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Centre for Environmental
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(CEIE)

Za Zemiata, For the Earth

Croatia:
Green Action

Czech Republic:
Centrum pro dopravu a
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Hnuti DUHA

Estonia:
Estonian Green Movement–FoE

Georgia:
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Hungary:
National Society of
Conservationists – Friends of
the Earth Hungary (MTVSZ)

Latvia:
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Poland:
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Slovakia:
Friends of the Earth – Center
for Environmental Public
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Ukraine:
National Ecological Centre of
Ukraine (NECU)

CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of
international development
finance, and to promote
alternative solutions and public
participation.

To: Alistair Clark,
Managing Director, Environment and Sustainability

CC: Gilles Mettetal, Director for Agribusiness
Anton Usov, EBRD Senior Adviser
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

January 16, 2017

Re: Response on the EBRD letter of November 11, 2016 and
Comments to the (preliminary) EIA for the new expansion facilities
in Chyhyryn rayon, Cherkasy oblast

Dear Mr Clark,

Thank you for the response to our letter of 11th October. We appreciate
that the EBRD discussed the issues that we raised with MHP, and
moreover requested a further investigation of the wastewater treatment
facility in the Kaniv region.

We believe that, in addition to the dialogue that its clients conduct with
stakeholders, it is also the duty of the EBRD to ensure that its own
policies are respected by those clients. Needless to say, the EBRD has a
much stronger leverage, including through legal agreements, compared
to stakeholder dialogue with limited scope and power to achieve
transparency and participatory decision-making.

In your response of November 11, you refer to the Protocol of the August
3rd meeting between the MHP's local Director and the fact-finding
mission representatives. For your convenience we attach it to this letter
(Annex 1), because, as participants of that meeting, we have a different
understanding of the Protocol and its implications. Please, be advised
this Protocol refers only to the meeting of August 3rd and is regarding
this field mission, not to "any communication with external parties". We
are still finalizing a new report on MHP and, of course, we will provide it
in draft form to the company (as we've done previously) for their
comments.

Having said that we would like to reiterate that during the meeting on
August 3rd we hoped to review a number of environmental documents
and provided the company the list of them beforehand (see Annex 2),
while you can see in the Protocol we only had an opportunity to review a
single OVNS.

Moreover, we would like to emphasize that issues raised by Bankwatch/NECU have been discussed with the company already. For example, we requested an explanation about the coloured waste water from company representatives locally in the Kaniv region and from the environmental specialist in Kyiv the same day we found it. However, there has not been any satisfactory response from the MHP about the investigation. Regarding the water from the cleaning of the poultry houses, we specifically spoke about this with the environmental experts of the company, but we received contradicting responses, and that is why we have raised this with the bank for an explanation. Thus in both cases the company was part of the conversation. However, the dialogue did not result in satisfactory explanations, and we therefore do not see anything to be gained by repeating our observations to the company again, before raising it with the EBRD.

Comments to the EIA for the new expansion of facilities in the Chyhyryn region

We would like to provide for your attention our comments on the Preliminary EIA (OVNS) that the MHP's daughter company in Cherkasy region "Peremoga Nova" has prepared for its expansion of the parent flock chicken facilities. The project relates to 6 brigades (100 thousand chicken each) of adult chickens, 3 brigades for young repair chicken (110 thousand chicken each) and 1 brigade for roosters (3 poultry houses, no exact numbers mentioned). These comments have also been sent to MHP and Chyhyryn administration.

The Notification of intent about the construction has been published in the local newspaper on November 5th, 2016 with 30 days for public comments and 3 locations mentioned – at Chygyryn State Administration, Racevo village council and the company's office in Budysche village Cherkasy rayon. However, in Racevo village and Chyhyryn State Administration the documents were available for review for only about 2 weeks of the announced time.

In general, there is no clear understanding of the 'preliminary' status of the OVNS materials. It is not clear how the comments from the public and communities will be used. The company representatives had numerous meetings with the communities and interested parties, where they communicated their concerns. However, the Environmental Statement, as well as the Preliminary EIA, failed to address those concerns.

On December 9th 2016 at the Ratseve village council meeting with the community the MHP/Peremoga Nova's consultants/EIA developers could not specify the purpose of the preliminary EIA documentation and consultations¹.

