

SOCIAL IMPACT ASSESSMENT REPORT
FOR THE
LVIV E-BUS PROJECT

10th February 2020

LINK 011 Ltd.

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1 Introduction

The International Finance Corporation (IFC) is considering helping the City of Lviv (the “City” or “Lviv”), Ukraine, to modernize the City’s public transport system. The investment (the Project) will include the following two components:

1. The procurement of up to 70 autonomous trolleybuses with in-motion charging (e-buses);
2. The reconstruction of catenary lines and expansion of the network for the new e-buses.

To support the evaluation of this investment, the IFC hired an Independent Social Consultant (“The Consultant”¹) to perform a social impact and opportunity assessment.

This document is the Social Impact Assessment (SIA) report and presents an assessment of impacts of the proposed Project on communities and individuals, as well as social and economic assets within the Project area of influence. The reference standards against which the impact assessment has been carried out are the IFC’s Environmental and Social Performance Standards. A separate gender impact and opportunity assessment report for the Project has been developed by a team of gender specialists. An Environmental and Social Action Plan (ESAP) for addressing environmental, social and gender issues has also been developed for the Project and is available as a separate document. The social measures within the ESAP are based on the findings and recommendations presented in this SIA report.

In parallel to carrying out the social impact and opportunity assessment for this Project, the Consultant carried out the same assessment for another potential IFC investment in the City of Lviv, involving the rehabilitation of 1.7 km of Shevchenko street. For that reason, some meetings and activities carried out during the site visit, involved discussions of both investment opportunities with different stakeholders. The findings in relation to the rehabilitation of a part of Shevchenko street and proposed mitigation measures are provided in a separate SIA report.

2 Brief Project Description and Main Recognised Impacts

Modernisation of the public transport system is one of the key development targets of the City of Lviv. As part of that effort, IFC is proposing to support the City with the following two activities:

Procurement of e-buses

This component comprises the procurement of up to 70 autonomous trolleybuses, with in-motion charging. These e-buses are expected to be largely used on the existing public transport routes in the City, however some of them may be used on new routes and could cause rerouting or cancellation of routes currently run by private bus operators. The autonomous trolleybuses will be purchased and operated by Lviv Municipal Enterprise Lvivelectrotrans (LET).

¹ LINK 011 Ltd. Jelena Oplanic and Branko Radovanovic

LAD, acting as the City's traffic management system operator, together with the Lviv City Council Transport Office and LET, will plan the rerouting of the existing private bus operators.

Reconstruction of catenary lines

This component mainly includes the rehabilitation of the existing catenary network in the City and, where needed, its expansion for the use of new e-buses. Catenary network design and reconstruction will be within LET's responsibility. Works associated with this component are expected to create only minor traffic disturbances in places where new supports and/or new cables need to be installed.

3 International Finance Corporation Policy

A key consideration in the production of this SIA report are the Environmental and Social Performance Standards (2012) of the International Finance Corporation (IFC), including the overarching Performance Standard 1 – Assessment and Management of Environmental and Social Risks and Impacts. The objectives of Performance Standard 1 are summarised below:

- To identify and assess environmental and social impacts and issues, both adverse and beneficial, associated with the project;
- To adopt measures to avoid, or where avoidance is not possible, minimize, mitigate, or offset/compensate for adverse impacts on workers, affected communities, and the environment;
- To identify and, where feasible, adopt opportunities to improve environmental and social performance;
- To ensure that grievances from affected communities and other stakeholders are responded to and managed appropriately;
- To ensure that relevant environmental and social information is disclosed and disseminated and that affected communities are adequately engaged with throughout the project cycle on issues that could affect them.

A review of all IFC Performance Standards has been undertaken to identify key social impacts that should be considered in this document. In addition to PS 1, Performance Standard 2 on Labour and Working Conditions and Performance Standard 4 on Community Health, Safety and Security have been identified as relevant and impacts falling under those categories are also discussed in this report.

4 Assessment Methodology and Significance Criteria

4.1 Scope of the Assessment

This report considers the potential socio economic impacts as a result of the proposed Project, associated with the following issues:

- Livelihoods
- Employment and procurement opportunities

- Community health, safety and security measures
- Labour issues and management of contractors

4.2 Area of Influence

The primary area of influence considers all project impacts on local resources and receptors and it is the focus of the impact assessment. In the case of this Project it refers to locations in the City of Lviv where catenary lines will be rehabilitated or newly constructed, as well as bus operators whose operations may be affected by the use of new e-vehicles.

