEARN)

Most of natural habitats in Ukraine either designated as Nature Protection Fund lands and are protected under relevant legislation, or (rarely) as forest lands with special use status.

Ukraine's cultural heritage sites are protected by regulations under the Law of Ukraine "On Protection of Cultural Heritage." The Law of Ukraine "On Protection of Cultural Heritage" provides the foundation for protecting cultural heritage objects, requiring developers to obtain necessary approvals and permits before commencing work that could affect these sites. National regulations mandate that developers take into

account restrictions on economic activities in areas with cultural heritage objects. A Chance Find Procedure ensures that any unexpected discoveries of cultural artifacts during construction are handled appropriately, preserving the nation's cultural heritage while allowing for necessary development.

Steps for Obtaining Permission and Handling Chance Finds

Historical and Urban Planning Justification: before starting any project, developers must obtain a historical and urban planning justification, which includes a thorough investigation of the site for cultural heritage objects.

Project Documentation Approval: developers need to get their scientific and project documentation approved and obtain permits for construction works from cultural heritage protection authorities is carried out exclusively through the electronic office of the Unified State Electronic System in in the field of construction.

Chance Find Procedure – actions upon discovering cultural heritage objects:

- **Stop Work Immediately:** cease all construction activities in the vicinity of the discovery to prevent any damage.
- **Secure the Site:** protect the area to ensure the find remains undisturbed. This might involve fencing off the site and monitoring it to prevent unauthorized access.
- **Notify Authorities:** immediately inform the relevant cultural heritage protection authority about the find. Provide detailed information, including:
 - **Location of the discovery:** provide description and, if possible, photographs of the find.
 - **Preliminary Report:** document the discovery, including the date, time, and circumstances of the find, along with contact details of on-site personnel.
 - **Assessment by Experts:** Wait for the cultural heritage protection authority to send experts to the site. Their assessment will determine the significance of the find and recommend further actions.
- **Implementing Protective Measures.** Based on expert recommendations, developers must implement measures to protect the discovered objects. This may include:
 - Provision of physical fence /barriers
 - Covering the objects to shield them from environmental factors.
 - Other site-specific measures as advised by the experts.
- **Detailed Reporting:** submit detailed reports to the cultural heritage protection authority, documenting the find, protective measures taken, and any further risks identified.
- **Electronic Submission:** use the Unified State Electronic System in the field of construction (Єдина державна електронна система в сфері будівництва - EDESSB) to submit all documentation and reports, ensuring compliance with legal requirements.
- **Resumption of Work:** obtain written approval from the cultural heritage protection authority to resume construction activities. Ensure all protective measures are in place and that the work will not endanger the cultural heritage objects.
- **Ongoing Monitoring:** monitor the site continuously during further construction to ensure no additional cultural heritage objects are discovered or disturbed.

Adhering to the Chance Find Procedure is crucial for preserving Ukraine's cultural heritage while facilitating development projects. Immediate action upon discovering cultural artifacts, proper notification and documentation, and compliance with the Law of Ukraine "On Protection of Cultural Heritage" ensure that cultural heritage objects are safeguarded. The use of the EDESSB system streamlines the approval process, making it more efficient and transparent.

Protection of public and worker safety (Core Principle 3)

(Excerpt of the ESMF prepared for REPOWER)

▪ **Social Protection, Labor Standards, Occupational Health and Safety**

Ukraine is a member state of the ILO since 1954 (as part of the former USSR) and since 1991 as an independent state. Ukraine has ratified 71 ILO International Labor Standards (Conventions), including the eight fundamental and four priority Conventions.

Social protection, safety and labor standards are governed by the following sets of laws:

- Law on “Labor Protection” (1992) defines the basic provisions for the implementation of the constitutional right of employees to protect their life and health at work and safe and healthy working conditions.
- Law of Ukraine “On Labor Safety” defines the basic provisions for the implementation of the constitutional right of employed citizens to ensure occupational health in the course of their employment, as well as to proper, safe and healthy working conditions. In addition to many other provisions of the law, employees must receive training in occupational health and safety, as well as personal protective equipment. In the case of industrial accidents, the law provides that the employer is obliged to organize investigations and keep records in accordance with the procedure established by the CMU Resolution (No. 1232 of 30.11.2011).
- Law on “Mandatory state social unemployment insurance” (2000);
- Law on “State social aid to indigent families” (2000);
- Law on “State aid to families with children” (1992);
- Law on “Mandatory state social insurance against industrial accident and occupational disease that caused disability” (1999);
- Law on “Vocational education” (1998);
- Law on “Mandatory State Pension Insurance”, No. 1058-IV (2003), amended in 2004 -2012.
- Labor Code of Ukraine (1972);
- Law of Ukraine on Organization of Labor Relations under Martial Law (2022) determines the features of civil service, service in local self-governments, labor relations of employees of all enterprises, institutions, and organizations in Ukraine regardless of the form of ownership, type of activity, and industry affiliation, representative offices of foreign economic entities in Ukraine, as well as persons working under an employment contract concluded with natural persons (hereinafter - employees) during the period of martial law introduced in accordance with the Law of Ukraine on the Legal Regime of Martial Law.
- Resolution of the Cabinet of Ministers of Ukraine ‘On Remuneration of Employees Based on the Unified Salary Scale of Grades and Coefficients for Remuneration of Employees of Institutions, Establishments and Organizations of Certain Branches of the Budget Sphere’ No. 1298 dated August 30, 2002.

