

Host Country:	Ukraine
Name of Borrower:	Astarta-Kyiv LLC
U.S. Sponsor:	Citibank, N.A.
Approved/Committed Date	12/22/2011
Foreign Sponsor:	N/A
Project Description:	To purchase goods and services, including agricultural machinery and equipment, relating to the improvement of sugar plants and development of industrial infrastructure, the output of which will be sold in Ukraine.
Total Project Cost:	\$25,000,000
Proposed OPIC Support:	\$17,500,000
Developmental Effects:	This project will have a positive developmental impact on the host country, Ukraine. The modernization plans will increase the company's sugar output, which could result in a lowering of sugar prices within the host country. The power saving efficiencies of the new machinery will have the ancillary benefit of reducing the company's CO2 emissions. The project will have strong human capacity impacts by creating new local jobs with benefits and a strong EEO policy.
Environment:	<p>Screening: The Project has been reviewed against OPIC's categorical prohibitions and has been determined to be categorically eligible. Small-to-medium scale manufacturing operations are screened as Category B projects under OPIC's environmental and social guidelines because impacts are site-specific and readily mitigated. Environmental and social issues associated with the Astarta project include the need for a robust Social and Environmental Management System to ensure that land leased is done so in accordance with IFC Performance Standard 5, appropriate monitoring of air emissions and proper treatment and disposal of solid waste, by-products including sludge, and industrial and process wastewater.</p> <p>Applicable Standards: OPIC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards: P.S. 1: Social and Environmental Assessment and Management Systems P.S. 2: Labor and Working Conditions P.S. 3: Pollution Prevention and Abatement P.S. 4: Community Health, Safety and Security</p> <p>Because the Project involves purchasing and installing new equipment, purchasing farm machinery, and acquiring land lease rights for land that is currently used for agricultural purposes and does not involve new construction, significant adverse impacts with respect to land acquisition and resettlement, indigenous peoples and cultural heritage are not anticipated at this time. Moreover, according to the Integrated Biodiversity Assessment Tool, the Zhdanovka sugar plant does not appear to be located in or near any protected areas. Therefore, P.S. 5, 6, 7 and 8 are not triggered by the Project at this time.</p> <p>Consistent with the requirements of PS 3 (Pollution Prevention and Abatement), in addition to the Performance Standards listed above the following International Finance Corporation (IFC) Environmental Guidelines are applicable to this project: (i) The IFC April 30, 2007 Environmental, Health and Safety Guidelines for Plantations; and (ii) The IFC April 30, 2007 Environmental, Health, and Safety General Guidelines.</p> <p>Environmental and Social Risks and Risk Mitigation: The Project involves modernizing Astarta's Zhdanivka sugar plant through investment in energy efficient technologies, purchasing of agricultural machinery and equipment, and acquiring land lease rights to expand its land bank. Astarta has loans from EBRD and FMO. As a condition of support from these organizations, Astarta is working to develop a robust Social and Environmental Management System (SEMS). To this end, Astarta has developed an environmental health and safety action plan to follow a clear road map with the goal of bringing Astarta's plants and farms up to international and EU standards. OPIC will require that Astarta provide OPIC with copies of deliverables as per the Amended Environmental and Social Action Plan dated 04/08/2011 as they become available in accordance with the Amended Environmental and Social Action Plan timeline.</p>
Worker Rights:	OPIC's statutorily required standard worker rights language will be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age, hours of work, the timely payment of wages and hazardous work situations. Standard and supplemental contract language will be applied to all workers of the Project. The Project will be required to operate in a manner consistent with the requirements of the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions.
Human Rights:	OPIC issued a Human Rights Clearance for the Project on September 21, 2011.