¹ Videos of the Ratseve village council meeting with preliminary EIA developers and the community, December 9, 2016: <https://vk.com/club118536304>

We consider that the MHP „Peremoga Nova“ does not fulfill the recommendations of the „Monitoring Assessment Summary Report”². Among those are:

- 1) relating to the accessibility of the EIA materials – they have not been provided to the communities and interested parties from the beginning of the 30-day consultation period and the decision-making procedures are not clear;
- 2) relating to the underground water use the report stated that MHP (and its subsidiaries in this case) should “ Ensure robust assessments of cumulative water impacts for all expansion projects ”. There are no such assessments mentioned in the materials;
- 3) manure management and its covering manure heaps – this is not discussed (and Bankwatch visits to the locations of the manure storing facilities in August and September 2016 show the MHP does not fulfill this recommendation).
- 4) formal community-understandable Land Acquisition Framework and consideration of all feasible alternative locations are still problematic.

1. General comments

- 1.1 The statement of intent on construction of new premises for rearing parent stock within the administrative boundaries of the Ratseve village council (Chyhyryn rayon, Cherkasy oblast) was published on November 5th, 2016. However, the documentation – materials of the (preliminary) EIA to which this statement was referring were, in fact, not available for the public for another two weeks at two indicated addressees that are located in the nearest proximity to the communities potentially affected by the projected poultry facility.
- 1.2 Currently available documentation corresponds to the non-technical summary of quite low quality, but adequate EIA of a project of facilities with high environmental risks must include more lengthy and detailed description of the potential impacts. The project relates to the construction of 6 brigades for 100 thousand heads each of chickens for breeding, 3 brigades of replacements for 110 thousand heads each and 1 brigade for roosters (3 poultry houses, the number of heads is not indicated, p. 11). In total, simultaneously, there will be maintained near to or over a million broiler chickens and cockerels on a limited area for brigades of 10,5–11 ha, at an unknown distance from each other (not specified in the materials).

1.3 We propose some comments below, but we understand that the materials cannot be improved much and should be rewritten in a qualitative way. We consider there is a conflict of interest between the separated unit of MHP called "Spectr" who is the developer of the EIA materials (for all the facilities of the MHP) and thus the assessments are being prepared in an unsatisfactory manner. Due to the considerable public attention and resonance that the future project will have in the community, we recommend that a new Environmental Impact Assessment is conducted by independent experts with inclusion of the civil society activists.

The EIA materials do not contain any assessment of the stage of construction and do not consider alternative areas for allocation and technologies.

1.4 There is neither analysis, nor evaluation, of potential influence and pressure on small, local enterprises and farms after monopolist and a company of such size enters the area. As of today, local farmers rent the lands on which Peremoha Nova relies in their assessment. There is a threat that the arrival of a big player with long-term contracts of 49 years for land leases will have a negative impact on competition between businesses and will lead to economic displacement of small farmers from these lands.

1.5 The EBRD monitoring report recommended „Updating of the documented land acquisition framework, to be specifically aligned with the EBRD standards, in particular Performance Requirement (PR)5, which is adopted at enterprise level, where required. This will formally set out communication, engagement and disclosure requirements“ and this is not the case in the current situation. The community does not accept silent land lease deals with minority land owners, while the future impacts will be beared by everyone.

There is no information about the soil state and its value. As for the construction work, highly fertile soils from the plots that are 10–11 ha in size will be removed for each brigade. It is unclear what will be done with these soils and what the justification is for the placement of facilities in that area.

1.6 There is no mention of the dead chicken and how they are planned to be utilised.

1.7 There is no mention of the envisaged project period/time during which the objects will be exploited nor of plans for the remediation of the lands after their closure.

1.8 The Rural Development Program within the Development Strategy of Cherkasy oblast indicates: "The Cherkasy region has significant natural potential and preserved traditions of agricultural production. However,

this sector is not economically developed enough to allow production and export from the region products with high added value. The influence on economic development of rural areas should come from supporting mechanisms for cooperation between agricultural producers, diversification of agrarian production, training and information support, development of non-agrarian businesses³." Therefore, the development of large enterprises is not a priority for the region and Peremoha Nova is not a "non-agrarian" business. "The main objective of the program is to increase added value in agricultural production, creating additional opportunities for income growth of small and medium agricultural producers and the rural population, as well as infrastructure development in rural communities."