Some relevant of the state building codes of Ukraine, sanitary rules and industry regulations are listed below:

- DBN A.3.2-2-2009 OSBP “Occupational Safety and Industrial Safety in Construction. Substantive provisions”;
- DBN V.1.2-7-2008 “Basic requirements for buildings and structures. Fire Security”;
- DBN B.1.2-9-2008 “Basic requirements for buildings and structures. Safety of operation”;
- DBN B.1.2-10-2008 “Basic requirements for buildings and structures. Noise protection”;
- DBN V.1.1-31: 2013 "Protection of territories, buildings and structures from noise";
- DSN 3.3.6.039-99 "State sanitary standards of industrial general and local vibration";
- DSTU EN 13034:2017 Protective clothing. Protection against liquid chemicals. Performance requirements for chemical protective clothing offering limited protective performance against liquid chemicals (Type 6 and Type PB [6]) (EN 13034:2005 + A1:2009, IDT).

- DSTU EN 166:2017 Personal eye protection equipment. Technical Specifications (EN 166:2001, IDT).

Promotion of gender equality and protection of non-discriminatory measures with respect to gender are embedded in the following legislation:

- Law “On principles of prevention and combating discrimination in Ukraine” (2012)
- Law “On amendments to certain legislative acts of Ukraine regarding prevention and combating discrimination” (2014).

- **Occupational Health and Safety**

The Law of Ukraine “On Labor Safety” defines the basic provisions for the implementation of the constitutional right of employed citizens to ensure occupational health in the course of their employment, as well as to proper, safe and healthy working conditions. In addition to many other provisions of the law, employees must receive training in occupational health and safety, as well as personal protective equipment. In the case of industrial accidents, the law provides that the employer is obliged to organize investigations and keep records in accordance with the procedure established by the CMU Resolution (No. 1232 of 30.11.2011).

(Excerpt of the Labor Management Procedures (LMP) prepared for REPOWER)

Ukraine has a progressive legislative framework on labor protection and safety. The Constitution of Ukraine provides for the right to work and the opportunity to earn a living by performing work that was chosen at will (Article 43). Article 43 of the Constitution of Ukraine guarantees a safe and healthy professional environment, as well as a salary not lower than that determined by the Law; it prohibits the employment of women and minors in jobs that are dangerous to health. Article 43 also provides for the protection of citizens against unlawful dismissal from work and provides for timely remuneration for work performed. The right of workers to strike is also guaranteed by the Constitution of Ukraine (Article 44). Article 45 of the Constitution guarantees the right to breaks, holidays and rest. Social protection of employees is also guaranteed by Article 46 of the Constitution of Ukraine.

All constitutional provisions are supported by such laws of Ukraine with appropriate amendments:

The Labor Code of Ukraine (initial Law No. 322-VIII, adopted on December 10, 1971); this is the principal legislative act governing employment relations in Ukraine;

Law of Ukraine ‘On Holidays’ (Law No. 504/96-VR, adopted on November 15, 1996);

Law of Ukraine ‘On wages’ (Law No. 108/95-VR, adopted on March 24, 1995);

Law of Ukraine ‘On trade unions, their rights and guarantees of activity’ (Law No. 1045-XIV, adopted on September 15, 1999);

Law of Ukraine ‘On Labor Protection’ (Law No. 2694-XII, adopted on October 14, 1992).

The requirements for health and safety at work in Ukraine are stipulated by the Law of Ukraine ‘On Labor Protection’, which specifies in detail the basic constitutional provisions on the rights of workers to protect their lives, health at the work, proper, safe and healthy working conditions and the regulation of the relationship between employer and employee on safety, occupational hygiene and working conditions. In addition, the Law establishes a uniform labor protection procedure in Ukraine.

Every legal and natural person shall comply with the provisions of this Law when hiring employees or part-time/assignment-based employees. This Law establishes the employer's responsibility for the creation of safe working conditions, the state of collective and individual protective means against harmful effects of production processes, as well as equipment.

The law gives workers the right to refuse work if the working conditions are hazardous to their life and health (Article 6). Workers have the right to benefits and compensation for harsh and dangerous working conditions and for damage caused by violations of labor protection rules (Article 7). It has been established

that the Social Insurance Fund for Occupational Accidents and Diseases of Ukraine shall compensate for damage to the health of an employee or in the event of his death. In addition, according to the Collective Labor Agreement, the employer may pay additional compensation to the injured persons or their family members from their own funds (Article 9).

This Law also regulates the protection of certain categories of workers: women, minors and persons with disabilities (Articles 10-12). In particular, the Law prohibits the employment of women in hazardous and dangerous working conditions, underground works, except for non-physical work and work related to the provision of sanitary and amenity services. It is also prohibited to hire women to lift and transport things with a weight exceeding the established limits.

A separate section of the Law is devoted to the regulation of relationship in labor protection and management (Chapter 3). This chapter defines the system of state authorities and institutions responsible for ensuring compliance with labor legislation and legal protection of labor safety.

The Law provides for penalties for non-compliance and violation of the provisions of the Law.

Types of employment contracts. According to the Constitution of Ukraine (article 43) everyone has the right for labor and for opportunity to earn for living by job that were chosen freely by person.

Employment contracts are defined by the Labor Code (for example, Article 21). An employment contract is a contract that enters into force between the employee and the owner of the enterprise/institution, according to which the employee performs the tasks/works defined by the agreement.

