

Independent Project Accountability Mechanism



The Independent Project Accountability Mechanism (IPAM) is the European Bank for Reconstruction and Development's (EBRD) accountability mechanism. IPAM independently reviews issues raised by individuals or organisations concerning Bank-financed projects that are believed to have caused, or be likely to cause, harm. The purpose of the mechanism is to facilitate the resolution of social, environmental and public disclosure issues among project stakeholders; to determine whether the Bank has complied with its Environmental and Social Policy and the project-specific provisions of its Access to Information Policy; and, where applicable, to address any existing non-compliance with these policies, while preventing future non-compliance by the Bank.

For more information about IPAM, contact us or visit www.ebrd.com/project-finance/ipam.html

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HOW TO SUBMIT A COMPLAINT TO THE IPAM

Concerns about the environmental and social performance of an EBRD Project can be submitted by email, post, or via the online form at:

www.ebrd.com/projectfinance/ipam.html

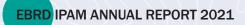


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ACRONYMS

ADB	Asian Development Bank		
ADR	Alternative Dispute Resolution		
AIIB	Asian Infrastructure Investment Bank		
BEH	Bulgarian Energy Holding		
CAD	Canadian dollar		
CAO	Chief Accountability Officer		
CSO	Civil society organisation		
EBRD	European Bank for Reconstruction and Development		
EIB	European Investment Bank		
ESP	Environmental and Social Policy		
HPP	Hydroelectric power plant		
IAM	Independent Accountability Mechanism		
IAMNet	Independent Accountability Mechanisms Network		
IFC	International Finance Corporation		
IPAM	Independent Project Accountability Mechanism		
JAMS	Judicial, Arbitration and Mediation Service		
MAP	Management Action Plan		
MHP	Myronivsky Hliboproduct		
MICI	Independent Consultation and Investigation Mechanism		
PCM	Project Complaint Mechanism		

Message from the EBRD's Chief Accountability Officer



When we began to prepare this annual report, we gave a lot of thought to what we had achieved in 2021, our first full year of operation. We were still mostly working from home and amid great uncertainty due to the Covid-19 pandemic, which, despite our expectations, continued to partially control our lives. As a new outfit, our initial capacity was limited and our to-do list was long. At the start of the year, we were only three professionals holding the fort.

Our empty office, both virtually and physically, needed a team. Therefore, the first priority was securing talent. We started from scratch, from designing a structure to drafting job descriptions and identifying talent. We can now proudly call ourselves the IPAM team. In this report, I have the great pleasure of introducing my six wonderful colleagues.

Cases kept piling up as we built the team. As we advanced in each of them, we not only applied the Project Accountability Policy, but also had to decide on our approach. Although we retain local facilitators, the cases that we process under IPAM's problem-solving function are no longer outsourced. We now actively participate in designing our dialogue initiatives, with the clear objective of reaching an agreement within the 12-month timeframe that our policy has introduced. You can read about our first dialogue sessions in Turkey and Serbia, where we introduced this new methodology.

Promoting access was another key objective in 2021. We refurbished our webpage,

launched the new case registry, translated our policy into local languages and produced outreach materials. More importantly, however, we drafted, discussed and issued our outreach strategy to guide our efforts for the next four years. The principles on which it is based are simple but powerful: greater accessibility, transparency and predictability. So, taking a culinary analogy, the recipe is there and the proof will now be in the pudding.

Last but not least, although the pandemic continued to have an impact in 2021, we managed to get to Bosnia and Herzegovina, Turkey, Georgia and Serbia. We engaged with complainants, clients, EBRD colleagues and many others.

I could continue cataloguing what we did in 2021 and what we still have on our to-do list, but I would rather invite you to read about it in this report. Our work is far from done, but we have certainly built a few very solid steps.

My appreciation goes to everyone who has supported the work in 2021: our Board, colleagues in the Bank, civil society partners, peer mechanisms and, of course, the magnificent IPAM team. See you in 2022!

Victoria Márquez Mees

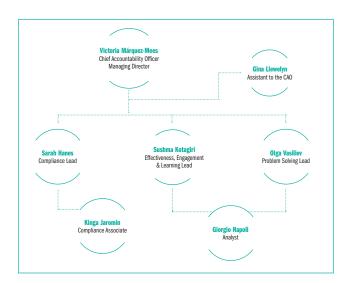


2021 HIGHLIGHTS

A new mandate, new structure, new roles

The transformational journey from the Project Complaint Mechanism (PCM) to the Independent Project Accountability Mechanism (IPAM) involved designing a new structure aimed at ensuring staff had the technical expertise to deliver the wider mandate.

As of 2021, a core team of six professionals under the guidance of the Chief Accountability Officer is responsible for robust delivery of the four IPAM functions: problem solving, compliance, outreach, and institutional learning.



A more accessible, predictable and transparent mechanism

Outreach strategy

After internal and external discussions and consideration of an expert consultant's guidance, our Outreach Strategy 2021-2024 now guides our access promotion and awareness-raising activities.

Virtual case registry

In line with our commitment to greater transparency, ebrd.com hosts a new virtual case registry where the public can access each case file to track progress and download public case documentation.

How to file a complaint

A secure, encrypted online complaint form is available in Arabic, English and Russian. IPAM will safeguard the identity of complainants through confidentiality when requested.

In-person engagement and first-hand fact-finding

As pandemic-related travel restrictions eased, IPAM initiated visits to countries with active cases:

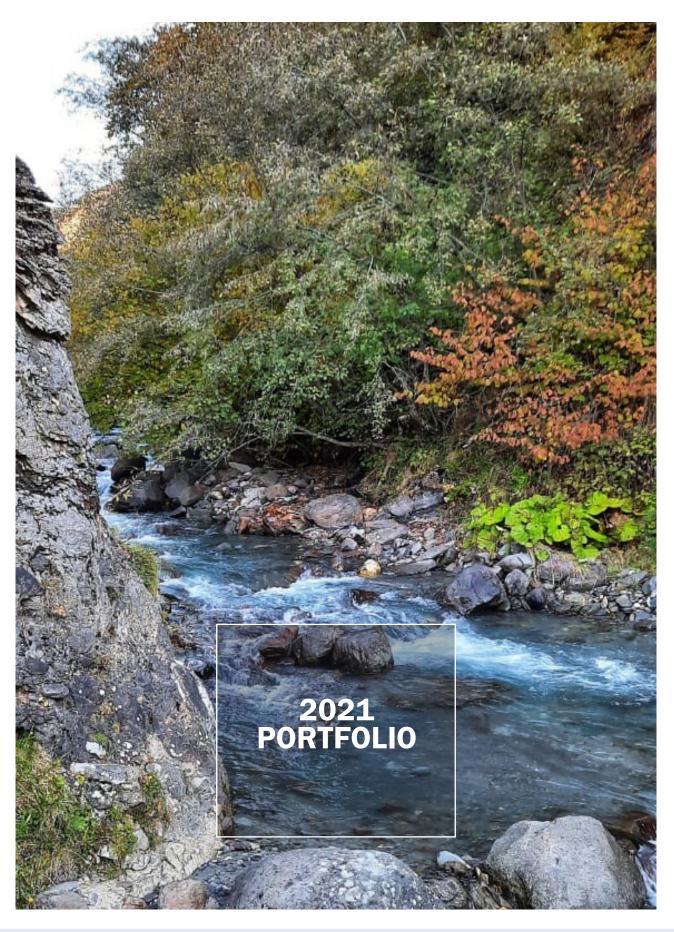
- A fact-finding visit to Sarajevo and Mostar in Bosnia and Herzegovina was part of the compliance review for case 2020/06. It involved visiting the project area and engaging with complainants, the client and public officials.
- A visit to the Khada Valley in Georgia, in coordination with the Compliance Review Panel of the Asian Development Bank (ADB), gathered first-hand evidence for the investigation of case 2020/01.
- The first in-person dialogue session for case 2021/01 occurred in Belgrade, Serbia, in November with the participation of the client, public officials and the complainants' representatives.

Collaboration with other independent accountability mechanisms

IPAM collaborated with other Independent Accountability Mechanisms (IAMs) in 2021 on the following:

- Joint facilitation with the International Finance Corporation's (IFC) Compliance Advisor Ombudsman on two problem-solving initiatives.
- Continuous engagement and information sharing with the European Investment Bank's (EIB)
 Complaints Mechanism in parallel compliance review processes.
- In a case where the ADB was a co-lender, its Compliance Review Panel and IPAM carried out several activities together to make the compliance review process more efficient. These included a site visit, hiring of experts and joint interviews.





THE 2021 PORTFOLIO

The IPAM case portfolio includes newly registered requests and cases under active management carried over from previous years for further processing. In addition, IPAM receives requests that are not registered, as they do not meet the criteria for processing. During 2021, IPAM continued the management of 12 cases over from 2020 and registered 3 requests, processing a total of 15 active cases (see Annex 1 for information on individual cases).

Nine requests received through the year did not meet the criteria for registration, so complainants were informed of the reasons for non-registration and, when relevant, redirected to other offices in the Bank.