The secondary area of influence considers larger scale impacts on a wider, city level, which in this case is the City of Lviv.

4.3 Method of Baseline Data Collection

In the period September-October 2019, the Consultant carried out a desk review of all available Project plans, documents collective agreements, followed by collection of information through direct requests to representatives of the City, LAD and LET. Some additional data was obtained from relevant, publicly available municipal or regional studies, reports and plans, as well as national laws.

A site visit to Lviv was undertaken from 25 to 27 September 2019 and meetings were held with representatives of the City, LET, LAD and representatives of the public and private bus operators. The Consultant also walked along Shevchenko street with a representative of LAD, interviewing Lviv citizens who live or work on the street and visited an existing construction site in the City. The list of meetings is provided as Annex 1 to this report.

4.4 Significance Criteria

The assessment of potential impacts as a result of the proposed Project has taken into account both the construction and operational phases. The significance level attributed to each impact has been assessed based on the magnitude of change due to the proposed investment, and the sensitivity of the affected receptor to change. The following terms have been used to define the significance of the impacts identified:

- Major impact: where the proposed Project could be expected to have a very significant impact (either positive or negative) on communities and individuals or social and economic assets;
- Moderate impact: where the Proposed Project could be expected to have a noticeable impact (either positive or negative) on communities and individuals or social and economic assets;
- Minor impact: where the Proposed Project could be expected to result in a small, barely noticeable impact (either positive or negative) on communities and individuals or social and economic assets; and
- Negligible: where no discernible impact is expected as a result of the Proposed Project on communities and individuals or social and economic assets.

5 Information Disclosure and Consultation

The City discloses information on all its activities on the official webpage: <https://city-adm.lviv.ua/>. For projects with potentially significant impacts, the City follows a public hearing process involving stakeholders, including members of the local community, civil society, media representatives and other interested parties. Issues in relation to the operations of LET are made publicly available on the company website: <http://www.lvivelectrotrans.com.ua>.

Grievances are managed through a free city hotline (1580) which is very widely used by people living and working in Lviv. A program was designed by the City Administration and has been in use since 2017. Any grievance in relation to city services and departments, as well as utilities, is received and automatically directed to the appropriate department/utility for action. All departments/utilities (including both LAD and LET) have an obligation to respond within 2 to 10 days, however urgent grievances must be responded to quickly. Feedback on whether the grievance has been addressed is sent back to the City and weekly reports are discussed by the City Council to identify areas where issues often arise (and repeat) and where improvements are needed. The hotline serves to report any interruptions in utilities, but it is also called when there is a security issue and such calls are directed to the police. Private bus operators stated that their bus drivers call this number if there are any security issues on their busses. Citizens of Lviv interviewed during the site visit also reported that they use this number for any problems they have in the City. Apart from the hotline, grievances can be lodged through social networks, a mobile application and at service points throughout the City. Typical and most frequent grievances include: electricity outages and problems, waste management, water supply and heating problems.

According to reports from the City, in 2017 and 2018, complaints registered in relation to public transport (both public and private carriers) were mainly about the violation of the transport schedule.

Additional stakeholder engagement measures which need to be implemented by the City, LAD and LET to fulfil IFC requirements, are included in the following chapter for both Project components separately. A general required measure is to ensure that all grievances (addressed within the City Hotline 1580) in relation to the two Project components, are recorded in a way to enable reporting on grievances to IFC specifically in relation to this Project.

6 Baseline Conditions, Impact Assessment and Mitigation

The following chapter presents the baseline conditions, the assessment of impacts and proposed mitigation measures, for both Project components individually. The last part of the chapter considers some additional information and impacts in relation to labour issues and management of contractors.

6.1 Purchase of New E-Buses

6.1.1 Baseline Conditions

6.1.1.1 Public transport main features

Public transportation in Lviv is provided by two municipal operators:

- ATP-1 for municipal buses (25 routes) and
- LET for trams and trolleybuses (10 routes of each)

In addition, there are four private operators which operate diesel, mostly small capacity buses, known as 'marshrutkas'. According to information provided directly by the bus operators, they operate a total of 26 routes:

1. L ATP-14630 – 8 routes;
2. Mira and K – 7 routes;
3. Fiakr-Lviv – 8 routes and;
4. Uspich BM – 3 routes.

The average daily number of units in operation include 600 public and private buses (of which up to 250 have low entry platforms), 75 trams and 55 trolleybuses. LET's existing fleet includes around 131 trams (of which 9 have low entry platforms) and 83 trolleybuses (of which 24 have low entry platforms). In 1989, the vehicle fleet included around 227 trams and 200 trolleybuses, however this has been reduced over time for close to 50%.