Non-residents have the same rights to work in Ukraine as any Ukrainian. However, non-residents need to provide certain documentation before starting work in Ukraine (work permit). Article 23 of the Labor Code of Ukraine defines the following types of employment contracts based on the contract length:

- Open-ended employment contract. This type of contract is most common in Ukraine. In addition, this type of contract is governed by the Labor Code and the above-mentioned labor legislation of Ukraine, the internal rules of the Company and the collective agreement.
- Term contract. The only difference between this type of contract and the former is that the Parties limit their cooperation to a certain period of time, based on the type of activity performed.
- Assignment-based contract. A special type of contract may be entered into to provide an assignment-based service where special skills or short-term support are required. This special form of contract is actually a service contract. Using this type of agreement, the parties agree and acknowledge that all terms of their cooperation are contained in the contract (agreement).

Probation. According to Article 27 of the Labor Code of Ukraine, the probationary period for permanent employees may not exceed three consecutive months. In some cases, it may last up to six consecutive months, but this must be agreed with the Primary Trade Union Organization.

Wages and deductions. The Law of Ukraine 'On Wages' (Article 1) defines wages as remuneration calculated in monetary terms, which the employer pays to the employee for the work performed by him under the employment contract. Remuneration consists of the basic salary - remuneration for work performed in accordance with the established labor standard (working hours, efficiency of work, etc.) and additional wages - remuneration for excellent performance or efficiency or for harmful working conditions. According to Article 3 of the aforementioned Law, the minimum wage is determined by the monthly or hourly wage rate determined by legislation. If the salary of an employee who performs work for a month is lower than the minimum wage, the employer makes an additional payment up to the minimum wage. Since January 1, 2023 the minimum wage is UAH 6,700 (about USD 185). Usually, employers automatically deduct personal income tax and health and social insurance contributions from wages and transfer them to the relevant fiscal authorities.

Working hours. Labor Code of Ukraine (Article 51) provides a standard 40-hour working week. Reduced working hours are defined as: (a) for employees aged 16 to 18 - 36 hours per week; (b) for persons aged

15 to 16 (students aged 14 to 15 working during the holidays) - 24 hours per week; (c) for workers performing work in hazardous working conditions - no more than 36 hours per week.

The law also provides for the reduction of working hours for certain categories of workers (teachers, doctors, etc.). This reduction can be compensated by enterprises and organizations for women raising children under the age of 14 or children with disabilities.

According to Article 54 of the Labor Code of Ukraine, fixed working hours (shifts) are reduced by one hour when working at night.

Night work shall be equivalent to day work if required by production conditions, in particular continuous production, as well as shift work during a six-day week with one day off. Night working hours are from 22:00 p.m. to 06:00a.m.

Night work by women is not permitted except in those sectors of the national economy where this is particularly necessary and permitted as a temporary measure. Pregnant women and women raising children under three years of age may not be engaged in night work, overtime work, or work on weekends or business trips. Women raising children between the ages of 3 and 14 or children with disabilities may not be employed in overtime work or go on business trips without their consent. (Labor Code of Ukraine, Articles 175-177).

Breaks. Workers must have a break for rest and meal. Breaks should not last more than two hours. Break is not included in the working time. Breaks for rest and meal are usually granted four hours after the start of work. The start and end time of the break is established by internal rules. Employees use break time at their own discretion. During this time, they may be absent from the workplace. (Article 66 of the Labor Code of Ukraine).

Weekends and vacations. For a five-day working week, employees have two days off per week and for a six-day working week one day off. Uninterrupted weekly rest shall be at least forty-two hours.

Work on weekends is prohibited. The employment of certain workers on such days is permitted with the authorization of the elected body of the trade union organization (trade union representative) of the enterprise, institution or organization and only in exceptional cases specified by law.

Engagement of individual employees on weekends is permitted in such exceptional cases: (a) to prevent or deal with the consequences of natural disasters, epidemics, epizootics, industrial accidents and their immediate consequences; (b) to prevent accidents that threaten or may threaten the life or normal life of people, may cause loss or damage to property; (c) to perform unforeseen emergency works, on which further normal operation of the enterprise, institution or organization of both the whole and their individual subdivisions depends; (d) to perform urgent work in order to avoid or prevent the downtime of rental equipment or the accumulation of cargo at points of departure and destination.

Employees are engaged to work on weekends on the basis of a written order (order) of the owner or an authorized body.

Work on a holiday may be compensated by agreement of the parties by providing another day of rest or in cash in double amount. (Labor Code of Ukraine, Articles 66-71).

Employees of enterprises, institutions or organizations, regardless of their ownership and sector, as well as those working under an employment contract with individual entrepreneurs, have the right to annual (basic and additional) leave without loss of employment (position) and salaries for these periods.

The Law of Ukraine 'On Vacations' defines types of leave: 1) annual leave: basic leave; additional annual leave for work in harmful and difficult working conditions; additional annual leave for irregular working hours; etc. (Labor Code of Ukraine, Article 77); 2) leave for education, pregnancy and childbirth; 3) research leave; 4) maternity leave; 2) leave without compensation.

The total duration of annual basic and additional leave may not exceed 59 calendar days, and for workers employed in the mining industry - 69 calendar days (Article 10 of the Law 'On Vacations').

