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## Good Project – Bad Implementation: MHP Biogas

The project MHP Biogas[1] is currently under consideration for approval by the EBRD Board of Directors. The project covers the construction of the greenfield 10 MW biogas plant in Vinnitsa region of Ukraine [2]. The biogas plant is sought to help solve the problem with utilisation of waste [3] produced by existing poultry facilities.

However, there are several reservations that make the project unacceptable in the form it has been proposed – 1) the location has been selected without proper assessment and public disclosure of the baseline air quality and without undertaking and publicly disclosing an evaluation of cumulative impacts from existing and planned infrastructure, 2) the social environment in the community is hostile and does not allow the public voices to be expressed and heard to make the public hearings and decision-making meaningful.

### Problematic community consultations Public hearings

The planned project will be located on the territory of Zaozerne village council, which consists of two villages – Zaozerne and Vasylivka (with 307 and 736 inhabitants accordingly) – that constitutes one community.

The public consultations on the biogas plant did not include all affected people. There were aimed attempts to split the community and allocate the decisive role to the smaller part of it. This was the case of the public consultations on the biogas plant Detailed spatial plan and preliminary EIA on 29 June 2017. Even though the Protocol (Notes) of the public hearings meeting says the public hearings in Vasylivka took place due to the request from the local population, it was against the will of the rest of the community from Zaozerne village who were not properly informed and once they came to know about the public hearings collected 166 signatures against the construction. We raised numerous times with local village council and Vinnytysa Poultry Farm (local subsidiary of MHP) that the public hearings should take place in all settlements that will be affected by the project (including neighbouring villages) and in Zaozerne village itself not to split the community.

The similar situation with regard to another facility to expand the poultry rearing facilities of the Vinnytsya Poultry Farm happened in summer 2016. The only public hearings took place without notifying and allowing participation of all affected people in Zaozerne community. In relation to this in spring 2017 Zaozerne activists, supported by the National Ecological Centre of Ukraine filed a court case to Vinnytsya Administrative Court[4] demanding cancelation of the Ruling of the Tulchyn Administration to develop the documentation and all permits for construction that were based on the incomplete public hearings in summer 2016. MHP is also a party to that case. While the court case closed in August 2017, the Appeal court recently ruled to reopen the investigation. The next hearing is scheduled for December 2017.

Despite the court case, MHP has proceeded with construction of Brigade 47 without holding any further public consultations about the project.

**We consider the Bank`s involvement in the biogas project to be premature as this would mean the Bank takes the side of the company prior to the court decision on the similar matter of unlawful public hearings where only part of the community was consulted, while it consists of the both Vasylivka and Zaozerne.**

### Critical voices

As mentioned above, the public hearings for the biogas plant were MHP's only attempt to satisfy EBRD Performance Requirement 1 on meaningful consultations.

Moreover the social environment around the project of the new brigade and the biogas plant is such that is splitting the community – villagers, village council, rayon council and administration. Splitting the community leads

to the intimidation of the critical voices thus the expression of the opinion becomes not safe and welcome.

In August 2017 the Chairman of the Tulchyn Administration filed a court case against 4 local activists (from Kleban, Zaozerne and Tulchyn) and the local internet media vlasne.info to defend his reputation. He considers the petition sent in March 2017 to the President of Ukraine with wordings "community considers the Chairman of Tulchyn Administration" pursues the interests of oligarkh Kosyuk" to be damaging to his dignity. We think is it the method to criminalise the activists and against the critical voices. There has been only 1 court meeting since then on Nov 9.

