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EBRD urges halt to construction of transmission line in Odessa region of Ukraine

Project financing under suspension threat

The EBRD is deeply concerned about the unauthorised diversion of a high voltage power transmission line route in the Odessa region of Ukraine in contravention of an agreement with the EBRD based on which the Bank agreed to participate in the financing of this project.

The EBRD is equally concerned about reports of conflict and violence in Usatovo village associated with the construction of the power line by the National Power Company (NPC) "Ukrenergo".

In a letter to NPC Ukrenergo, the EBRD has expressed its concerns both about the conflict between the residents of Usatovo village and the company related to land property rights and the clashes between the police and local civilians opposed to the construction activities.

The EBRD has urged Ukrenergo to halt immediately further construction work and to take measures aimed at defusing the tense situation in the area, as well as to drop any civil or legal proceedings against the affected residents.

The Bank has also offered to Ukrenergo its expertise and experience of conflict resolution within the context of project development with the view to reaching solutions satisfactory to all parties.

The EBRD has informed the company that further tranches of financing for the project cannot be disbursed until the Bank assesses the environmental and social implications associated with the NPC Ukrenergo's decision to change the original route of the power transmission line and until NPC Ukrenergo takes all steps necessary to address in a satisfactory manner all environmental and social issues relevant to this change.

In particular, the EBRD is requesting a clear action plan to address possible adverse impacts of the modifications to the original project and to compensate affected parties for the anticipated works.

The €25.8 million EBRD loan to Ukrenergo for the upgrade of the power transmission network was approved in 2005 with the original route of the new transmission line bypassing the Usatovo village.

The EBRD letter reiterated the need to adhere to the Bank's Environmental and Social Policy, which requires its clients to comply with internationally acceptable standards of public disclosure of information, meaningful consultation and the resolution of grievances.

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