Annual basic leave is granted to employees for a period of not less than 24 calendar days per completed working year calculated from the date of conclusion of the employment contract. Employees with 18 or more years of service are granted annual basic leave within 31 calendar days (Labor Code of Ukraine, Articles 74-75).

In addition to annual leave, employers must provide other paid and unpaid leave or compensatory time off/sick leave during the calendar year.

National festivals, weekends and public holidays coinciding with leave are not included in the leave period when calculating the days of annual paid leave (Labor Code of Ukraine, Articles 77-78).

Overtime. The employer may order overtime work in cases related to national defense or emergency situations. Article 61 of the Labor Code defines in detail the circumstances in which an employer may request overtime work.

According to Article 62 of the Labor Code of Ukraine, the following categories of people should not be involved in overtime work: (1) pregnant women and women with children under the age of three (Labor Code of Ukraine, Article 176); (2) persons under 18 years of age (Labor Code of Ukraine, Article 192); (3) employees who study full-time or undergo in-service training (Labor Code of Ukraine, Article 220); etc.

Women who raise children between three and fourteen years of age or have a child with disability may work overtime only with their consent (Labor Code of Ukraine, Article 177).

Overtime must not exceed four hours for the next two days and 120 hours per year for each employee. The owner or the body authorized by him must keep records of overtime work of each worker (Labor Code, Article 65).

Overtime is paid at twice the normal hourly rate (Labor Code of Ukraine, Article 106).

Labor disputes. The Labor Code of Ukraine contains provisions allowing employees to resolve individual and collective disputes between an employer and employee(s) regarding the terms of an employment agreement or other aspects of work, including safety and health at work (Articles 221 - 241).

Labor disputes may be dealt with by special labor commissions for labor disputes or courts.

The procedure for consideration of labor disputes by the commission is provided for in Articles 223 - 230 of the Labor Code of Ukraine. If the parties disagree with the recommendations of the Commission, the conflict is resolved in the courts. The procedure for consideration of labor disputes by courts is provided for in Articles 231 - 241 of the Labor Code.

Land Acquisition and Physical and Economic Displacement (Core Principle 4)

(Excerpt of the Resettlement Policy Framework (PRF) prepared for REPOWER)

National legislation

- The Constitution of Ukraine (Articles 13, 14, 41) stipulates that "no one shall be unlawfully deprived of the right for property. The right for private property shall be inviolable." and "The expropriation of private property objects may be applied only as an exception for the reasons of social necessity, on the grounds of, and in the order established by law, and on terms of advance and complete compensation of the value of such objects. The expropriation of such objects with subsequent complete compensation of their value shall be permitted only under conditions of martial law or a state of emergency." (Article 41)
- Law of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity" of 17.11.2009 No. 1559-VI stipulates legal, organizational, and financial principles of regulation of public

relations arising in the course of acquisition of land plots, other property objects placed on them, owned by natural or legal persons, for public needs or for reasons of public necessity.

- Land Code of Ukraine (in particular, Articles 143, 146, 147, 149-151) which provides the grounds for the involuntary termination of land rights, acquisition of land for public needs and the procedure for conciliation of issues related to the land acquisition for public needs or for reasons of public necessity.
- Civil Code of Ukraine (of 16.01.2003, No. 435-IV), which establishes the procedure for termination of title to immovable property due to the acquisition or alienation of the land on which the property is located, for national needs, and regulates issues related to the protection of property rights (Articles 3.50-351);
- Code of Administrative Procedure of Ukraine (of 06.07.2005), which establishes the procedure for conducting legal proceedings related to the acquisition of land for national needs.
- Law of Ukraine "On Regulation of Urban Development Activity" of 19.05.2011 No. 3395-VI
- Law of Ukraine "On Land Valuation" of 11.12.2003 No. 1378-IV6
- Law of Ukraine of 21.05.1997 No. 280/97-BP "On Local Self-Government in Ukraine"
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284
- Decree of the Cabinet of Ministers of Ukraine of 11.10.2002 No. 1531 "On Expert Valuation of Land Plots"
- Law of Ukraine "On Evaluation of Property, Property Rights and Professional Appraisal Activity in Ukraine" of 12.07.2001 No. 2658-III
- Law of Ukraine "On State Land Cadaster" of 07.07.2011 No. 3613-VI
- "Procedure for Performance of Notarial Acts by Notaries of Ukraine" approved by the Order of the Ministry of Justice of Ukraine of 22.02.2012 No. 296/5.

Compensation for temporary use of land during construction is regulated in the following Decrees of the Cabinet of Ministers:

- Decree of the Cabinet of Ministers of Ukraine of 17.11.1997 No. 1279 "On Amount and Procedure for Determining Agricultural and Forest Production Losses to be Refunded" and Appendix.
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284

Gap analysis between national legislation and WB ESSs

In Ukraine, the right to dispose of land and other property are based on registration of ownership.

However, under the WB involuntary resettlement standard, affected persons are entitled to some form of compensation whether or not they own a registered land or property title, if they occupy or use the land prior to the cut-off date. The focus of the WB standards is to mitigate the adverse impacts of poverty, where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where PAP have no ownership or tenure rights according to Ukrainian law due to lack of registration, the provisions of the Lender requirements will be applied in terms of their rights for compensation, consultation, and grievance mechanisms. Where there is a difference between the compensation requirements of the laws of Ukraine and WB requirements, the more beneficial to the affected people, will be employed.