1.9 Insufficient attention has been given to the touristic attractiveness of the region. However, the Development Strategy of Cherkasy Oblast includes creation of cluster of tourism⁴ and recreation infrastructure "Tourist Chyhyryn" in the Chyhyryn area. There is no analysis of how new construction will affect these plans, because all objects of interest to tourists are close to the potential industrial sites: from the outskirts of the Ratseve village to Novyi Chyhyryn (neighborhood of Chyhyryn) is about 4 kilometers; from the outskirts of the Ratseve to suburbs of Chyhyryn (so-called district „Technikum“) as well around 4 kilometers; from Ratsevo to Subotiv village – about 11 kilometers; from Ratsevo to the ‘Holodnyy’ Yar Ravine – about 30 kilometers.

1.10 We consider it misleading to write that "the construction of the facility is due to the expansion of meat production in Ukraine on the basis of advanced foreign technology and equipment ..." – this can't be used as the explanation for market demand for poultry in Ukraine. As of today – this is the only meat industry product for the market is saturated, and MHP have a monopoly in this area. Even the best technologies of German and Dutch manufacturers cannot reduce all of the potential negative effects of such huge enterprise and its concentration on a specific territory. In Europe, construction of this magnitude is simply impossible.

2. The landscape and the aquatic environment

2.1 The composition of the terrain to be used for the construction of new facilities is very briefly described in the EIA. However, it is precisely this matter that should be focused on, describing the initial state of the environment "... The biggest elements of the relief ... are terraces: floodplain, 1st terrace, 2nd terrace, 3rd terrace, 4th terrace. Among small forms: ravine-beam network, wetlands. All forms of relief here are related to erosion and accumulative activities of the Dnipro River and its tributaries."

³ http://www.ck-oda.gov.ua/docs/2015/01072015_econom.pdf

⁴ http://www.ck-oda.gov.ua/docs/2015/01072015_econom.pdf

Besides, it is essential to describe how the natural state will be changed during the construction and operation of planned facilities on these lands. Will there be a need for dehydration measures? Are these areas flooded depending on rainfall and the season? What are the purposes of these lands today, and how will a change of management influence surrounding biodiversity and state of groundwater?

2.2 New facilities construction is planned on the border of the water protection zone, where "temporary and permanent land flooding" takes place⁵ – thus, it should be properly covered in the impact assessment with a baseline investigation.

2.3 EIA claims that "there is no negative impact of the planned facility on the aquatic environment". However, it doesn't provide any evidence on this.

3. Water supply

3.1 Real volumes of water used by the facilities are not specified (drinking water for poultry, as well as water for technical purposes).

3.2 It is not specified whether available underground waters that are planned for exploitation by the facilities are the same used for the drinking water supply for the local population in the nearby villages and Chyhyryn.

3.3 As previously mentioned, a recommendation from the Summary report on monitoring evaluation⁶ regarding groundwater says that MHP should have "provided in-depth assessment of cumulative impacts on water use for all projects of expansion" (p.10 summary). Implementation of this recommendation has failed. The situation with the water management of the company and its impact on the water supply for the population is not publicized and communicated publicly by the company.

4. Missing objects in the EIA

4.1 The statement of intent for the construction of new facilities for production of eggs misses several objects, which are however mentioned in the EIA, namely: ground-plot for maintenance of cockerels (3 poultry house) and manure storage.

4.2 "During the year manure at the storage side will be turned into humus ..." (p.13) –the technology of manure processing is not clear and must be explained in detail. As we see from the experience of other subsidiaries of MHP in Cherkasy and Kaniv districts, Vinnytsia oblast – even the claimed technologies are not implemented correctly. Existing manure storages are empty, while manure is distributed without necessary treatment on the fields, in "temporary heaps" without adequate insulation from precipitation and soil protection.

5. Sanitary protection zone

⁵ <http://zakon0.rada.gov.ua/laws/show/486-96-%D0%BF>

⁶ <http://www.ebrd.com/cs/Satellite?c=Content&cid=1395251162591&d=&pagename=EBRD%2FContent%2FDownloadDocument>

5.1 The paper argues that the distance from the production facilities to residential area – the sanitary protection zone (SPZ) – should be at least 1,000 m, citing the regulations of the State sanitary rules and building normative (DBN) B.2.4-3-95 for industrial facilities that hold from 100 to 400K poultry heads. However, in these standards another number is stated – minimum distance should be 1200m, therefore the EIA uses false requirements. Additionally, each of the brigades has planned capacity of 100 thousand heads (for the breeding parent stock) and 110 thousand heads (brigades of replacements) and distance to residential buildings calculated based on this norm of each individual brigade. However, if we take the total capacity of all the proposed facilities, which is 9 brigades plus a ground-plot for cockerels (with an unknown number of birds in them), then we get the total number of about 1 million poultry heads, therefore the standards MHP refers to in the EIA cannot be used for calculation of the sanitary protection zones. According to p.5.7, annex №2 of the State sanitary rules 173-96 facilities with high levels of air pollution required to maximize sanitary protection zone between the facilities and the residential areas – up to three times (to 3,600 m).

