

MHP corporate support and biogas loans – an update from the field

For more information

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MHP is Ukraine's monopoly poultry producer and has received several loans from the EBRD, two of which are still active – a 2015 MHP Corporate Support loan¹ of USD 85 million and a USD 25 million investment in the MHP Biogas Plant project from 2017².

MHP is a vertically integrated company with operations ranging from crops and fodder production to raising and slaughtering chickens. It boasts that its poultry production complexes are among the largest in the world, and it is currently expanding. The Biogas Plant project in the Vinnytsya region is part of MHP's active Phase 2 expansion at the Vinnytsya Poultry Complex. MHP is also currently expanding its Peremoha Nova poultry farm in the Cherkasy region.

Because of its intensive industrial agricultural production, which is dependent on leasing land from farmers (it boasts a 370 000 hectare land bank), MHP has significant environmental and social impacts. Combined with its poor track record of stakeholder engagement and accountability towards impacted villages, the company has attracted public criticism and opposition to its expansion.

With the help of external consultants MHP prepared and adopted a new Stakeholder Engagement Plan in 2017. However, little has changed about the ways in which the company conducts business, at least from the perspective of local people. The environmental impact assessments for its numerous projects are based on inadequate baseline data on air quality, water table levels and health status of communities. Cumulative impact assessments are as well lacking.

At public hearings the company prefers to discuss the potential benefits of its projects while downplaying the negative impacts and needed mitigation measures. Our recent trip to the Vinnytsya region in March 2018 revealed that in the communities where MHP has a long presence, there is a deeply rooted conflict between people who oppose and those who support the company. The atmosphere is suffocating for critical voices, who fear persecution and retaliation.

Public hearings in Ratseve, Chyhyryn area, Cherkasy oblast

The public hearing in Ratseve on 23 December 2017 is one example of problematic stakeholder engagement about MHP projects. The public hearing was convened to inform and get feedback from the public about the draft Detailed Spatial Plan for locating nine MHP chicken parent flock facilities.

There were around 100 policemen present in the village council building to guard the meeting. The hearings lasted just three hours from approximately noon to 3PM. There was limited possibility to raise any concerns and critical questions about the project. The meeting protocol³ was not signed by the six members of the "counting commission," as they claimed numerous irregularities with the voting process: voting was done without appropriate ballots for secret voting. Instead, all 810 registered Ratseve representatives (out of 949 people registered) had to say 'yes or no' publicly, with 400 in favour and 315 against, with the rest abstaining.

Public hearings in Man`kivka, Vinnytsya oblast

The public hearings on 26 March 2018 in Man`kivka concerned both the draft Detailed spatial plan and the EIA for the new broiler raising Brigade #55.⁴ This was the first public hearing held under the new EIA⁵ law in Ukraine, but the outcomes were similar to previous years. A company representative presented MHP social initiatives, with little attention given to the potential negative impacts.

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Ukrainian legislation does not require a vote as outcomes of public hearings. However, voting was proposed and conducted and as a result all registered participants were mentioned “in favour”, including representatives of other communities and guests.⁶

People from the neighboring Zaozerne and Kleban communities asked MHP to include the two villages into the area of influence of the project and to expand the public hearings; however, their written appeal was unanswered. There is a provision in the legislation,⁷ “All participants of the public hearings are having equal conditions to express their opinion, to provide recommendations and comments”. However, at the meeting representatives of the neighboring community attempted to raise questions about environmental impacts, only to be discriminated and humiliated by the Man`kivka members and the Mykhailivka village council representatives.⁸

While this poor culture of conducting public hearings can be blamed on local administrations, this happens with the silent agreement of company representatives who are as well present at the meetings.

Biogas 1 and 2

In December 2017 the EBRD approved MHP’s biogas plant project. Bankwatch submitted its positions on the project⁹ and highlighted deficiencies in the impact assessment. We argued that one Environmental and Social Impact Assessment (not just an EIA) for the full project should have been developed – including for the biogas plant, the cogeneration plant and the related infrastructure like pipes, road and electricity lines. Proper baseline data and a cumulative impact assessment were also lacking.

Moreover, in 2017 there was no indication that the EBRD’s biogas project would be only the first stage of larger biogas production plans. On April 12 the official EIA register of the Ministry of Environment published an announcement on the planned activity and the beginning of the scoping period for construction of the second area for biogas production¹⁰ on the territory of the Zaozerne and Bilousivka villages and Ladyzhyn city.¹¹

The biogas project is an illustration of the poor impact assessment that the company continues to employ, in spite of best international practices. The EBRD’s project summary document promised additionally a number of measures that are still not available, namely the Security Human Rights and Transparency code, the Traffic Management Plan and implementation of measures for vehicle monitoring.

Notes

1. <http://www.ebrd.com/work-with-us/projects/psd/mhp-corporate-support-loan.html> <http://www.ebrd.com/work-with-us/projects/psd/mhp-biogas.html>
2. Official minutes of the Public Hearings in Ratseve, 16 Dec.2017: <https://ratsivska.silrada.org/protokol-gromadskiyh-sluhan-s-ratseve/>
3. Activists` video from the public hearings in Man`kivka 26th March 2018: <https://www.youtube.com/watch?v=T7NFWgTNHtg&feature=youtu.be>
4. Effective since December 18, 2017
5. Video of calculating the ,votes' in Man`kivka: <https://www.youtube.com/watch?v=JjqdqxMUVd&feature=youtu.be>
6. Ruling of the Cabinet of Ministers #989 „The Order of conducting public hearings for the EIA process“, from 13 December 2017 p. 7. 40–50min of the video: <https://www.youtube.com/watch?v=T7NFWgTNHtg&feature=youtu.be>
8. <https://bankwatch.org/publication/good-project-bad-implementation-mhp-biogas>
9. <http://eia.menr.gov.ua/uploads/documents/521/reports/2f17300608809f80aec56da3b8950b80.pdf>
10. New construction of the inner facility complex of JSC Vinnytsya Poultry Farm for the organic waste utilization from the agricultural production and biogas creation from the plant and animal origin that will be located on the territories of Zaozerne and Bilousivka village council lands, and Ladyzhyn lands (outside settlements).