Table below provides an analysis of the differences between Ukrainians Laws and WB requirements:

Ukrainian Laws and Regulations	World Bank requirements under ESF
Only officially registered/legal buildings are subject to compensation for damages / destruction caused by the project	All buildings are subject to compensation for damages / destruction caused by the project
Only officially registered landowners will be paid compensation for loss of profit / business caused by the project	Registered and non-registered tenants will be paid compensation for loss of profit / business caused by the project, regardless of registration.
There are no special provisions identifying the process of involuntary resettlement planning, as well as specific tools, including preparation of any plan pertaining to land expropriation and resettlement	Time-limited in terms of application, the resettlement action plan shall be prepared prior to the commencement of compensation
No provisions are available for: <ul style="list-style-type: none"> - Rehabilitation of income / livelihoods, - Assistance to landowners / tenants who have been severely affected by project activity No compensation or assistance is envisaged with respect to the movable property	Lender’s standards provide for rehabilitation of income / livelihoods, compensation for serious losses, and costs incurred by landowners / tenants during resettlement. Compensation shall include: <ul style="list-style-type: none"> - Funds for improving living standards of displaced persons; - Costs for displacement; - Compensation for lost property; - Other transportation costs
Land expropriation and resettlement related decisions are exceptionally negotiated between landowners / official tenants and local authorities alienating assets	The information showing containing an estimate of the assets lost as a result of the project activity, namely, assets value, compensation amount / financial support will be disclosed to landowners and tenants prior to the start of the project. The general provisions of RAP (including the Rights Matrix (eligibility) for compensation) will be disclosed to public, whilst the personal data on losses / compensation will only be available to individuals / homeowners who have been adversely affected by the project. The project affected persons will be consulted on the provisions of the RAP.
The Ukrainian legislation lacks a special plan for public consultations.	Consultations with stakeholders and public involvement are an integral part in RAP preparation and implementation
According to Ukrainian legislation only personalized grievances or appeal should be considered.	The Project implementer should consider all grievances and appeals including grievances from Contractor’s personnel and anonymous
The Ukrainian legislation have not special provisions for vulnerable people support during resettlement	Vulnerable people who warrant specific assistance must be identified and supported throughout the resettlement process. In accordance to the World Bank regulations that’s mandatory to foresee measures to be provided to enable poor and vulnerable people (including

Ukrainian Laws and Regulations	World Bank requirements under ESF
	women) who are physically displaced or affected by economic displacement to improve their incomes to at least national minimum standards.

Inclusion of Vulnerable Groups (Core Principle 5)

(Excerpt of the ESSA prepared for LEARN)

- Inclusion:** Ukrainian regulatory framework contains a wide range of policies and legislation at various administrative levels pertaining to gender and social inclusion, and relevant to inclusive access of program benefits for vulnerable groups. The 2013 Law on Principles of Prevention and Combating Discrimination in Ukraine endorses a general definition of discrimination, promoting the rights and freedoms of individuals discriminated against on the basis of sex, among other characteristics. Along these lines, the 2018–21 State Social Programme on Equal Rights and Opportunities of Women and Men intends to eliminate institutional and legal barriers to gender equality.
- Gender:** As explicitly stated in the 1996 Constitution, amended in 2016, gender equality is assured by providing women with the same opportunities in areas including education and vocational training (Art. 24). The 2005 Law on Ensuring Equal Rights and Opportunities for Women and Men is entirely dedicated to the promotion of equal rights and opportunities in the education sphere in terms of access, assessment, grants and loan benefits (Art. 21).
- Gender Based Violence (GBV):** In 2020, Ukraine became a full member of the Biarritz Partnership aimed at prevention of gender-based violence (GBV), ensuring fair and quality education and health, promoting women’s economic empowerment, ensuring full equality between men and women in public policies. In June 2020, the Ukrainian Parliament approved The Istanbul Convention which is in times of peace and in situations of armed conflict and focus on protect women against all forms of violence, contribute to the elimination of all forms of discrimination against women. Ukraine closely works with international partners on the issues of gender equality, equity and prevention of gender base and domestic violence. Since 2012, in Ukraine acts “Council of Europe Convention on the Protection of Children from Sexual Exploitation and Sexual Violence”.
- Persons with special needs or disabilities:** Ukraine recognizes the action of Section 24 of Convention on the Rights of Persons with Disabilities, which states the right of persons with disabilities to education without discrimination. The 2030 National Strategy on creating a barrier-free space in Ukraine is focused on creating equal opportunities for each person to exercise their rights, to receive services on an equal basis with others by integrating physical, informational, digital, social and civic, economic and educational accessibility into all spheres of public policy. Special legislative acts (State Building Regulation) are applicable requiring that such structures have access for people with physical disabilities, namely the “Inclusiveness of Building and Constructions” DBN V.2.2-40:2018; and “Protective Buildings of Civil Defense” DBN 2.2-5:2023.