TABLE 1 - PORTFOLIO OF CASES (2021)

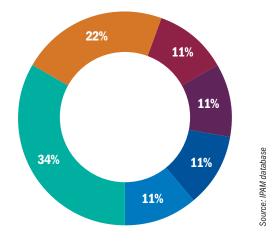
2021/01Belgrade Solid Waste PPP (Request #2)46758Serbia2020/07Tumad Gold Mines Development49041Turkey2020/06Corridor Vc in FBH - Part 349058Bosnia and Herzegovin2020/03Saint Gobain Construction Products42659Russia2020/02Lydian (Amulsar Gold Mine)-Extension48579Armenia2020/01North-South Corridor (Kvesheti-Kobi) Road50271Georgia2019/01Shuakhevi HPP (Request # 2)45335Georgia2018/09MHP Corporate Support Ioan, MHP Biogas47806, 49301Ukraine2018/08Nenskra HPP46778Georgia2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	Case Number	Case Name	Project Number	Country
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2020/07Tumad Gold Mines Development49041Turkey2020/06Corridor Vc in FBH - Part 349058Bosnia and Herzegovin2020/03Saint Gobain Construction Products42659Russia2020/02Lydian (Amulsar Gold Mine)-Extension48579Armenia2020/01North-South Corridor (Kvesheti-Kobi) Road50271Georgia2019/01Shuakhevi HPP (Request # 2)45335Georgia2018/09MHP Corporate Support Ioan, MHP Biogas47806, 49301Ukraine2018/08Nenskra HPP46778Georgia2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	<u>2021/02</u>	Gradacac Water Supply Project	<u>45810</u>	Bosnia and Herzegovina
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2020/01North-South Corridor (Kvesheti-Kobi) Road50271Georgia2019/01Shuakhevi HPP (Request # 2)45335Georgia2018/09MHP Corporate Support Ioan, MHP Biogas47806, 49301Ukraine2018/08Nenskra HPP46778Georgia2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	2020/03	Saint Gobain Construction Products	<u>42659</u>	Russia
2019/01Shuakhevi HPP (Request # 2)45335Georgia2018/09MHP Corporate Support Ioan, MHP Biogas47806, 49301Ukraine2018/08Nenskra HPP46778Georgia2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	2020/02	Lydian (Amulsar Gold Mine)-Extension	<u>48579</u>	Armenia
2018/09MHP Corporate Support Ioan, MHP Biogas47806, 49301Ukraine2018/08Nenskra HPP46778Georgia2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	<u>2020/01</u>	North-South Corridor (Kvesheti-Kobi) Road	<u>50271</u>	Georgia
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2018/01Kozloduy International Decommissioning Support Fundn/aBulgaria2017/10CMI Offshore47096Turkmenistan	<u>2018/09</u>	MHP Corporate Support loan, MHP Biogas	<u>47806, 49301</u>	Ukraine
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	2018/01	Kozloduy International Decommissioning Support Fund	n/a	Bulgaria
2017/07 Lukoil Shah Deniz Stare II 46766 Azerbaijan	<u>2017/10</u>	CMI Offshore	<u>47096</u>	Turkmenistan
	<u>2017/07</u>	Lukoil Shah Deniz Stage II	<u>46766</u>	Azerbaijan
2017/05 Southeast Europe Equity Fund II 34894 Regional/Kosovo	<u>2017/05</u>	Southeast Europe Equity Fund II	<u>34894</u>	Regional/Kosovo

Source: IPAM case registry

Figure 2 shows the reasons for not registering the nine requests in 2021. It is relevant to mention that 56% of non-registered requests in 2021 were related to matters covered by the Office of the Chief Compliance Officer (OCCO).

FIGURE 2 Reasons for non-registration of requests (2021)

- Prohibited practice allegations (3)
- Required information not provided (2)
- Contractual or human resource matters (1)
- Ethics allegations (1)
- Procurement allegations (1)
- Submitted after 24 months from the end date of financial interest in the project (1)



BOX 1. Registration criteria

For requests to be registered, the 2019 Project Accountability Policy states that they must meet three criteria:

- **1.** Provide the required information
- Raise issues related to specific obligations of the Bank under its Environmental and Social Policy and/ or the project-specific obligations of the Access to Information Policy; and
- **3.** Be submitted in relation to a project that has been approved and still within the period of 24 months from the date that the Bank ceased to have a financial interest in the project.

Additionally, a request will not be registered if any of the five exclusions listed in the Policy apply.

Annex 2 presents the list of exclusions.

Source: 2019 Project Accountability Policy

The Office of the Chief Compliance Officer investigates allegations of fraud, corruption and misconduct both within the EBRD and in EBRDfinanced projects. IPAM addresses allegations of harm related to environmental, social and transparency issues in EBRD-financed projects.

When a request fails to meet the criteria for registration, IPAM engages virtually with the complainant(s) if it considers that doing so will help determine whether the failure can be corrected. In these situations, IPAM may suspend the registration decision to allow complainants a reasonable opportunity to correct and/or resubmit the request. Despite several attempts, IPAM was unable to establish contact with the complainants that submitted incomplete requests and decided not to register them.

Geographic distribution

The 15 active cases were in five of the regions where the Bank operates. Most cases relate to projects in south-eastern Europe and in the Caucasus.

FIGURE 3 Case portfolio by geographic location (2021)



Source: IPAM database

Sector

The 2021 case portfolio relates mainly to projects in the energy (four) and transport (three) sectors. In the energy sector, the EBRD funding in two cases was directed to greenfield hydropower plants in Georgia.

Two of the transport sector cases refer to greenfield road projects in Bosnia and Herzegovina and Georgia. The third one, closed in 2021, concerns the acquisition of a vessel.

ENERGY 4	NATURAL Resources 2	MUNICIPAL INFRASTRUCTURE 2	
TRANSPORT 3	AGRIBUSINESS 1	EQUITY FUNDS 1	
	MANUFACTURING & SERVICES 1	NUCLEAR SAFETY 1	

FIGURE 4 Case portfolio by sector (2021)

Source: IPAM database

Project categorisation

The EBRD categorises proposed projects as A/B/C/FI based on environmental and social criteria to:

- (i) reflect the level of potential environmental and social impacts and issues associated with the proposed project, and
- (ii) determine the nature and level of environmental and social assessment, information disclosure and stakeholder engagement required for each project, taking into account the nature, location, sensitivity and scale of the project and the nature and magnitude of its possible environmental and social impacts and issues.

A project is categorised A when it could generate significant adverse environmental and/or social impacts that, at the time of categorisation, cannot be readily identified or assessed and which, therefore, require a formalised and participatory environmental and social impact assessment.

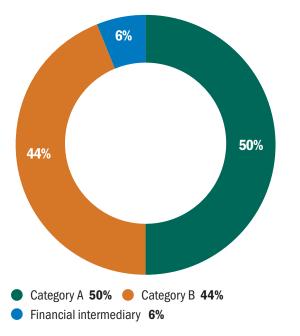
A project is categorised B when its potential adverse environmental and/or social impacts are typically site-specific and/or readily identified and can be addressed through mitigation measures. Environmental and social appraisal requirements may vary depending on the project and will be determined by the EBRD on a case-by-case basis.

A project is categorised C when it is likely to have minimal or no potential adverse environmental and/ or social impacts.

A project is categorised as FI if the financing structure involves the provision of funds through financial intermediaries, with the FI undertaking the task of sub-project appraisal and monitoring.

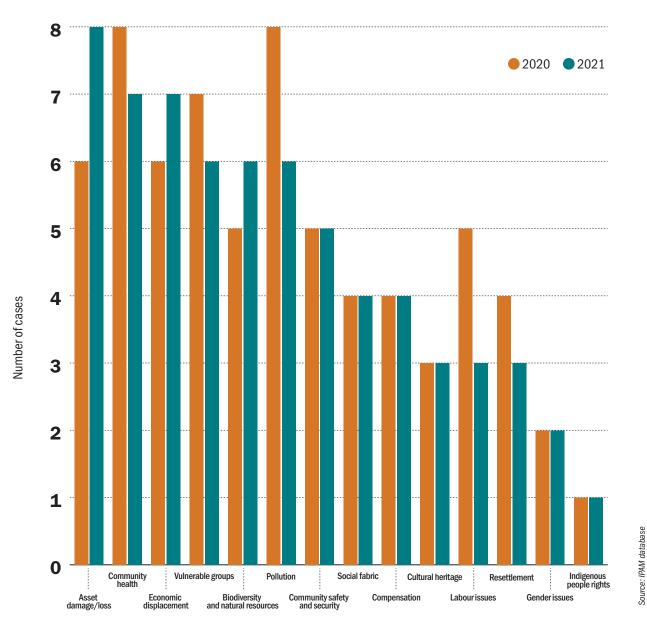
The 2021 portfolio of cases mainly relates to projects that have been categorised as A (50 per cent), followed by cases linked to projects categorised as B (44 per cent). Only one case is linked to a financial intermediary (FI).





The 2021 case portfolio relates to 18 different projects¹ funded by the EBRD. As shown in Figure 6, the Bank has found that most of these projects could potentially have significant adverse environmental and/or social impacts in future. As such, the concerns raised in the complaints vary depending on the type of project, its location and the impact it has on the complainants. In 2021, new cases focused on damage or loss of assets, economic displacement, and biodiversity and natural resources.

FIGURE 6 Issues raised in case portfolios: 2021 versus 2020



1. The 15 cases in IPAM's 2021 portfolio relate to 18 projects (some cases relate to more than one project).

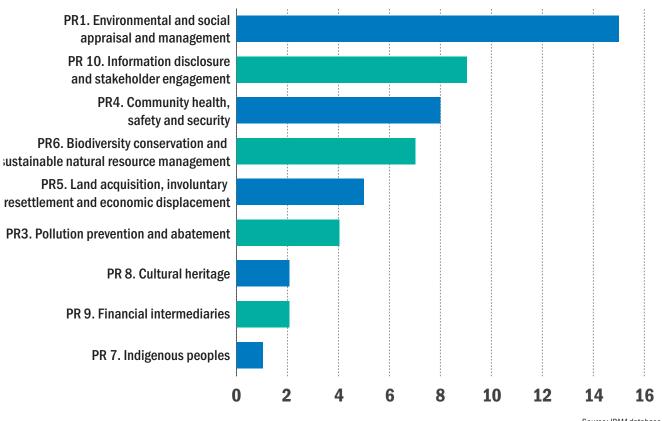
The Environmental and Social Policy and its performance requirements

The IPAM process directly concerns the EBRD's compliance with its Environmental and Social Policy (ESP) and the performance requirements that clients must meet when implementing an EBRDfunded project.

Most allegations of harm in 2021 stemmed from concerns about the overall assessment of impacts and the establishment of mitigation measures covered by Performance Requirement 1.

Several complainants also alleged that the Bank failed to ensure compliance with Performance Requirement 10, which involves information disclosure and stakeholder engagement.