The Project foresees procurement of up to 70 autonomous trolleybuses (e-buses) which will be operated by LET. The design specifications of the new e-buses are expected to be completed by late 2019 and the purchase is planned for mid 2020. It is expected that the newly purchased vehicles will all have improved accessibility features (low entry platforms) in accordance with the relevant national and international standards.

During the site visit, the Consultant held a meeting with the representative of the public bus operator (ATP-1), the four private bus operators from Lviv and the President of the Association of Private Bus Operators in Lviv Oblast, which comprises 23 members (private bus operators). Current contracts of four private bus operators working in the City run until November 2023. Up to 25 private operators applied for these routes when the tender was published and the four companies were selected. There are routes for which no private bus operators applied during the tender, because they are not seen as profitable. According to the current contracts, the City reserves the right to make temporary or permanent changes to bus routes, in line with passengers' needs and other factors. As declared by the private bus operators, they also operate lines outside of the City, i.e. regional, and in some cases, international lines. All four companies have been in existence for a long time, with the youngest among them established almost 20 years ago.

6.1.1.2 Drivers in public transport

While there are no female drivers of public or private buses, a total of 167 drivers (48%) in LET of trams and trolley buses are women. There is a deficit of drivers in Lviv and LET implements their own training course for interested candidates. The training lasts 4 months, with 2 months of classes and 2 months of driving under supervision. Before training, candidates are subjected to numerous tests and background checks (psychological, medical, previous offenses, etc.) and if they pass, they go on to training. During training, LET pays them approx. 200 USD and if they pass and sign employment contracts, their salary is around 500 USD. At the latest training, out of 50 candidates, only 10 were employed.

There is a deficit of drivers for all means of public transport (trams, trolleys and buses), as they are also able to work in other countries (nearby Poland), with better working conditions. Currently, the private operators have 1.3 drivers per bus and their drivers are working 14 or even 16 hour shifts. They are not only drivers, but they also check bus tickets (controllers) and sell bus tickets (cashiers). Overall, the working conditions are harsh. The bus drivers have to pass examinations every day (blood pressure, alcohol, etc.). The average age of drivers in private buses is very high, between 40 and 70, while in the public buses, the average age of drivers is around 40. Although the salaries are roughly the same with the private and the public bus operator, the reason why the public operator has slightly younger drivers on average, is that working conditions are better, i.e. the buses in operation are newer.

6.1.2 Assessment of Impacts and Recommended Mitigation Measures

6.1.2.1 Operation

The new e-buses which will be purchased under this Project are expected to be largely used in the existing routes, replacing older vehicles in the fleet. However, some of them may be used to create new routes and /or merge the existing routes and this could cause rerouting or cancellation of existing private bus lines. LAD, acting as Lviv's traffic management system operator, together with Lviv City Council Transport Office and LET, will plan the eventual rerouting/cancellation of the existing private bus operators.

LET has developed a preliminary review of private bus routes that could be cancelled, where an adjustment of the number of vehicles may need to be carried out and where the routes may need to change. The summary of that assessment per bus operator is provided in Table 1 below. In the case of LAMP-14630, the assessment is that either one route may be cancelled and one changed or both routes may be cancelled, as presented in the table.

Table 1: Preliminary assessment of potential impacts on private bus operator routes

| Bus operator | Cancellation of route | Adjustment of the number of vehicles | Change of route |
|--------------|--|--------------------------------------|--|
| LAMP-14630 | 1 route with 6 vehicles at present OR | | No routes OR 1 route with 14 vehicles at present |

| Bus operator | Cancellation of route | Adjustment of the number of vehicles | Change of route |
|--------------|--|--------------------------------------|--|
| | 2 routes with 22 vehicles at present | | |
| Mira and K | 1 route with 6 vehicles at present | 3 routes with 33 vehicles at present | |
| Fiakr-Lviv | 1 route with 17 vehicles at present | | 2 routes with 21 vehicles at present |
| Uspich BM | | | 2 routes with 18 vehicles at present |
| TOTAL | 3 routes with 29 vehicles at present OR 4 routes with 45 vehicles at present | 3 routes with 33 vehicles at present | 4 routes with 39 vehicles at present OR 5 routes with 53 vehicles at present |

The total number of routes proposed for cancellation is not significant (3 or 4) and is almost evenly distributed between the operators. However, as already underlined, that this is not a definite overview of impacts and the final decision may be completely different, which is why it is not possible to draw definite conclusions on the significance of impacts. Private bus operators may even increase their involvement in other routes temporarily or permanently, which is also unknown at present.