- **Ethnic and Linguistic Groups:** There are no Indigenous Peoples in Ukraine. According to the last recorded census (2001), the main minority groups include Russians, Belarusians, Moldovan, Crimean Tatars, and Bulgarians. Ukraine also has smaller populations of Poles, Jews, Romanians, Armenians, Hungarians, Roma and other nationalities. An updated census planned for 2020 wasn't carried out because of the COVID19 pandemic. The article 21 of the Law On Supporting the Functioning of the Ukrainian Language as the State Language guarantee that persons from ethnic minority peoples of Ukraine shall be guaranteed the right to study at communal educational institutions, in order to receive preschool and secondary general education, in the language of the respective groups of Ukraine, along with the State language. To protect rights of Crimean Tatars, the MoES has translated textbooks into native language of this minority. Prior to the escalation, Roma women and men experienced discrimination in the labour market. There is a lack of civil status documentation and low education levels particularly among Roma women. Roma girls and women, who were already disadvantaged in terms of access to schooling, will most likely face further challenges that will have long-term effects on their access to opportunities, including livelihoods and services.
- **Internally Displaced Persons:** Other vulnerable groups are Internally Displaced Persons (IDPs). Though the right of education by IDPs is enshrined in the Law, the real situation with accessing education in a new place of living can differ owing to lack of available space. In general, according to the IOM data for the end of March 2024, total number of IDPs equals 3,387,291 persons, among them 60% are female, 26% are individuals under 18 and 4% are individuals with disabilities. The highest number of IDPs are registered in areas, such as Lvivska, Ivano-Frankivska, Zakarpatska and Kyivska oblasts.

Avoidance of Exacerbating Social Tension (Core Principle 6)

(Excerpt of the E&S Management Framework (ESMF) prepared for REPOWER)

- **Legal regulation of access to information and public participation**

In Ukraine, access to environmental information was ensured after the Parliament ratified the Aarhus Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters in 1999. The Ministry of Ecology and Natural Resources of Ukraine (which existed prior to the establishment of the Ministry of Environmental Protection and Natural Resources of Ukraine) has developed several regulatory legal acts specifying the provisions of this Convention.

Detailed requirements for the organization of public hearings on environmental issues can also be found the Procedure for the development of urban planning documentation, approved by the Order of the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine No. 290 of November 16, 2011 (on the development of master plans of cities and master schemes of territorial planning). But these requirements do not apply to the Project.

General instructions on how public hearings should be organized in the case of a full-scale environmental impact assessment are described in the Procedure for Public Hearings in the Environmental Impact Assessment, approved by CMU Resolution No. 989 of December 13, 2017. This Procedure was developed within the framework of the Law of Ukraine 'On Environmental Impact Assessment'.

In 2011, the Verkhovna Rada of Ukraine adopted the Law of Ukraine 'On Access to Public Information'. This Law covers a much broader area, but it also defines environmental information issues (art. 13, para 2). According to this article, not only government authorities, but also economic entities must provide information (if they possess it) on the state of the natural environment, the quality of food and consumer goods, disasters, natural disasters and other events that may threaten the health and well-being of citizens.

Local governments are responsible for organizing public consultations, and different procedures have been agreed in different territorial communities (large and small cities, villages). As a rule, public hearings may be convened by the local self-government either on its own initiative or at the request of community

representatives. Such hearings can be held at any level: in villages (rural east), small and large cities. Decisions of such hearings are considered recommendations.

The procedure of public consultations on the formation and implementation of state policy was approved by CMU Resolution No. 996 dated November 3, 2010 'On ensuring public participation in the formation and implementation of state policy'. This procedure establishes that all ministries, other central authorities, regional and district administrations must have Public Councils.

This resolution also states that the authority must organize mandatory public hearings on specific topics (proposed legislation; State and regional programs; budget execution reports), as well as other public consultations requested by civil society organizations active in the region. The Public Council can also initiate public hearings and plays an important role in their preparation. Public consultations are organized 'to involve citizens in the activities of the Government in order to provide them with access to information on the activities of the authorities, to ensure publicity, openness and transparency of the above-mentioned authorities.' The decisions of such hearings are considered recommendations.

ANNEX3 – Emergency Preparedness and Response Plan (EPRP) (TBD)

Risk identification and assessment.

Risk identification helps to identify vulnerabilities in a timely manner through their correlation with subsequent better response to priority areas and developing timely mitigation measures that were not previously envisaged. These risks primarily involve community members and workers who interact with this war fighting context in ways that impact their occupational health and safety, their labor conditions, and the health and safety of nearby communities.

The following main risks were identified:

a) Risks of missile strikes of varying intensity. Missile strikes can cause:

- Injury to employees, staff, visitors;
- Damage to facilities, assets or equipment;
- Interruption of water/electricity supply to processing facilities;
- Epidemiological consequences due to poor quality of water treatment or uncontrolled discharges due to accidents caused by missile strikes;
- Environmental consequences (pollution of surface and ground water, land resources) associated with improper operation of reconstructed facilities or equipment

b) Risks of accidentally finding unexploded ordnance/missiles

- Risk assessment involves preliminary classification of identified risks according to selected parameters.
- Scale of impact: local or widespread within the country;
- Ability to anticipate risk: foreseen or unforeseen; which may or may not be avoided;

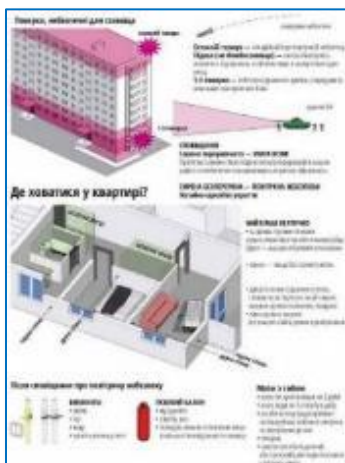
Severity of physical injury: ranging from minor to severe.c) Risks due to natural, industrial and ecological hazards posing large-scale health and safety risks including dam failures, flooding coal mines, factories and powerplants exposed to shelling, toxic landfills, and chemical spills. These risks include ill-health resulting from exposure to war-related environmental contamination (e.g., oil from military vehicles, depleted uranium exposure from salvage operations, ionizing radiation exposure, impacts of airborne toxins such as asbestos from collapse of war ruins).