FIGURE 7 Case portfolio (2021) by performance requirements raised



About the complaints

Complaints filed by individuals, communities or civil society organisations (CSOs) that are affected by projects trigger the IPAM process. However, sometimes non-affected organisations also file complaints. In 2021, most cases (seven) involved affected communities, followed by non-affected organisations (four).

Deciding to raise a complaint to a grievance mechanism such as IPAM is not easy for a person or a community that may be facing harm.

Complainants sometimes do not know how or lack the resources to submit a complaint, or they may find the process too cumbersome. In these instances, it is very helpful to have a third-party representative.

The 2021 case portfolio shows that authorised representatives submitted 60 per cent of cases, with one or more civil society organisations representing five out of nine complainants.

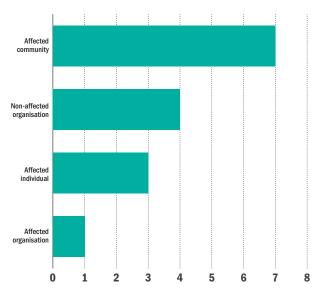


FIGURE 8 Cases by complainant type (2021)

Confidentiality and risk of reprisal

In some contexts, exercising the right to voice concerns can lead to reprisals. In 2021, seven cases involved individuals or communities that feared retaliation.

While IPAM offers confidentiality as part of its commitment to safe access, complainants do not always want to conceal their identity. In two cases, complainants opted to forgo confidentiality even though they feared retaliation for accessing the mechanism.

An alternative safety measure that some complainants use is having third-party representation, where the representative's identity is not kept secret. In the five cases where confidentiality was requested in 2021 due to risk of reprisal, either an individual or a civil society organisation represented the requesters.

Complainants see this as an additional layer of protection. However, when members of the affected community act as representatives, it is possible that they themselves might face retaliation or intimidation.

In these circumstances, IPAM engages with complainants to determine a path of action that will allow them to participate in the process safely.

TABLE 2 REPRISAL RISKS AND CONFIDENTIALITYREQUESTS (NUMBER OF CASES IN 2021)

	Number of cases
Request for confidentiality	5
Raised risk of reprisal	7

Source: IPAM database



Source: IPAM database



THE IPAM PROCESS

Problem solving

Four cases were actively engaged in problem solving in 2021. Two were legacy PCM cases that had been in dialogue for more than three years and two were new cases that started the dialogue phase in the second half of the year.

Pandemic-related social-distancing measures weakened the protracted dialogue processes for the first two cases. Positions became more polarised and IPAM found it challenging to establish communication bridges between the parties.

One process ended in August 2021 without reaching an agreement (see below). The same happened with the second at the end of the year. For the two new processes, the end of 2021 brought the possibility of finally holding the first sessions in person, which is a vital element for building trust and rapport.

Multiyear mediation ends without agreement

In June 2018, community members from the Vinnytsia region in Ukraine filed a complaint with the Project Complaint Mechanism with the support of local and international civil society organisations (CEE Bankwatch Network, Accountability Counsel and EcoAction Centre for Ecological Initiatives).

The concerns raised in the complaint relate to increased cargo traffic and the pollution impacts of two agribusiness projects owned by Myronivsky Hliboproduct (MHP).

As the International Financial Corporation was also providing funding to MHP, the Compliance Advisor Ombudsman received a complaint from the same community as well.

To increase impact and promote efficiency, the PCM and the Compliance Advisor Ombudsman decided to co-facilitate a dialogue process between the complainants and MHP. By July 2021, the process had not advanced as expected. Both complainants and the client felt the process was not leading to the desired outcomes, although some progress had been achieved in the three years of engagement.

IPAM and the Compliance Advisor Ombudsman (the mechanisms) met each of the parties in August 2021. While both sides acknowledged that the process had improved their communication, they identified several outstanding issues.

On the one hand, MHP said the process lacked structure and that agreed timeframes were not honoured. The company also felt that the complainants did not appreciate efforts it had made to address some of their concerns.

The complainants, on the other hand, said MHP did not fully deliver on its commitments.

Based on this, the mechanisms decided to terminate the process. The case is now being assessed to determine if a compliance review is needed.

Among the lessons IPAM learned from this process are:

- the need for better coordination between the mechanisms
- the need to identify core issues of the dispute early in the process
- the need to identify effective methodologies conducive to safe participation

To follow the case, see Case 2018/09.

Compliance review

The 2019 Project Accountability Policy, which describes the structure and procedures through which IPAM operates, does not automatically trigger a compliance review when complainants express interest in an investigation. First, IPAM must assess a case and determine if two criteria are met:

- i. Upon preliminary consideration, it appears that the project may have caused, or may be likely to cause, direct or indirect and material harm to the requesters (or, if different, the relevant projectaffected people).
- ii. There is an indication that the Bank may not have complied with a provision of the ESP (including any provision requiring the EBRD to monitor client commitments); or the project-specific provisions of the Access to Information Policy, in force at the time of project approval.

IPAM conducted two compliance assessments in 2021, each with different outcomes. Case 2020/03 did not meet the requirements to initiate a compliance review, while Case 2020/06 proceeded to the investigation stage.

Case 2020/03, about environmental and health impacts on a farm in the vicinity of a gypsum quarry in Russia

IPAM received a request on 16 July 2020 related to the Saint Gobain Construction Products Russia Project (42659) for the development of the Gomzovo Quarry in the Nizhny Novgorod region of Russia.

Leonid Vilnits submitted the complaint on behalf of himself and his family as the owners of Ecofarm Rodnik.

The complaint raised concerns about (i) the encroachment of the sanitary zone established around Saint Gobain's gypsum quarry into the Ecofarm property, (ii) blasting operations that were taking place and (iii) associated pollution with poisonous chemicals and dust affecting both air quality and water supply sources within the boundaries of the Ecofarm.

The complainants alleged that the Bank had failed to comply with its monitoring activities and was therefore responsible for the harm.

During its preliminary review, IPAM found that the Bank had not conducted any monitoring visits since 2015 because activities in Russia had been suspended. Other monitoring tools had been set up, however.

To determine whether the case met the criteria to proceed with a compliance review, IPAM checked the 2008 ESP provisions, which applied to the project.

The concerns raised in the complaint appeared to be related to the Bank's monitoring obligations as established in the 2008 ESP. In IPAM's view, the alternative monitoring actions met the requirements.

As a result, IPAM determined that the case did not comply with one of the established criteria and could not proceed with a compliance review. Processing of the case was concluded in February 2021.

Access the public registry to read more about Case 2020/03 and the determinations made by IPAM.



Case 2020/06, about the alignment selection of a road in Bosnia and Herzegovina and its impact on the community and the region

In early 2020, residents of Carski Vinogradi, Malo Polje and Kocine, in the Federation of Bosnia and Herzegovina, filed a complaint with the EBRD and the EIB over the South Mostar – Tunnel Kvanj section of the Corridor Vc project.

They alleged that the selected alignment (the chosen route for the road) would severely affect a rich agricultural area and have negative consequences for the community. The complainants raised concerns about how the road would directly affect Serbian refugee returnees, pollute the area's rivers and affect its cultural heritage.

They alleged that the client had not consulted the affected communities and that only limited information had been disclosed to date. In addition, they asserted that by excluding the participation of vulnerable groups and failing to undertake robust impact assessment studies, the Bank had not complied with the 2014 ESP and good international practice.

During the compliance assessment, IPAM could not find detailed information on how the EBRD had determined that the selected alignment met the policy requirements, as mandated by the 2014 ESP.

Furthermore, according to the complainants, an alignment with fewer environmental and social impacts had been analysed and discarded in favour of the current one, which from their perspective had significant impacts on the affected communities, particularly in relation to Serbian returnees. In this regard, a preliminary analysis did not provide sufficient information indicating that the Bank had assessed the impact on vulnerable groups and required adequate mitigation measures.

Based on the preliminary review, IPAM decided that the case met the criteria to move forward with a

compliance review to provide factual information on the Bank's actions and determine whether it had complied with the 2014 ESP.

The case is now in the compliance review stage. To follow the case, see Case 2020/06.



The compliance team began the investigation on this case in 2021 and continued investigating three others, namely 2019/01, 2020/01 and 2020/02.

The first two compliance review missions took place in the second half of the year, with visits to Bosnia and Herzegovina and Georgia.

WHY IS IT IMPORTANT TO VISIT THE PROJECT SITE DURING THE COMPLIANCE REVIEW PHASE?

The pandemic marked IPAM'S first year of operation. Working from home and travel restrictions meant the team could only engage with complainants virtually, with virtual maps and photographs replacing the visual inspections and oneon-one conversations that characterise site visits.

This travel ban on one of the core tools used by a project grievance mechanism was particularly onerous for those cases undergoing compliance reviews.

Understanding the context on the ground is a key element in the investigative methodology of IPAM for a number of reasons:

- It provides the opportunity to appreciate first-hand the project footprint and its linkage with the issues raised.
- It promotes a more balanced perspective as the investigative team meets with a diverse range of stakeholders beyond those related directly to the case.
- As IPAM engages mostly with vulnerable communities, the visits bridge the barrier of distance, language and technology that limit access to the mechanism and recourse.
- It allows the team to focus on the project, the client and the community on their own terrain. Gathering facts and learning first-hand are very important, but it is even more vital to appreciate the passion, commitment and importance that all stakeholders give to a project and its outcomes.

Monitoring

The compliance review process does not end with a report when the Bank has been found in breach of its obligations in relation to the ESP or the Access to Information Policy.

The accountability circle only closes with the timely implementation of an action plan proposed by Management to address the IPAM findings and approved by the Board.

For this purpose, IPAM has a monitoring role that requires Management to update the mechanism on implementation of the plan and mandates IPAM to issue monitoring reports every six months until all proposed actions have been implemented. In 2021, four PCM legacy cases were in the monitoring stage: 2017/05, 2017/07, 2017/10 and 2018/08. By the end of the year, case 2017/07 was closed with the full implementation of all actions. Monitoring continued for the other three cases as one or more actions were still pending.