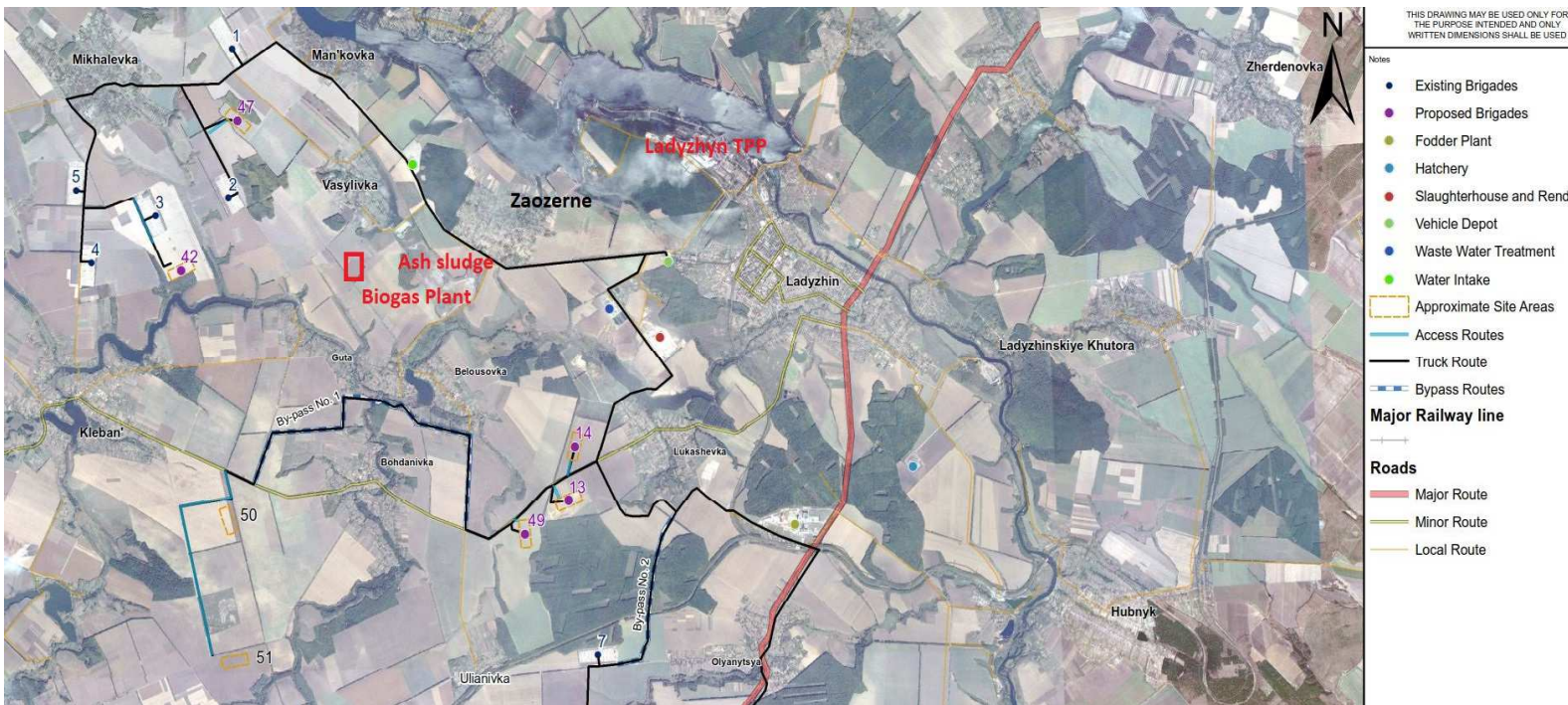
We urge the EBRD not to place its stamp of approval on a project that is associated with tactics to exclude critical voices from the mandatory community consultation process. Local affected people have been communicating with the EBRD management since the beginning of the year about deficiencies in the project development, yet the same deficiencies remain. Further, this is only the most recent of a number of unresolved community concerns related to MHP's operations in the local area, including the abovementioned problematic consultations on Brigade 47 and concerns about its pesticide spraying practices. Local affected people are becoming increasingly frustrated with MHP's pattern of conducting consultation meetings that do not allow the participation of all affected people, and which have the effect of excluding community members who have raised concerns about MHP operations in the past.

## A cumulative impact assessment must be undertaken before this project is approved

We have been prompting the necessity to have the cumulative impact assessment for the community where the biogas plant is planned. However, the preliminary EIA has not encounter this at all. Moreover, the baseline air pollution levels for the area has been referenced to the closest air quality monitoring point in Haisyn town (approx 30 km away) and cannot be counted as sufficient.

Conducting a cumulative impact assessment is important because Zaozerne and Vasylivka villages are located close to Ladyzhyn town (apprx 10 km) where the Ladyzhyn TPP (coal) is located – a significant polluter that is already

affecting Vinnytsya oblast. The related infrastructure to the TPP – ash sludge storage – is located on Zaozerne Village Council`s lands. The facilities of the Vinnytsya Poultry Farm – the second highest air polluter in Vinnytsya oblast – maintains poultry rearing facilities throughout the neighbouring communities (Mykhailivka, Mankivka, Kleban with 5 existing rearing brigades 1,5 mln chicken each and at least 3 known planned new ones, wastewater treatment, vehicle depot and slaughterhouse on Ladyzhyn town lands – see Picture 1). Local community members are already concerned by the polluting impacts of having so many facilities located in the vicinity of their homes, and they are particularly concerned that the addition of a biogas facility may cause further pollution impacts, leading to health risks for local residents.



Picture:1: Proposed development and associated facilities, adopted from Vinnytsya Poultry Farm Environmental and Social Impact Assessment. Supplementary Information Report, December 2016, Scale at A5: 1:100.000, WSP | Parsons Brinckerhoff for OPIC

The four location alternatives that were reviewed in the preliminary EIA have not

brought much difference territorially as they have been within 10-km area and the main

reason for choosing the location was the logistical convenience.

So, communities fear that there is already significant baseline air pollution in the area where the biogas plant is proposed, but do not have access to adequate information to know exactly what the baseline air pollution is. Thus it should be evaluated properly, have cumulative impact assessment from existing and planned economic activities.

As of now the EBRD consultants identified the problems with dividing the biogas plant from the cogeneration part. As of now the preliminary EIA has not included the impacts from the production of the electricity and heat, other linear infrastructure (roads, transmission lines). The necessity to have it conducted is included in the ESAP.

**However, we consider the environmental impact assessment for the cogeneration should take place together with the biogas plant, and not left till the after the project approval.**

**Minding all mentioned above, we would ask to postpone the decision on the project until the ESIA for the full project (biogas plant and cogeneration) is developed, the cumulative impact assessments are completed, social environment is improved to allow free expression of opinion and no intimidation of the critical voices takes place.**

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[1] Project number 49301 MHP Biogas: <http://www.ebrd.com/work-with-us/projects/psd/mhp-biogas.html>

[2] The project foresees 120 000 cubic metres of biogas and 10 MWt electricity and 10 MWt of heat (vapour and hot water) cogeneration capacity – this plant to utilise only 50% of the manure created currently by Vinnytsya poultry farm)

[3] The waste from the farm units mainly comprises sunflower husk with bird fecal matter.

[4] Information in the State register for on the courts: <http://reyestr.court.gov.ua/Review/69669181>