Emergency Preparedness Action Plan (EPRP)

1. Framework action plan for the threat of missile attack

- It is necessary to develop action plans, including evacuation plans for workers and visitors to bomb shelters/shelters in the event of an air raid, artillery shelling and bombing, as well as the actions of personnel before and during hostilities with a minimum level of threat to the life and health of workers and visitors. Internet resources can be studied for information on shelters location together with consultations with local administration for the list of available shelters and checking those which are the closest and operational. After the check, all Emergency Evacuation Procedures should be updated to provide guidance to the nearest and alternative shelters.

- All workers who are planned to be allowed to work at the construction site, should be instructed on the action plan in case of an air raid alert;
- Facilities or construction sites should provide visible places schemes that indicate the path to bomb shelters/shelters;
- Facilities should provide in visible places clear and concise instructions on how to respond to a missile strike;
- Facilities or construction sites should provide in visible locations a list of emergency and support services contact numbers (see paragraph 4 of this Emergency Preparedness Action Plan);
- In the event of an air raid, it is necessary to make an organized transition to shelter, without leaving tools, equipment and machinery in working condition, and to help those who find it difficult to get to a safe place on their own;
- It is necessary to control whether all colleagues moved to the shelter in time, or all left the shelter after the threat had passed. This can be organized including by notifying colleagues in an online chat, or through phone calls between a predetermined circle of persons – a calling tree, etc.;
- All workers should study the Guide for Personal Preparedness in Case of Emergency developed by the Centre for Strategic Communication and Cybersecurity. The Guide is regularly updated on a website **Dovidka.info** and can also be downloaded on a smartphone as a chatbot.
- For the timely evacuation of workers, all workers should install an air alarm application on their smartphone ([Повітряна тривога](#) or similar) and strictly follow evacuation instructions in the event of a corresponding alert.
- Heads of facilities should ensure the operation of devices or software that duplicate/amplify the sound of an air alarm. This should be done in cases where, as a result of the peculiarities of work at a construction site or in separate premises it is impossible or difficult to hear the sound alarms in the locality;



Shelter

A shelter² is a structure for an extended stay of people in case of emergency. The availability of an appropriate shelter is most important in the case of critical infrastructure that may become a target for airstrikes, construction bases and other places where these is a workforce and accumulation of equipment.

Where feasible, Heads of facilities should put in place shelter on site (by building a new structure or repurposing existing structures), taking into account guidance on technical requirements from local representative of the State Emergency Service of Ukraine and respective legislation.

² [Article 32 of the Code of Civil Protection of Ukraine](#) provide general rules for using civil structures for sheltering population, technical details of such shelters are covered by the [Cabinet of Ministers Decree № 138 dated March 10th, 2017 'Some aspects of using protective structures of civil protection'](#).

Shelters used by construction workers, personnel, and other people should be provided with everything necessary for the isolated stay of people for several days, namely:

- Potable water;
- Long-term storage food;
- First aid kit with what is necessary for first aid;
- Blankets, or warm clothes;
- Seat furniture;
- Self-contained lights (lanterns) and power supplies independent of centralized power supply.

If it is not feasible to put in place site-specific shelter, other simpler shelters can be used, such as basements and semi-basements, underground parking lots, and underpasses. Priority should be given to those with several exits (one of them outside the building) as these are the safest. It is important to recognize that not all structures are suitable as shelters; the choice of emergency shelters should be guided by their availability, suitability and recommendations of authorities.

Traffic safety

When required, traffic routes for transportation of construction materials or equipment should be agreed with National Police and military administration. General guidance for safe traffic is provided in the Traffic Rules during War Time developed by the Academician Stashis Scientific Research Institute for the Study of Crime Problems.

2. Action plan in case of detection of unexploded shells or missiles – Explosive Remnants of War (ERW)

Explosive hazards inhibit freedom of movement, put civilian infrastructure at risk, and limit access to food, water, schools, hospitals, and shelters; ultimately, they jeopardize the resumption of activities and the safe return of displaced persons. The State Emergency Service of Ukraine (SESU) and Ministry of Internal Affairs estimate that around 30 percent of Ukraine’s territory might be affected by ERWs. The State Demining Service by SESU provides a map and application with information on potentially mined territories, as well as information on proper procedures and channels to report ERW finds.

- Personnel as well as all workers who are planned to be allowed to work in construction/field, should be instructed on an action plan in case of detection of explosive objects, in particular, unexploded artillery shells and/or missiles; If possible, it is worth organizing training from representatives of the territorial bodies of the State Emergency Service of Ukraine, the Ministry of Reintegration of Temporarily Occupied Territories, the Ministry of Defense and other relevant authorities.
- In case of detection of explosive objects, it is prohibited to:
 - Touch them (do not do this in any case);
 - Move, roll over from one place to another;
 - Collect and store, heat and hit;
 - Try to discharge and disassemble;
 - Make various items;
 - Use charges for making fire and lighting;
 - Bring indoors, bury in the ground, throw into a well or river.
- Having found explosive objects, it is necessary to firstly stop all activities on site/field, to evacuate all other workers/personnel at a minimum 50 m from the hazard area and position them behind available cover (vehicles, equipment, etc.), to take measures to identify them, fence and protect the found objects at the place of detection. Territorial authorities of the State Emergency Service and the Ministry of Internal Affairs should be informed immediately by calling '101' and '102'.
- If available, safely mark the approximate location with colored tape or cloth by placing it in a nearby location; DO NOT pound in stakes or otherwise disturb the soil; do not tie flagging directly to the item.
- Secure the area and keep personnel/workers out until response personnel arrive. At a minimum, secure the area within approximately 50 m around the suspect explosive item.
- If the construction contractor encounters suspected UXO, all excavation activities within 50 m will cease. No additional excavation will commence until a detailed assessment of the potential of encountering additional UXO is completed.