A situation common to all cases in monitoring is the unjustified delay in the implementation of actions by Management.

For further information on these cases and the monitoring reports, go to the IPAM public registry.



OUTREACH AND KNOWLEDGE SHARING

External outreach

Promoting access to a mechanism requires action on several fronts, starting with

- a mandate
- a strategy to guide individual actions, and
- a dedicated team to propose and carry out actions.

The 2019 Project Accountability Policy gave IPAM the mandate to conduct outreach among internal and external stakeholders, so in 2021, IPAM developed a strategy, defined roles and recruited the talent needed to implement it.

Outreach Strategy

The Outreach Strategy 2021-2024 was based on the United Nations Guiding Principles on Business and Human Rights and the criteria that make a non-judicial grievance mechanism like IPAM more effective: accessibility, predictability and transparency.

The document provides the rationale and types of action that IPAM will incorporate in its annual work programme to become more accessible to project-affected communities in EBRD regions of operations. It also encourages greater awareness of the accountability function among Bank staff and clients.

Periodic engagement with CSOs

IPAM held its first quarterly meeting with a core group of CSOs in March 2021. These periodic encounters aim to ensure that the mechanism is effectively promoting access and fostering transparency, but also learning about the challenges of communities in accessing and understanding IPAM.

Accessibility at all levels

Promoting access goes beyond organising workshops. There was a concerted effort in 2021 to produce outreach materials and make the 2019 Project Accountability Policy available in all official languages of the regions where the EBRD operates.

New content was added to the IPAM website to provide information on process and make submission of a complaint easier.



EBRD Annual Meeting and Business Forum

Exactly 12 months from its first day of operation, IPAM hosted an open session at the EBRD Annual Meeting and Business Forum to give voice to complainants in three cases at different stages of case processing. Complainants commented that the 2019 Policy had created a more responsive and transparent mechanism.

"Our decision to follow the problem-solving route was taken after consultation and advice from IPAM, which was appreciated. We see the potential to achieve something through the mechanism, mostly because the parties have become much more responsive since the process was launched."



VLADA ŠAHOVIĆ

A11 Initiative for Social and Economic Rights Assessment and problem solving Case No. 2021/01 – Belgrade Solid Waste PPP "After the case transferred to IPAM, it improved a lot – clear information, including the limits of the mechanism, advice on which function to choose for the case. Thanks to that, we have a better understanding of the process and we appreciate open communication. We have also learned about the possibility of reporting retaliation, which is important to us."



AMNA POPOVAC AND AZRA DURAKOVIC

Moving from PCM to IPAM Case No. 2020/06 -Corridor Vc FBH - Part 3



"PR 7 is a very important issue in this case and engagement of all local 17 communities is vital. The community tried to voice their concerns but the company was dismissing them, so they decided to file a complaint. IPAM allowed the community to be heard, which is appreciated. That is why we thank IPAM for keeping the monitoring of the case open until all the concerns are properly addressed."



LILE CHKHETIANI, CHUBERI COMMUNITY, AND DAVID CHIPASHVILI, GREEN ALTERNATIVE



A more robust monitoring role Case No. 2018/08 – Nenskra HPP

Promoting access workshops

Although no in-person workshops took place in 2021, IPAM actively sought to promote access among civil society organisations and other institutions with similar mandates.

In collaboration with other members of the Independent Accountability Mechanisms Network (IAMNet), IPAM organised workshops in two EBRD countries of operations: Uzbekistan (June) and Turkey (September).

TABLE 3 - OUTREACH EVENTS 2021

JUNE

Uzbekistan Webinar in collaboration with IAMNet Pathways to Sustainability in Mineral Supply Chains Promoting Access – Grievance Redress Mechanism

SEPTEMBER

Turkey Webinar in collaboration with IAMNet

Engaging in Collaborative Dialogue in Europe and Beyond Global Webinar Series: Confronting Chaos, Embracing Conflict (organised by ADR Centre Global, JAMS and the Centre for Effective Dispute Resolution)

NOVEMBER

Access to Remedy and Shrinking Civic Space – 2nd Forum on Business and Human Rights in Eastern Europe and Central Asia, organised by the United Nations Development Programme, Business and Human Rights Asia initiative and United Nations Human Rights Special Procedures

DECEMBER

Participation in a debate lunch on Corporations and Human Rights – House of Lords



Internal outreach

Our engagement with EBRD staff showed that even those colleagues directly involved with cases had a limited understanding of IPAM. Therefore, internal outreach in 2021 focused on raising awareness of IPAM as a new mechanism with an extended mandate, a new internal expert-based model now directly reporting to the Board and not embedded in Management.

Some of the key activities of the year were:

- holding virtual interactive sessions with the Environment and Sustainability Department, the Office of the General Counsel and teams in Resident Offices
- producing a video for the New Joiners Programme
- updating the IPAM intranet section
- engaging with Board Directors as one of our key stakeholders, including quarterly reports to the Audit Committee and two briefing sessions (July and September).

Other engagement with Bank Management

In 2021, IPAM provided technical inputs for guidance notes on gender, human rights and transparency and for the drafting of co-lending agreements (see details in Box 2).

In addition, IPAM invited staff from the Environment and Sustainability Department to participate in the

training session on Multicriteria Analysis by the Omega Group.

Knowledge sharing

As a member of the Independent Accountability Mechanisms Network, IPAM participated actively in knowledge-sharing activities for network members.



18th Annual Independent Accountability Mechanisms Meeting, 27-30 September 2021

IPAM participated in the 18th Annual IAM Meeting, hosted by the Complaints Mechanism of the European Investment Bank. More than 100 practitioners took part in the virtual meeting to share insights on topics such as addressing retaliation, access to remedy and the challenges of Covid-19.

IPAM and the Inter-American Development Bank's Independent Consultation and Investigation Mechanism (MICI) co-hosted a panel titled "Working

BOX 2. Co-financing and its implications for handling complaints

The EBRD and AIIB

The EBRD and the Asian Infrastructure Investment Bank (AIIB) signed a framework agreement in 2021 establishing that IPAM would be the mechanism of choice for projects financed by both institutions where the EBRD ESP applies.

If a complainant approaches the AIIB Project-affected People's Mechanism, the mechanism would share it with IPAM and notify the complainant of the way forward through IPAM.

The EBRD and EIB

When an EBRD project also receives funding from the European Investment Bank, a complainant can access both mechanisms (IPAM and the Complaints Mechanism), which will process the complaint per their own procedures in a parallel fashion. The two mechanisms would share information systematically and collaborate closely throughout the process.

in an IAM" that highlighted the need to establish core competencies for accountability professionals and to help the sector grow. As a first step, the participants agreed to create a working group to identify existing capacity and skills within IAMNet.

A half-day session with civil society organisations led to a rich discussion on the impact of Covid-19 on communities, the challenges of engaging with marginalised and vulnerable groups, and the resulting delays of case processing. The CSOs participating in the session said the pandemic had made it more difficult to mobilise communities. Among the reasons cited were: inadequate infrastructure in certain areas that created a technological divide, the socio-cultural context and/or curfews or other government restrictions. Furthermore, travel bans meant more time was needed to engage communities and gather their feedback.

CSOs also noted that the virtual environment had shrunk civic space and increased the risk of reprisals in some countries.

The discussion highlighted the urgency of bridging the gap for IAMs to be truly accessible to communities. Participants suggested solutions such as building the capacity of representatives, using satellite imagery for site investigations and systematically assessing the risk of reprisals against complainants.

Peer-led development of IPAM staff

A series of peer-led development initiatives, along with formal training on specific topics such as gender or multi-criteria analysis, have helped strengthen IPAM's in-house expertise. Technical one-on-ones with our colleagues from MICI, the Compliance Advisor Ombudsman Office and others were organised to learn from their experience in problem solving and compliance. **TABLE 4 -** TRAINING SESSIONS

MARCH

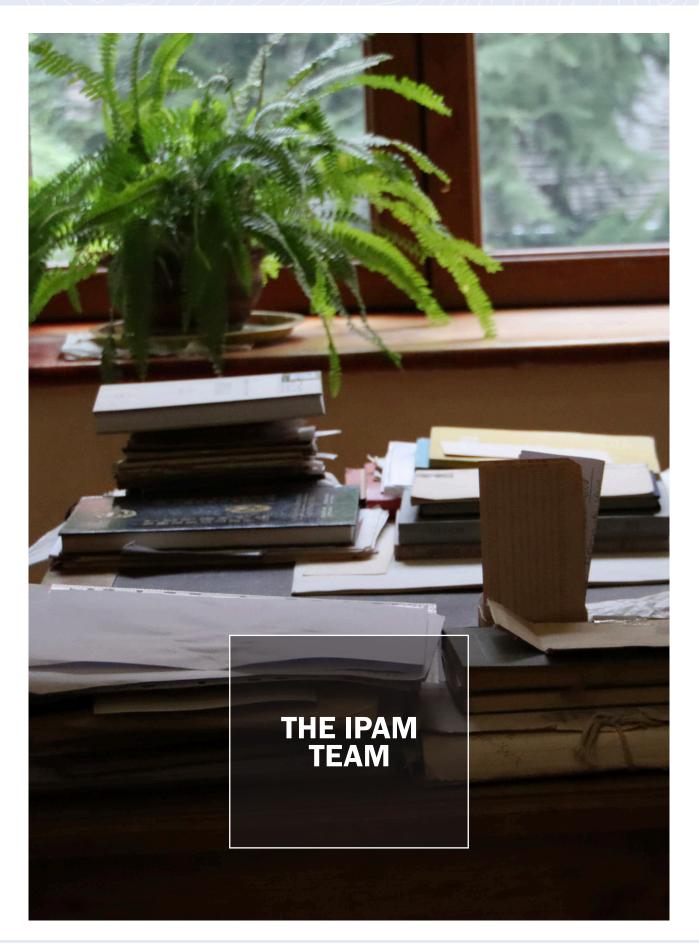
Good practice in conducting a compliance investigation Training session by Josefina Miranda from the ADB Compliance Review Panel

AUGUST

Training on management of cases on concerns related to gender-based violence Workshop by Bond Associates

NOVEMBER

Multi-criteria analysis for assessing alternatives Workshop by Omega Group



THE IPAM TEAM

When the Project Accountability Policy was approved in 2019, the EBRD Board of Directors decided to create a new senior position, the Chief Accountability Officer (CAO), to lead a group of professionals working in IPAM as the team responsible for the accountability function at the Bank. This decision meant that an internal expert model replaced the external expert-based model used by the Project Complaint Mechanism. In practice, this new way of working meant designing a new organisational structure, drafting job descriptions fit for purpose and recruiting talent. The CAO, with support from the Human Resources and Organisational Development Department, established the core IPAM structure in 2021. Through a seven-person team, this structure is responsible for implementing the Policy in its four functions: problem solving, compliance, outreach and institutional learning.