5.2 It is left unclear whether potential effects from poultry houses was even calculated for suburbs of Chyhyryn and water wells (that provide water for the whole city), as the distance from the wells is about one kilometer.

5.3 Furthermore in one case, according to the map, distance is far from sufficient by any measurements or standards – only 955 meters from the Rozsoshyntsi village. That decrease of the SPZ must be grounded and agreed with the relevant state authorities.

6. Air emissions

According to the statement of intent the proposed facilities „has no impact on the environment“ (but the EIA includes some measures to protect the aquatic environment and soil), the only thing that is assumed is that the "air emissions will be within standards". However, quantitative indications and data on emissions can neither be found in the statement nor in the EIA.. In paragraph 7 of the EIA there is a list of pollutants and greenhouse gases, but no quantities. Paragraph 4.1.1 states that "for linear sources of emissions it is technically impossible to conduct direct measurements... therefore there's no control over these sources." There is a need to calculate and include such emissions in EIA.

7. Wastewater

EIA bypass the important details that are already problematic for the company in other regions. "Poultry houses will have internal drains with sewage tanks for water settling and reduction of the amount of suspended solids and BOD (biochemical oxygen demand) in wastewater, which are generated during the washing of poultry in technical break period" (p.13) and "poultry house production provides sewerage for wastewater after cleaning" (p.14). Nevertheless, it is not clear to what

extent the purification will take place in the sewage tanks, and how afterwards this water will be utilized.

If there is a plan to transport wastewater to the treatment plants, however, it is not specified: how much sewage will there be produced? Which treatment plants are planned and what are their capacity for treatment of waste water?

8. Ventilation

The project only provides filtering of "outside air from the dust and other substances incoming with the air".

Installation of filters is not provided for purification of the air that will be released from the brigades and other facilities. Obviously, it is not enough to state that "latest, advanced technologies and equipment will be used on the facilities that will give the opportunity to minimize polluting emissions ... " (p.18) without supporting this with facts and figures. In addition, the best European equipment is not a guarantee itself of the minimization of emissions, as targeted constructions of this size involve an area of construction that is too concentrated. Thus, it is necessary to conduct a cumulative impact assessment of the brigades and the existing economic activities.

Conclusions and recommendations:

- The expansion of the parent flock raising facilities on the lands of the Chyhyryn region are not grounded and aligned with the strategies for the local rural development of Cherkasy oblast.
- The status of the documents released by the company and administration for the consultations is unclear, there is no such notion as preliminary EIA in the Ukrainian legislation.
- The EBRD should work with its client so that it adopts best practices for the Environmental impact assessment implementation that corresponds to the EBRD's PRs while in Ukraine the EU-like law on the EIA is still not adopted⁷.
- There is a threat that the arrival of a big player with long-term contracts of 49 years for land leases will have a negative impact on competition between businesses and will lead to economic displacement of small farmers from these lands.
- The recommendations of the Monitoring Assessment report as of February 2016 is still not in place in relation to cumulative water impacts, the formal Land Acquisition Framework, consideration of all feasible alternative locations, waste management, and meaningful stakeholder consultations and engagement

accordingly that leads to tensions between the community members.

- It is necessary to conduct proper EIA with involvement of the independent experts and civil society representatives. To leave aside the use of the affiliated company for the EIA documents preparations as this leads to low trust for the findings.
- The baseline for all elements of the environment should be properly described to truly assess the impacts. These include especially controversial water supply and utilisation, wastewater treatment, sanitary protection zone establishment.
- The cumulative impacts assessment of the brigades and the existing economic activities is necessary to conduct.

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⁷ The Law on the EU-aligned EIA has been passed in the Ukrainian Parliament on October 4, 2016, but however, has been vetoed by the President due to the lobby of the agribusiness associations: <http://pigua.info/uk/news/9520/>