Unexploded Ordnance (UXO):

UXO are items used (fired, thrown, dropped) for their intended purpose but failed to function as designed - see examples:



Discarded Military Munitions (DMM):

DMM are munitions that were never fired from a weapons system or abandoned without proper disposal.



The age or condition of a UXO does not decrease its effectiveness to kill

3. Action plan in case of injury.

Farm personnel and other personnel of agriculture facilities, as well as all workers who are planned to be allowed to work at the construction site or in the field, must be instructed in the provision of first aid. Such training (instruction) should include first aid for cases involving various types of injuries and other health problems (including the application of a tourniquet). Agriculture facilities and/or construction site should be equipped with first-aid kits with all appropriate first-aid equipment.

Completeness of first-aid kits should be periodically checked, and their content should meet the requirements of the legislation of Ukraine.

All employees (staff) should know the location of first-aid kits, personal protective equipment and fire extinguishers.

4. List of contact numbers of emergency and rescue services and support services.

In the event of an emergency, a crime or a threat of crime, it is important to seek help. Below are the corresponding contact numbers. Emergency phone numbers are as follows:



- 112 – Universal call number of all emergency services. By calling this number, the dispatcher will call the team of the required service.
- 101 – Fire service.
- 102 or 0 800 500 202 – Police (can be used to report war crimes, including crimes such as sexual exploitation and sexual harassment).
- 103 – Ambulance.
- 104 – Emergency service of gas network.
- 1547 – Government Hotline (can be used to report war crimes, including crimes such as sexual exploitation and sexual harassment).
- 0 800 501 482 – Ukrainian Security Service Hotline.

5. Recommendations of the Ministry of Health of Ukraine on the content of the first aid kit, preparedness for any emergency: natural, man-made or military.

What should be in the emergency kit:

- Non-sterile gloves - 4 pairs
- Atraumatic scissors for cutting clothes or shoes
- Sterile and non-sterile gauze bandage of different sizes — 5 pcs.
- Elastic bandage of different sizes — 2 pcs.
- Hydrogel anti-burn dressing/bandage (at least 10x10 cm) — 2 pcs.
- Thermal blanket on polyethylene base
- Thermometer (non-mercury and in a protective case)
- Individual sterile dressing bandage with elastic first aid compression component with protective moisture-resistant cover — 2 pcs.
- Film (valve) for artificial lung ventilation — 2 pcs.
- Hypothermic package
- Eye patch (shield)
- Bactericidal patch of various sizes — 25 pcs.
- Plaster on a non-woven basis (3-5 m long, 3-5 cm wide)
- Sterile gauze napkins — 10 pcs.
- Medical bandaging handkerchief for immobilization of limbs — 2 pcs.
- Hormonal ointment
- Antiseptic (1 water-based, 1 alcohol-based)
- Analgesic/antipyretic (1 pack)
- Enterosorbent
- Water purification tablets (1 package)
- Reinforced tape
- Marker for applying water-resistant information
- Hormonal ointment is needed for insect bites or contact with poisonous plants, accompanied by itching.
- For treatment of wounds, use antiseptics containing chlorhexidine bigluconate, povidone-iodine aqueous solution, octenidine dihydrochloride. Do not use alcohol solutions of iodine or diamond green, hydrogen peroxide.
- Use alcohol antiseptics to disinfect hands.
- To reduce body temperature and relieve pain, use ibuprofen/paracetamol according to the doctor's instructions or recommendations.
- For children, provide analgesics/antipyretics in suspension/suppositories.
- Use enterosorbents (activated carbon, silicon dioxide) in case of food poisoning, diarrhea.
- Water purification tablets are required to disinfect individual water supplies from unverified sources. It is worth using preparations with the active substance - sodium dichloroisocyanurate.
- Put in the first-aid kit a stock of medicines that you take on a regular basis (according to your own needs and on the recommendation of your doctor).
- For people with arterial hypertension and/or diabetes, it is recommended to take a tonometer and a glucometer in the first-aid kit with a supply of test strips

and batteries, if necessary.

Recommendations for what can additionally be taken to the first-aid kit by people with the appropriate skills and abilities.

- Chemical means for stopping bleeding (blood-stopping tampon bandage with hemostatic agent)
- Gel-based occlusive thoracic bandage (sticker) with valve (or without valve)
- Mechanical means to stop bleeding, CAT type
- Flexible immobilization splint 10-11 cm wide, 90 cm long
- Nasopharyngeal airway with lubricant
- Decompression needle

In any emergency, you should keep calm. The key to your peace of mind is preparedness for unforeseen events. Complete first aid kit and ability to use it is one of the links of such preparedness.