WHO IS WHO AT IPAM?



Victoria Márquez-Mees is the EBRD's first CAO. As Managing Director of IPAM, she is responsible for the setup and operation of the office.



Sushma Kotagiri is the Effectiveness, Engagement and Learning Lead.

Contact her on access promotion, training and IPAM's stakeholder engagement in general (not case related).



Olga Vasiliev is the Problem Solving Lead.

Contact her in relation to complaint assessment and our problemsolving function in general.



Gina Llewelyn is the Executive Assistant to the CAO.

Contact her to schedule a meeting with the CAO and on general administrative issues.



Giorgio Napoli is the IPAM Analyst.

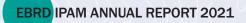
Contact him for registration of requests, case statistics, our case registry, the webpage and the intranet.

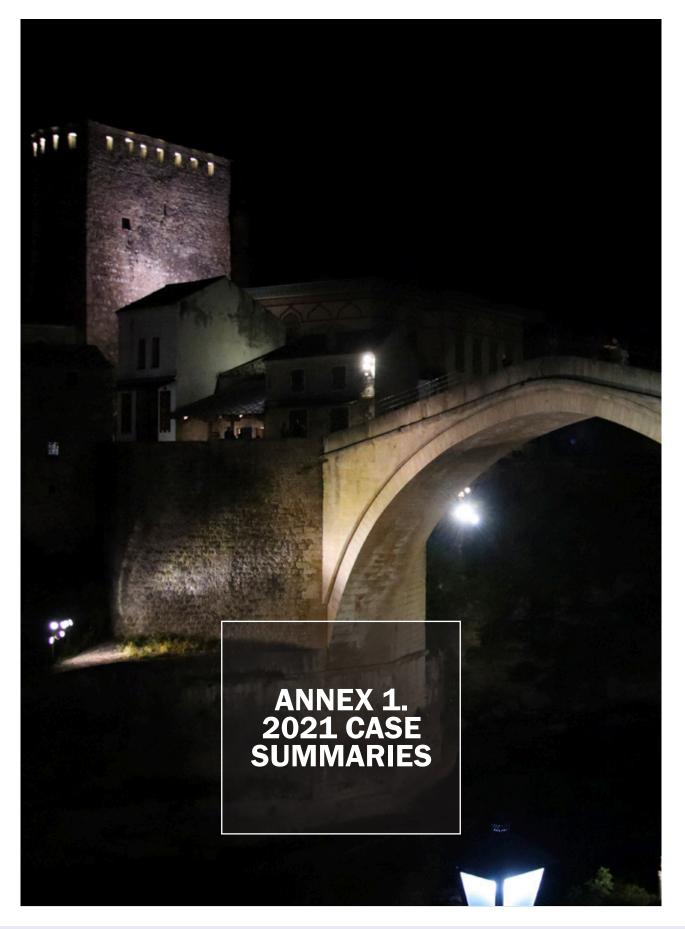
Vacant position Compliance Lead



Kinga Jaromin is the Compliance Associate.

Contact her for cases in the compliance function and our compliance work in general.





ARMENIA **Case 2020/02** Lydian (Amulsar Gold Mine) Extension Case status: Open

The complaint

Location: Armenia Complainant(s): Residents of the Jermuk Community supported by CEE Bankwatch, EcoLur, Forest of Armenia, Green Armenia and Armenian Environmental Front Confidentiality: No Date of receipt: 12 June 2020 Functions: Compliance

The complainants allege that the project has already had negative impacts on five residential settlements in Jermuk during the construction phase and could generate additional harm once in operation. In particular, the complainants are focusing their allegations on community health and livelihood impacts due to the pollution of water, as well as impacts on red-list species. They say that dust has had an impact on water supply, contributing to the pollution of drinking and irrigation water, as well as fish farms in Gndevaz, and they fear that uranium pollution to the air, water and soil may adversely affect the health of the community. They are also concerned that the town and spa of Jermuk are experiencing serious harm, including reputational damage and negative economic and social impacts, due to the loss of tourism.

Similar allegations were previously filed with the PCM, but a complaint was not registered. In 2014, the complainants filed similar allegations with the Compliance Advisor Ombudsman of the IFC in relation to the IFC's involvement in the project, which resulted in findings of non-compliance with the IFC's performance requirements.

The project

Name: Lydian (Amulsar Gold Mine) Extension (48579)
Client: Lydian International LTD
Approval date: 20 July 2016
Status: Disbursing
Environmental category: A

On 20 July 2016, the EBRD Board approved an investment worth CAD 11.4 million (€8.2 million equivalent) to sustain its shareholding in a publicly listed company operating in Armenia. The investment was an equity injection to acquire additional shares in the capital of Lydian International Limited, enabling the Bank to protect its existing shares from dilution. The equity investment supplemented the Bank's earlier involvement in the project in its exploration and development stage.

In June 2018, local protesters and demonstrations prevented access to the mine. All project-related activities ceased due to the blockade. Lydian International became insolvent in 2019 and applied for protection, allowing it to restructure its business and financial affairs. As of July 2020, Lydian Ventures of Canada owns the Amulsar gold deposit, in which the EBRD is not a shareholder.



IPAM processing in 2021

The compliance review process began in 2021 and continued throughout the year with both Management and the complainants. The process has involved a thorough review of project documentation, communications during the period and research on good international practices for gold mining, stakeholder engagement and the Bern Convention.

A draft report is expected to be shared with parties in the first quarter of 2022, seeking their comments.

Click here to access case registry 2020/02

AZERBAIJAN Case 2017/07 Lukoil Shah Deniz Stage II Case status: Open

The complaint

Location: Azerbaijan Complainant(s): Confidential Confidentiality: Yes Date of receipt: 5 September 2017 Function: Compliance

The complainants, who requested confidentiality, alleged that the project lacked adequate consultation and compensation and affected the village's agriculture. They also requested aid for the affected communities and compensation for properties damaged by a pipeline explosion in 2016.

The project

Name: Lukoil Shah Deniz Stage II (46766) Client: LUKOIL Overseas Shah Deniz Ltd (LOSD) Approval date: 22 July 2015 Status: Repaying Environmental category: A

Shah Deniz II is an offshore gas exploration and production project in Azerbaijan, managed by BP Plc. On 22 July 2015, the EBRD Board approved an A/B loan to Lukoil to provide up to US\$ 1 billion (€883.5 million) in financing for Lukoil's share in the Stage 2 development of the project. Lukoil has a 10 per cent stake in the Shah Deniz field. The project includes two additional bridge-linked offshore gas platforms, 26 subsea wells, 500 km of subsea pipelines, the expansion of the gas plant at Sangachal Terminal and the expansion of the South Caucasus Gas Pipeline.

The project is co-financed by the ADB.



IPAM processing in 2021

IPAM issued two monitoring reports in 2021, Monitoring Report II in March and Monitoring Report III in July.

Management made no progress in implementing the pending actions, which were already on track to be delayed.

To date, two items are pending:

Production of a guidance note on PR10
 Production of a guidance note on PR4

Both actions had progressed as of early 2022, with consultants providing their services and both guidance notes finalised.

Click here to access case registry 2017/07

BOSNIA AND HERZEGOVINA **Case 2020/06** Corridor Vc in the Federation Of Bosnia And Herzegovina (FBH) - Part 3 Case status: Open

The complaint

Location: Bosnia and Herzegovina Complainant(s): Azra Durakovic and Amna Popovac representing residents of Carski Vinogradi, Malo Polje and Kocine Confidentiality: No Date of receipt: 6 January 2020 Function: Compliance

The complainants have raised concerns over the chosen route of the south Mostar-Tunnel Kvanj section of the Corridor Vc motorway.

They assert that the route has adverse environmental, economic and cultural impacts, harming the residents of South Mostar. Among the alleged damage, the complainants list potential adverse environmental impacts on the Buna and Bunica rivers, particularly in relation to water pollution, affecting fertile areas; the impact on cultural sites due to the road's proximity; and the impact on refugee returnees and the risk of displacement due to expropriations of property for the road and the resulting loss of livelihoods.

They also allege that there has been no consultation on the route and that the project has generally been characterised by a lack of transparency when it comes to deciding alternative routes. They say the impact assessment studies lacked robustness and independence and that local legislation was breached with regard to the expropriation of military property. The complainants have also submitted grievances to the Complaints Mechanism of the European Investment Bank.

The project

Name: Corridor Vc in FBH - Part 3 (49058) Client: Motorways of the Federation of Bosnia and Herzegovina Approval date: 5 September 2018 Status: Disbursing Environmental category: A

On 5 September 2018, the EBRD Board approved a sovereign loan of up to €180 million to Motorways of the Federation of Bosnia and Herzegovina to construct four new key sections of Corridor Vc with a total length of around 15.8 km, as part of the Western Balkans Core Road Network and the greater pan-European transport corridor. The loan comprises two tranches. The first finances the construction of three motorway sections (Tunnel Ivan, which is about 2 km long) and co-finances with the EIB the construction of a motorway section from Poprikuse to Nemila. The second will finance the construction of a motorway section from the Mostar South Interchange to Tunnel Kvanj, which is around 8.7 km long. The availability of the second tranche was made conditional on the firm's compliance with the Bank's 2014 ESP Requirements.