Changes in the overall transport system are made continuously in the City based on many factors, not only the availability of new vehicles. Although the overall strategy of the city is to increase the use of electric vehicles in public transport, this change will require time to be implemented. The current tender period for private operators expires in November 2023 and it is unlikely that their operations will be impacted in a major way until then.

Similarly to the above issue, it is not possible to analyse whether changes or cancellations of routes will cause any drivers of privately operated buses to lose their jobs. Based on available data, and especially the fact that there is a deficit of drivers in public transport in general, it can be concluded that the potential cancellation of bus routes will not cause a significant number of individuals to permanently lose employment, if any.

In terms of positive impacts, the purchase of new vehicles will increase the overall quality of transport in the City, including the availability of more vehicles with low entry platforms (potentially a 25% increase) providing improved accessibility for people with reduced mobility (elderly, disabled, using strollers, etc.). The Project will also potentially create some new job opportunities for drivers of the new e-buses and opportunities for suppliers.

6.1.2.2 Mitigation measures

Although no definite conclusions on the level of impact can be made at this time, a key measure to minimise potential impacts, is to involve private bus operators in discussions regarding changes in bus routes that may affect them, if any.

The following measures to should be implemented:

- Provision of timely information to bus operators before any cancellations/changes in their bus routes, so that they can plan their business operations and adjust to new circumstances.
- When considering changes in public transport routes, LAD, LET and the City Council Transport Office, should explore opportunities to offset impacts of future cancellation of routes/vehicles by engaging private bus operators in other areas of the city. For example, alternative transport used to replace public transport (trams or trolleys) during works on catenary lines and street construction works in different parts of the city may be provided by private bus operators.

6.2 Rehabilitation of Catenary Lines

6.2.1 Baseline Conditions

The second component of the Project included in this assessment, involves the potential reconstruction and expansion of catenary (or overhead) lines which provide energy to public transportation. Catenary network design and reconstruction will be within LET's responsibility.

An assessment of existing catenary lines in the City is being carried out with IFC technical support to determine which catenary lines should be rehabilitated or replaced and where new ones need to be installed.

6.2.2 Assessment of Impacts and Recommended Mitigation Measures

6.2.2.1 Construction and operation

Works on the catenary lines are not expected to last long, and other than causing short term traffic and transport disturbances during construction, are not expected to have a significant impact on local communities. Following completion of construction activities, reconstructed/new catenary lines are expected to contribute to better quality of public transportation for residents and visitors of Lviv.

This Project component will create limited job opportunities for electricians, as well as for suppliers, during construction and the operational phase.

6.2.2.2 Mitigation measures

To avoid significant impacts on users of public transportation during construction, the following measures should be implemented:

- Organisation of alternative public transport during the rehabilitation of existing catenary lines.
- Provision of timely information to Lviv residents and visitors in the local media, on changes in public transport routes/lines and anticipated length of works, i.e. until when these changes are expected to last.

To mitigate risks in relation to community health, safety and security, adequate measures must be implemented, for example, the use of fences and clear signage where appropriate, measures to regulate movement of construction vehicles, etc. and provision of safety information to community members.

6.3 Labour Practices and Management of Contractors

6.3.1 Baseline Conditions

Ukraine has been 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 Labour Conventions, including the eight fundamental and four priority Conventions.

The Ukrainian Labour Code (December 1971) is the main law regulating labour and human resources management issues in Ukraine, together with numerous statutes dealing with labour safety, remuneration, collective bargaining, etc.

There are approx. 1,600 employees within the City administration of which around 75% are women. LET has a total of 1,100 employees, of which 40% are women. Labour unions representing the City's and LET's employees exist and are active in the defining and execution of collective agreements.

LET has a department that deals with human resources management, operating in line with national legislation and collective agreements which define the terms and conditions of employment, working hours, working conditions, benefits, management of employee grievances, etc. Contractors and suppliers are expected to abide by national labour and employment laws, and only reputable companies are selected through tenders, however their performance in abiding by the laws is not actively monitored.