The EIB co-finances the project.

EBRD IPAM ANNUAL REPORT 2021



IPAM processing in 2021

In March 2021, IPAM determined that the complaint was eligible for a compliance review (Compliance Assessment Report), thus initiating the investigation stage in April.

The Chief Accountability Officer visited the project area in September 2021 to meet with complainants, state and municipal authorities, consultancy firms engaged in the project, the client and EBRD staff in Sarajevo and Mostar.

IPAM also engaged continuously with the EIB's Complaints Mechanism, which was concurrently investigating the project.

At the end of the year, the investigation was ongoing.

Click here to access case registry 2020/06

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BOSNIA AND HERZEGOVINA Case 2021/02 Gradacac Water Supply Case status: Open

The complaint

Location: Bosnia and Herzegovina Complainant(s): Two residents of the municipality of Gradačac, represented by Musa Suljevic Confidentiality: Yes Date of receipt: 26 August 2021 Function: Problem solving

Two complainants, residents of the Gradačac municipality, allege that the renovation of the water distribution system carried out by the municipality under the EBRD-funded project has harmed them and may continue to do so in future. They also assert that the contractor entered private property without proper authorisation and no compensation was provided to the owners, and that the telecommunication infrastructure owned by one of the complainants was damaged due to the excavation works, causing economic displacement. Lastly, they cite concerns about the condition of the roads and traffic safety.

The project

Name: Gradačac Water Supply (45810) Client: Komunalac d.o.o. owned by the Gradačac municipality Approval date: 27 August 2014 Status: Repaying Environmental category: B

The project involves the provision of €6 million in debt financing for the water supply network to rural areas of the Gradačac municipality in Bosnia and Herzegovina, together with a grant for the replacement of a dilapidated water supply network, the reconstruction and expansion of the sewerage network, and the reconstruction of the wastewater treatment plant. The public utility company Komunalac d.o.o. Gradačac, owned by the Gradačac municipality, is responsible for implementing the project.



IPAM received the complaint on 26 August 2021 and registered it on 22 October 2021. Given that one of the complainants had expressed fear of reprisal, the client and the EBRD were unaware of certain concerns. On registration, the EBRD asked IPAM if the Bank could engage directly with the complainant so it could address the issues.

After obtaining the complainant's permission to disclose his identity to allow for engagement with the Bank, IPAM temporarily suspended the assessment stage. The suspension will be lifted in early 2022 and IPAM will make an assessment based on the feedback received from the complainants and Management. **Click here** to access case registry 2021/02

BULGARIA **Case 2018/01** Kozloduy International Decommissioning Support Fund Case status: Open

The complaint

Location: Bulgaria

Complainant(s): 30 civil-society representatives from Craiova, Romania and Bulgaria, represented initially by Lucian Sauleanu, President of ARC NGO Craiova, and since May 2018 by Luminita Simoiu of the Civic Association for Life

Confidentiality: No

Date of receipt: 9 February 2018 **Functions:** Problem solving and compliance

The complainants submitted a request for a problem-solving initiative regarding the Kozloduy International Decommissioning Support Fund project. The concerns raised related to the project's potential impacts on the local population and the environment. Complainants also highlighted the need for greater transparency and meaningful public consultation, in line with best international practice.

The project

Name: Kozloduy International Decommissioning Support Fund Client: Bulgarian State Enterprise Radioactive Waste Approval date: 13 August 2013 Status: Ongoing Environmental category: A

The European Commission and other European donors set up the Kozloduy International Decommissioning Support Fund (KIDSF) in June 2001 to support the Bulgarian government with the early closure and decommissioning of four units of the Kozloduy nuclear power plant (units 1-4) and consequent measures in the country's energy sector. The fund operates in Bulgaria based on a framework agreement between the EBRD and the Bulgarian government, ratified by the country's parliament.

The KIDSF finances and co-finances selected projects for two main purposes:

- to support the decommissioning of units 1-4 of the Kozloduy nuclear power plant, notably by providing facilities to treat and store spent nuclear fuel and radioactive waste
- to address issues in the energy sector related to the closure of units 1-4 by demonstrating ways to reform and modernise both the supply and demand side of energy use in Bulgaria.



The problem-solving process in 2021 was focused on amending the Framework Agreement at the request of the complainants, who felt it provided limited transparency. However, the parties could not agree on common language.

IPAM engaged with the complainants and the client in August 2021 to reassess whether it would be possible to find solutions to the concerns raised in the complaint. Unfortunately, the parties' positions remained extremely polarised and there was a continued lack of common understanding. After extensive consultations with the parties, IPAM decided to terminate the process as it did not appear likely to lead to an agreement.

Before closing the problem-solving stage, the complainants requested additional information from Bulgarian State Enterprise Radioactive Waste, which provided written responses with supporting documentation.

The case will be transferred to the compliance team in early 2022 to be considered for a compliance review at the request of the complainants.

Click here to access case 7 registry 2018/01

BULGARIA **Case 2021/03** Maritsa East Mines Case status: Open

The complaint

Location: Bulgaria Complainant(s): Several residents from the community of Beli Bryag Confidentiality: Yes Date of receipt: 28 October 2021 Function: Compliance review

IPAM received a request on 28 October 2021 from six residents of the village of Beli Bryag in Bulgaria who asked for confidentiality. Requesters are supported by CEE Bankwatch, a regional civil society organisation represented by Fidanka Bacheva-McGrath, and Za Zemiata, a local civil society organisation represented by Desislava Stoyanova. Requesters allege that the expansion of mining activities at the Maritsa East Mines has led to loss of land for the community and economic losses. They allege that the EBRD is not fully compliant and is not ensuring the compliance of its clients in relation to the following project: Grant to Maritsa East Mines through the Kozloduy International Decommissioning Support Fund; Bulgarian Energy Holding (BEH) Bond Issue (48556) and BEH Bond 2018 (50221). Requesters would like their request to be considered for a compliance review.

The project

Name: Grant to Maritsa East Mine through the Kozloduy International Decommissioning Support Fund/ BEH Bond Issue (48556)/ BEH Bond Issue 2018 (50221)

Client: Mini Maritsa Iztok EAD and Bulgarian Energy Holding (BEH) EAD

Approval date: 17 January 2014/20 July 2016/20 June 2018

Status: Finalising completion/Completed/Ongoing **Environmental category:** B/B/B

The request cites three EBRD operations. Two are bond issues where the client is Bulgarian Energy Holding EAD, a holding company that is 100 per cent owned by the Ministry of Energy of Bulgaria, which consolidates some of the largest energy companies in the country in the areas of electricity generation, transmission and trading, gas supply and coal mining, among others. BEH is also the public supplier of both electricity and gas in Bulgaria. The third is a non-reimbursable grant to Maritsa East Mines, a 100 per cent state-owned company and subsidiary of BEH, operating the largest open-cast lignite coalfield in Bulgaria.



IPAM registered the complaint on 1 December 2021 under case number 2021/03 and undertook an expedited assessment immediately afterwards, as the complainants had expressed their interest in a compliance review. A problem-solving initiative could not be considered because the complainants had already participated in a facilitated dialogue for similar issues in an earlier PCM case (2017/09).

As a result, IPAM transferred the case to the compliance function to determine its eligibility for a compliance review.

Click here to access case registry 2021/03

GEORGIA Case 2018/08 Nenskra HPP

Case status: Open

The complaint

Location: Georgia Complainant(s): Residents of four communities of Chuberi in the Samegrelo-Zemo Svaneti region of Georgia Confidentiality: No Date of receipt: 30 May 2018

Date of receipt: 30 May 2018 Function: Compliance

The complainants, who asked for their identities to be kept confidential, alleged that the project failed to address its potentially significant impacts on the Svan indigenous people, thus causing them harm. The complainants alleged adverse impacts on their culture, livelihoods, health and general well-being. They also alleged limited public consultation, an insufficient impact assessment and limited mitigation measures.

The CEE Bankwatch Network and Green Alternative, a non-governmental organisation based in Georgia, supported the complaint.

The project

Name: Nenskra HPP (46778) Client: Nenskra JSC Approval date: 31 January 2018 Status: Board approved Environmental category: A

The EBRD provided a senior secured loan of US\$ 214 million (€189 million) to JSC Nenskra Hydro to finance the development and construction of the 280 MW Nenskra HPP on the Nenskra and Nakra rivers in the Svaneti region of north-western Georgia. The project includes several "large" (per International Commission of Large Dams definitions) infrastructure components, as well as extensive tunnelling for the transfer of water from a neighbouring catchment area. Project construction also requires a number of associated facilities, such as roads, quarries and a transmission line.

Although the project's catchment area is entirely within Georgia, it is highly sensitive from both a social and environmental perspective. The project's footprint is, therefore, relatively large and complex and has been categorised as A under the 2014 ESP.

The EIB, the ADB and the AIIB are co-funding this project.



Processing of the case continued in 2021, with IPAM monitoring the implementation of the approved Management Action Plan (MAP). Two monitoring reports were issued covering the period from September 2020 to July 2021 (Monitoring Report I and Monitoring Report II).

The complainants have regularly raised the issue of inadequate consultation. IPAM has advised EBRD Management to ensure adequate consultation with the complainants on actions committed to in the MAP monitoring plan.

Pending actions from 2021 include:
1. disclosure of the PR7 guidance note
2. specifying the disclosure language in the internal guidance on analysis of alternatives
3. finalisation of internal guidance on wider gender considerations based on the 2019 ESP.

IPAM asked Management to set a revised deadline for completion of these actions and the rationale for the new timeframe due to significant delays noted in the committed timelines. IPAM monitoring will continue in 2022.