City and LET employees have several venues for raising concerns, verbally or in writing, including to their direct supervisors, human resources departments, labour union representatives and senior City/company managers including the mayor's office / LET's directors. According to the City and LET representatives, complaints are generally related to promotions, vacation planning, working conditions, leave and other entitlements guaranteed by the law, etc.

Information provided through interviews with LET and City employees, as well as a review of the LET collective agreement and other relevant national legislation, suggests that labour and human resources management is largely aligned with IFC standards. Particular areas where some additional measures to fulfil IFC requirements need to be undertaken include:

- Providing venues for employees/workers to submit grievances anonymously;
- Monitoring contractor performance in managing general social, stakeholder engagement, as well as labour and HR issues.

6.3.2 Mitigation Measures

To ensure that all mitigation measures, as listed in the ESAP, and presented in this document are implemented, the City should nominate a social manager with overall responsibility for implementation, monitoring and reporting to City's senior management and to IFC.

Alternatively, separate social managers can be appointed in the City and LET. The City may also request from contractors to appoint a social manager (or community liaison officer), to be present on the construction site, engage with communities and manage grievances quickly.

The City/LET should ensure implementation of related ESAP items by the contractors, through contractual covenants (development and implementation of a contractor E&S management plan and requiring the same of subcontractors).

The City/LET should require from contractors to implement an appropriate external (community) grievance mechanism and monitor and report on grievances (especially repeat grievances) raised and how they have been resolved (timeline).

The City and LET should include venues for anonymous reporting and reporting of grievances for their employees. The City should also require contractors to implement an appropriate internal (workers') grievance mechanism, or to adopt, disseminate and use the City's mechanism and monitor and report on grievances (especially repeat grievances) raised and how they have been resolved (timeline). Contractors should make grievance logs available at construction sites for inspections of the City and LET, as appropriate.

Labour issues and grievances, as well as any community grievances received directly by the contractors, should be assessed by the social manager during regular construction site inspections.

7 Monitoring and Follow Up

Feedback received from various Project stakeholders at meetings and through the grievance mechanism will alert the City/LAD/LET of any problems or issues that need to be dealt with, whether on an individual or wider-community level. For example, frequent grievances in relation to alternative public transport organised during the rehabilitation of catenary lines may require a re-evaluation of re-routing plans and the use of private bus operators.

Grievance management itself needs to be monitored to ensure that all received complaints are addressed in a timely manner. All of this also pertains to employee and worker grievances.

Another key activity that requires intense monitoring is the implementation of community health, safety and security measures, to ensure there are no incidents or accidents involving members of the public. Community, health and safety audits to be carried out on site, should be included in the ESMPs.

8 Limitations and Assumptions

The key assumptions that have been made and limitations that have been identified, in producing this report are set out below.

- The proposed investment is still in early planning stages and some key decisions, such as which catenary lines should be rehabilitated or replaced and where new ones need to be installed, which would enable a more precise determination of impacts and their severity, have not been made yet;
- It is assumed that data that has been provided to the Consultant regarding labour issues and practices, stakeholder engagement, etc. is complete and accurate;
- It is assumed that the mitigation measures stipulated in this document will be implemented as appropriate.

9 Annexes

Annex 1: List of Meetings held from 25 to 27 September 2019

25.09.2019.

- Joint meeting IFC with representatives of LET and LAD
- Meeting with LET Communications Department
- Meeting with LAD Social Expert
- Joint meeting IFC representatives with Deputy Mayor and City representatives
- Meeting with Head of the City Communications Department

26.09.2019.

- Meeting with LET Head of the Human Resources Department
- Meeting with LET Head of the Procurement Department
- Site visit with LAD Project Manager: Shevchenko street and construction site in the City – square in front of the Railway Station

27.09.2019.

- Meeting with public bus operator and private bus operators
- Meeting with businesses and residents on Shevchenko street:
 - Restaurant (male waiter)
 - Grocery shop (female owner)
 - Office supplies store (elderly female owner), resident of the building (elderly female)
 - Store for construction/painting materials (male owner)
 - Travel agency (female employee)
 - Store for automobile parts (male owner)
 - Two informal street vendors of vegetables (two females) and one female vendor of flowers
 - 4 residents (two male residents of houses with yards and parking space, one male resident of multistory building, one female resident of newly constructed multistory building with a baby in stroller)
 - One taxi driver, temporarily parked on Shevchenko street
- Meeting with LAD Head of Human Resources and Legal Department