Click here to access case registry 2018/08

GEORGIA Case 2019/01 Shuakhevi HPP Case status: Open

The complaint

Location: Georgia Complainant(s): Green Alternative and CEE Bankwatch Network Confidentiality: No Date of receipt: 16 July 2018 Function: Compliance

The complainants, CSOs Green Alternative and CEE Bankwatch Network, raised concerns about the Shuakhevi hydroelectric power (HPP) project, particularly in relation to the robustness of the environmental and social impact assessment, due diligence, project implementation and project monitoring. The complaint cited concerns about the adequacy of stakeholder engagement, measures for safeguarding women as a vulnerable group and the sufficiency of biodiversity offset measures. The complainants asked for a compliance review.

The project

Name: Shuakhevi HPP (45335) Client: Adjaristsqali Georgia LLC Approval date: 30 April 2014 Status: Repaying Environmental category: A

The Shuakhevi HPP project involves an EBRD senior loan to Adjaristsqali Georgia LLC of up to US\$ 86.5 million (€76.4 million) to finance the development, construction and operation of the plant, located on the Adjaristsqali River in southwestern Georgia. The Shuakhevi HPP has an installed capacity of 185 MW, with an expected electricity output of 452 GWh. It was designed as a run-of-the-river plant with capacity for diurnal storage in two reservoirs, enabling the project to store water for up to 12 hours and then sell electricity at times of peak demand. The ADB and IFC are co-financing the project.

The client, Adjaristsqali Georgia LLC, is a special purpose vehicle established for the sole purpose of building a cascade of three hydroelectric power plants on the Adjaristsqali River, the first of which is the Shuakhevi HPP. Clean Energy Invest AS (40 per cent), Tata Power (40 per cent) and IFC Infraventures (20 per cent) own Adjaristsqali Georgia LLC.

On 30 April 2014, the EBRD Board of Directors approved the Category A Project under the 2008 ESP. The transaction is currently in the process of repayment.



At the end of 2021, a draft version of the compliance review report was shared with the complainants and Bank Management for their comments.

The Compliance Review Report and any Management Action Plan resulting from the findings of the PCM expert will be considered during the first half of 2022. Click here to access case registry 2019/01

GEORGIA **Case 2020/01** North-South Corridor (Kvesheti-Kobi) Road Project Case status: Open

The complaint

Location: Georgia Complainant(s): National Trust of Georgia Confidentiality: No Date of receipt: 16 January 2020 Function: Compliance

The complainant, the National Trust of Georgia CSO, alleges that the chosen route of the North-South Corridor (Kvesheti-Kobi) road project through the Khada Valley is profoundly damaging. The complainant alleges that the Bank lacked due diligence on the project, with limited research leading to a misguided choice of routes and poor environmental impact analysis. The complainant believes the current route will permanently affect cultural sites and limit the tourism sector. The complainant has asked for the project to be put on hold while a new due diligence process takes place, including an independent assessment in line with good international practices. The complainant was amenable to both a compliance review and problem-solving initiative.

The project

Name: North-South Corridor (Kvesheti-Kobi) Road Project (50271) Client: Government of Georgia Approval date: 2 October 2019 Status: Disbursing Environmental category: A

On 2 October 2019, the Board approved a sovereign loan of €53.4 million to the government of Georgia for the construction of the Tskere-Kobi tunnel, which forms part of the Kvesheti-Kobi road realignment. The project is part of a comprehensive road rehabilitation programme that aims to transform Georgia into a transport, logistics and trade hub connecting Europe and Asia, as well as providing better transit links in the Caucasus region.

Components of the project include a new 23 km bypass road from Kvesheti to Kobi that will be built to allow (a) larger volumes of traffic to travel safely and (b) the road to remain fully operational year round. It will also provide 5 km of "all-weather" rural roads that will serve nearby villages. The project will include five tunnels with a combined length of 11.6 km (the longest of which is about 9 km) and six bridges with a combined length of about 1.6 km.

The ADB is co-financing this project.



The IPAM compliance lead left the Mechanism in January 2021 and the investigation stalled temporarily until a new team member took over.

Over the summer, the Compliance Review Panel of the Asian Development Bank and IPAM decided to work together as both mechanisms had received complaints on similar issues related to the project, for which the ADB and EBRD are co-lenders.

This collaboration included joint virtual interviews with government units in Georgia and consultants who worked on the project in the past and a joint mission to the project site, including the hiring of a cultural heritage expert consultant to provide technical support to the IPAM and CRP teams.

Separately, IPAM hired a group of consultants from the OMEGA Centre for Mega Infrastructure and Development of the Bartlett School of Planning at University College London to advise the team on the analysis of alternatives and conduct a workshop on the topic with the whole IPAM team. After the travel moratorium imposed by the EBRD due to the Covid-19 pandemic was lifted, a team composed of the Chief Accountability Officer, the Compliance Associate and the external cultural heritage consultant visited the project site in October 2021, together with a member of the ADB's Compliance Review Panel. They met with a variety of stakeholders, including the requesters, the client, the National Agency for Cultural Heritage Preservation, the contractors and the supervision engineer, as well as a wide range of CSOs.

IPAM visited the planned road route to better understand the issues raised in the request. IPAM staff also interviewed project-affected people, including several in the Khada Valley, to get insights into the project.

Click here to access case 7 registry 2020/01

KOSOVO Case 2017/05 Southeast Europe Equity Fund II Case status: Open

The complaint

Location: Kosovo Complainant(s): Former worker at the American Hospital of Kosovo Confidentiality: No Date of receipt: 18 August 2017 Functions: Compliance

The complainant alleges that Bedminster Capital Management, the company managing the fund, has treated him and other employees unfairly. He contends that the human and work rights of those hired for project were gravely violated.

The project

Name: Southeast Europe Equity Fund II (34894) Client: Southeast Europe Equity Fund (B) II LP Approval date: 6 September 2005 Status: Repaying Environmental category: FI

The EBRD is a limited partner in the Southeast Europe Equity Fund (B) II L.P. The EBRD Board approved the Bank's investment in the fund on 6 September 2005. The fund is a "private regional equity fund seeking long-term capital appreciation through privately negotiated transactions in the equity of companies operating in Southeast Europe and neighbouring countries". In 2006, the fund invested in the American Hospital of Albania, the first private hospital in the region. In 2012, the American Hospital established a subsidiary – the American Hospital Kosovo – in Pristina, Kosovo, where the complainant was working.



In 2021, IPAM continued monitoring the MAP provisions bi-annually and issued Monitoring Report III and Monitoring Report IV in March and July. It was noted that there had been a significant delay in completing Action 2.ii, which involved the preparation of the PR9 guidance note.

By the end of another monitoring period, in time for the February 2022 report publication, IPAM had received no updates from EBRD Management on progress. **Click here** to access case registry 2017/05

SERBIA **Case 2021/01** Belgrade Solid Waste PPP Request No.2 Case status: Open

The complaint

Location: Serbia Complainant(s): Roma waste pickers represented by the A11 Initiative Confidentiality: Yes Date of receipt: 24 November 2020 Functions: Problem solving

The complainants, represented by the A11 Initiative, allege that their livelihoods have been threatened by the physical and economic displacement caused by the project. The complaints raise concerns about the compensation received, the inadequacy of the housing provided and their inability to pay utility costs. They also assert that they cannot access the Vinca landfill, a source of livelihood. They further allege that the resettlement process did not comply with local legislation and that their contracts with the public utility company were unilaterally terminated. CEE Bankwatch is supporting the complainants and A11.

The project

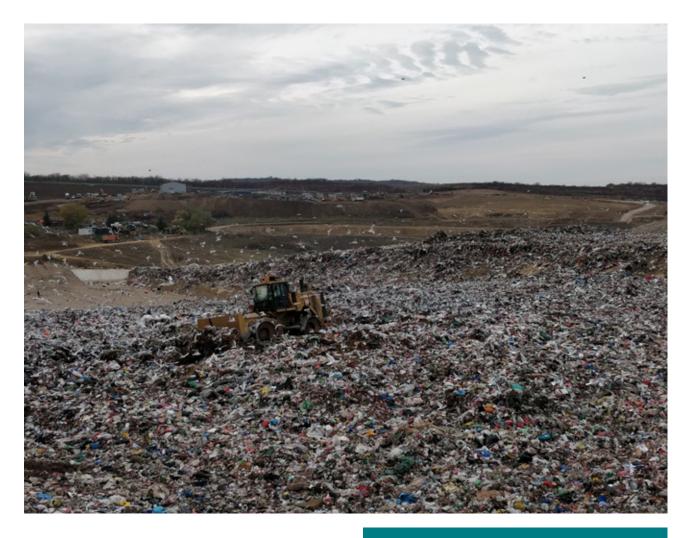
Name: Belgrade Solid Waste PPP (46758) Client: Beo Cista Energija d.o.o Beograd Approval date: 18 September 2019 Status: Disbursing Environmental category: A

On 18 September 2019, the EBRD Board approved a loan of up to €70 million to Beo Cista Energija d.o.o Beograd, a limited liability company, to finance the Belgrade Solid Waste publicprivate partnership project under a design, build, finance, operate and transfer scheme owned by a consortium of Suez, Itochu and the Marguerite Fund.

The project will build and operate a landfill and facilities to treat and dispose of about 510,000 tonnes of residual municipal waste per year and around 200,000 tonnes a year of construction and demolition waste (CDW) in 13 municipalities of Belgrade.

The project envisions the construction of an energy- from-waste facility that includes a CDW facility, plus remediation of the existing landfill and the construction of a new one. Total investment amounts to an estimated €345.7 million, to be financed by equity and non-recourse debt from the EBRD and other lenders, including the IFC.

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IPAM processing in 2021

IPAM registered the complaint on 14 January 2021 and completed the assessment in January to March 2021. The case progressed to problem solving in April 2021 as all parties had expressed their willingness to engage in dialogue under the facilitation of IPAM.

The problem solving is in progress and parties agreed to discuss and seek solutions to the following issues: adequate and sustainable housing for resettled families; affordable rent and utility costs; waste pickers' access to education; and income generation for resettled families.

IPAM organised an in-person dialogue session in Belgrade in November 2021. IPAM will continue to facilitate the problem solving. Click here to access case registry 2021/01

TURKEY Case 2020/07 Tümad Gold Mines Development Case status: Open

The complaint

Location: Turkey Complainant(s): Around 372 villagers represented by Halit Alkol, Mustafa Çetin, Mustafa Eren and Mehmet Karakuş Confidentiality: Not for representatives, but villagers are to remain unnamed Date of receipt: 23 August 2020 Functions: Problem solving and compliance

The complainants, around 372 villagers in Değirmenbaşı, Turkey, allege that mining activities in the area are adversely affecting the livelihoods of the community. Residents can no longer depend on livestock breeding, as mining activities have taken over grazing lands. They also contend that no alternative employment opportunities have been offered and that vocational training programmes have not been executed. From their perspective, women and young people who wish to work have been most affected. Lastly, they allege that there has been limited or no information shared with the community in question.

The project

Name: Tümad Gold Mines Development Loan (49041) Client: Tümad Madencilik Sanayi ve Ticaret A.Ş. Approval date: 29 November 2017 Status: Complete Environmental category: A

The EBRD approved a US\$ 40 million (€35.3 million) senior project finance loan to Tümad for the construction of the Lapseki and Irvindi mines. The Ivrindi Gold and Silver Mine and Processing Project (the subject of the complaint) is located in the Balıkesir province, 4.9 km from the village of Değirmenbaşı. The mine includes four pits. Metals are extracted using explosives, with a heap leaching enrichment process to obtain the final product. The key impacts and risks include those on land users and livelihoods (in particular, livestock breeding), biodiversity, water use, cyanide risk, surface and groundwater, emissions (including dust), noise, worker and community health and safety, traffic, labour and contractor issues, and site closure and rehabilitation planning.



IPAM registered the complaint on 21 December 2020 and completed its assessment in early March 2021. The case progressed to problem solving in March 2021, as all parties had expressed their willingness to engage in dialogue under the facilitation of IPAM. Parties agreed to address the following topics through dialogue: the timely, accurate and inclusive provision of information related to the project; project impact on livelihoods; employment and income generation opportunities; training opportunities for women and youth; water pollution, the availability of water, and access to clean water.

IPAM organised the first in-person dialogue session in Turkey in September 2021. Parties have agreed on the ground rules for the engagement, its format, agenda and timeline and presented their perspectives on the concerns raised. In addition, requesters and Tümad agreed to set up an information exchange committee aimed at facilitating information flow between Tümad and Değirmenbaşı community members.

In early October 2021, requesters informed IPAM that they wished to withdraw from the case as they were facing pressure from other community members. In response, IPAM engaged extensively with requesters and discussed a few scenarios and options for continuing the IPAM process or closing it. As of the end of the year, IPAM was planning a trip to Turkey to assess the situation on the ground and to consult with requesters and Tümad.

Click here to access case registry 2020/07

TURKMENISTAN Case 2017/10 CMI Offshore Case status: Closed

The complaint

Location: Turkmenistan

Complainant(s): Turkmenistan Working Group of the Civic Solidarity Platform (comprising the Centre for the Development of Democracy and Human Rights (Russia), Crude Accountability (United States of America), Freedom Files (Russia) and local civic activists)

Confidentiality: No **Date of receipt:** 19 October 2017 **Function:** Compliance

The complainants allege that the Bank incorrectly gave the project a B environmental categorisation and that, under the EBRD's 2014 ESP, several factors show it should have received an A classification. The complaint alleges that the project was wrongfully labelled a transportation project when it should have been identified as an energy project.

The project

Name: CMI Offshore (47096) Client: CMI Offshore Ltd. Approval date: 18 October 2017 Status: Cancelled Environmental category: B

The EBRD considered providing a US\$ 1 million (\in 883,470) loan for five years to enable CMI Offshore to continue its growth programme in Turkmenistan and Kazakhstan. The Bank loan was supposed to support the company in restructuring its balance sheets and acquiring new vessels, thus underpinning private foreign direct investment and skills transfer and reducing environmental impact. The project was approved on 18 October 2017, but cancelled on 7 December 2017 without the loan agreement being signed.



IPAM issued two monitoring reports in 2021, Monitoring Report II and Monitoring Report III (closing report), in February and August.

In 2021, IPAM monitored the implementation of one last action that remained outstanding: "preparing internal procedures to record all elements of the Bank's environmental and social appraisal, even when issues were not identified". IPAM reviewed revised environmental and social procedures and the Environmental Management Database was demonstrated to IPAM, showing how the Bank's environmental and social appraisal process was tracked and documented throughout the project cycle.

As all actions in the MAP had been completed, IPAM closed the case, in line with the provisions of the Project Accountability Policy.

Click here to access case registry 2017/10

UKRAINE **Case 2018/09** MHP Corporate Support Loan, MHP Biogas Case status: Open

The complaint

Location: Ukraine Complainant(s): Community members from the villages of Olyanyatsa, Zaozerne and Kleban in Vinnytsia Oblast Confidentiality: Yes Date of receipt: 5 June 2018 Function: Problem solving and compliance

The complainants allege that the increased traffic brought about by Vinnytsia and Zernoproduct farming activities has damaged their properties. In addition, they contend there is a persistently foul odour and dust pollution, and fear that the farms are responsible for pollutants in the air, water and soil. They have also raised concerns about water availability, as they consider the project to have been responsible for depleting wells. The complainants allege that community consultation has been poor and that limited information has been shared about environmental and health impacts and measures to address them.

CEE Bankwatch Network, the Accountability Counsel and the EcoAction Centre for Ecological Initiatives are supporting the complainants. A similar complaint was filed with the IFC's Compliance Advisor Ombudsman.

The project

Name: MHP Corporate Support Loan (47806), MHP Biogas (49301) Client: Myronivsky Hliboproduct PJSC (MHP) Approval date: 28 October 2015/13 December 2017 Status: Completed/repayment

Environmental category: B

Two EBRD investments appeared related to the concerns raised in the complaint. One was an MHP corporate support loan worth US\$ 85 million (€75 million) approved on 28 October 2015 to address working capital needs associated with MHP's cultivation of grains and oilseeds and their processing into raw material for fodder production. The capex component of the loan would support the purchase of new agricultural equipment for crop farming, as well as oilseed processing activities, after the launch of a new soy processing plant. The project was categorised B per the 2014 ESP.

On 13 December 2017, the Board approved an MHP Biogas investment loan of €25 million to finance the construction of a greenfield 10 MW biogas plant in the Vinnytsia region of Ukraine. The project was categorised B. It aimed to use waste from existing poultry facilities to generate biogas as an alternative energy source.

The IFC is co-financing the project.



The PCM, in coordination with the IFC's Compliance Advisor Ombudsman, embarked on a problemsolving process in October 2018 that continued until August 2021.

The parties held 23 joint meetings with the support of the PCM and CAO facilitation team, which also organised several bilateral meetings over the course of three years. Numerous positive outcomes were obtained during the process, including partial understanding on certain matters of joint concern, such as road traffic, communication protocols, use of pesticides and land lease. The parties' capacity to engage effectively in the dialogue process and communicate constructively was strengthened, supporting future opportunities for communitycompany engagement.

However, it became evident to the parties by August 2021 that the problem-solving initiative was not

building trust. They informed the facilitation team that they had decided to withdraw from the initiative as they believed no further progress could be made through dialogue. Therefore, the process was terminated.

The case was transferred to the compliance function and the compliance assessment was in progress at the end of 2021. The assessment will determine whether the case will proceed to an in-depth compliance review.

Click here to access case registry 2018/09

Annex 2. Registration criteria and list of exclusions

A request will be registered if

- i. it includes the mandatory information
- it raises issues, as deemed by IPAM, that relate to specific obligations of the EBRD under the Environmental and Social Policy or the projectspecific obligations of the Bank under the Access to Information Policy, and
- iii. it relates to a project that the EBRD has approved, where the request is submitted within 24 months of the date that the Bank ceases to have a financial interest in the project (that is, as a result of full repayment, prepayment, disposal or otherwise).

If a request relates to operations that have not yet been approved, IPAM will inform Bank Management and notify the requesters and the Board via the Audit Committee accordingly. During project preparation, Bank Management will take the request into account and inform IPAM in writing as to how the requester's concern is being addressed.

Scope and exclusions

A request cannot be registered if it does not satisfy the requirements above or if:

 it relates solely to the adequacy or suitability of EBRD policies, the Agreement Establishing the Bank, or non-operational issues such as internal administration or human resource decisions or activities;

- ii. it relates solely to the obligations of a third party, such as an environmental authority and the adequacy of their implementation of national requirements, or the obligations of a country under international law or treaty, rather than to issues that are under the control of the Bank or the client;
- iii. it relates to matters in respect of which a request has already been processed by IPAM or its predecessors (the Project Complaint Mechanism or the Independent Recourse Mechanism), unless new evidence or circumstances not known at the time of the previous request are submitted;
- iv. it has been submitted fraudulently, frivolously or maliciously to seek to gain personal, competitive or other advantage, or address commercial or intellectual property-related disputes; and/or
- v. it solely raises allegations of fraud, corruption, ethics, integrity, public governance, domestic law, procurement-related issues, contractual matters or human resource matters.
- Requests that raise allegations of fraud, corruption, ethics, or integrity will be redirected to the Office of the Chief Compliance Officer.
- Requests that raise procurement-related issues will be redirected to the head of the Bank's procurement function.

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The Independent Project Accountability Mechanism (IPAM) of the European Bank for Reconstruction and Development (EBRD) reports directly to the Board of Directors and is independent of the Bank's Management. This independence ensures that all relevant stakeholders are certain of IPAM's fair and objective treatment of cases.

This report has been prepared by IPAM under the authority of the Chief Accountability Officer as required by the provisions in the Project Accountability Policy. The views expressed herein do not necessarily reflect those of the EBRD's Management or Board of Directors. The IPAM Annual Report is submitted to the Board of Directors and the President for information, and disseminated to the public as soon as possible thereafter through the IPAM section of ebrd.com.

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