



Independent
Project
Accountability
Mechanism

Assessment Report

Gradačac Water Supply

EBRD Project Number 45810

Case 2021/02

March 2022

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 noncompliance 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

<p>Contact information</p> <p>The Independent Project Accountability Mechanism (IPAM) European Bank for Reconstruction and Development One Exchange Square London EC2A 2JN</p> <p>Telephone: +44 (0)20 7338 6000 Email: ipam@ebrd.com</p>	<p>How to submit a complaint to the IPAM</p> <p>Concerns about the environmental and social performance of an EBRD Project can be submitted by email, telephone or in writing, or via the online form at:</p> <p>https://www.ebrd.com/project-finance/ipam.html</p>
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Unless otherwise indicated capitalised terms used in this report are those as set forth in the 2019 Project Accountability Policy.

LIST OF ABBREVIATIONS

Abbreviation	Long Form
Bank (or EBRD)	the European Bank for Reconstruction and Development
Board	the Board of Directors of the Bank
Case	the consideration of a Request under the Project Complaint Mechanism and, after July 2020, the Project Accountability Policy following its registration
Case Registry	the registry of Cases created in accordance with Section III, Paragraph 3.1 of the Project Accountability Policy, which can be found on the IPAM Webpage
Environmental and Social Policy	the EBRD's Environmental and Social Policy in force at the time of Project approval
Independent Project Accountability Mechanism (IPAM)	the independent grievance mechanism of the EBRD established as per the 2019 Project Accountability Policy
IPAM Head	the head of IPAM, responsible for the running of IPAM, the implementation of the Project Accountability Policy, and for making the decisions that are the responsibility of IPAM under the Project Accountability Policy
Komunalac d.o.o. Gradačac	a public utility company majority owned by the Gradačac Municipality
Parties	the individuals, entities and organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requesters; their Representatives, if any; the relevant Bank department, team or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project
PAP	2019 Project Accountability Policy
Problem Solving	the function which supports voluntary dialogue between Requesters and Clients to resolve the environmental, social and public disclosure issues underlying a Request, without attributing blame or fault.
President	the President of the Bank

Executive Summary

The Request

The [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) on 26 August 2021 from Mr Musa Suljević, who is also representing a second Requester that asked for confidentiality due to fear of reprisals. The two Requesters are residents of the Gradačac municipality in Bosnia and Herzegovina and allege that the EBRD's [Gradacac Water Supply Project \(45810\)](#) (the Project) which contributes to the renovation of the water distribution system carried out by the public utility company "Komunalac d.o.o." Gradačac (the Company, or the Client) has caused actual and potential harm on their land and private property. Requesters also claim that the works on the water supply network were undertaken without due authorisation from the landowners and that they were not compensated for the damage caused to their property. Additionally, the Request raises alleged damage and risk of further damage on an underground network of plastic tubes owned by Musa Suljević through his commercial company Bridistel d.o.o. (Network) that is intended to provide Internet and TV services in the area. Finally, concerns are expressed around impacts on roads and traffic safety due to construction works undertaken on the water supply network. In their communication with IPAM, the Requesters expressed an interest in Problem Solving and Compliance.

The Project¹

The [Gradacac Water Supply Project \(45810\)](#) involves the expansion of the water supply to rural areas of the Gradacac Municipality; the replacement of dilapidated water mains to reduce water losses; the reconstruction and expansion of the sewerage network; and reconstruction of the wastewater plant. On December 2014, the Board of the Bank approved a sovereign loan to Bosnia and Herzegovina in the amount of up to EUR 6.0 million. The Project is implemented by the public utility company Komunalac d.o.o. Gradačac, a shareholding association majority owned by the Gradačac Municipality. The Project objective is to contribute to environmental protection and improvement of the quality of water supply and waste water services in the Gradačac Municipality. The loan is currently being repaid.

IPAM Process

The Request was registered by IPAM on 22 October 2021 under [Case number 2021/02](#), initiating the Assessment stage that was conducted until the end of February 2022 in accordance with the [2019 Project Accountability Policy \(PAP\)](#). IPAM undertook an in-depth analysis of the Request and additional information provided by the Requesters, the Client and EBRD management to better understand the concerns raised. IPAM also held multiple online meetings with the relevant Parties to explore the Parties' willingness and capacity to engage in a Problem Solving and Compliance to help them address the concerns raised in the Request. In addition, IPAM conducted a site visit to Gradačac and Zelinja Srednja during 15 - 17 February 2022 to get a first-hand perspective on the concerns raised in the Request, to better understand the Project and visited the Project site areas relevant to the Request.

Conclusion and Next Steps

As a result of the Assessment, IPAM has determined that the concerns raised by Mr Suljević don't satisfy the criteria for registration of an IPAM Request, as they relate to obligations of a third party,

¹ Project Summary Document available at: <https://www.ebrd.com/work-with-us/projects/psd/gradacac-water-supply-project.html>

rather than to issues that are under the control of the Bank or the Client and the alleged harm that the Project has caused or would be likely to cause in future was not substantiated and would not be subject to further review by IPAM.

The Case will proceed to Problem Solving regarding matters raised by the second Requester, as all relevant Parties (the second Requester, Client and Bank management) have expressed their willingness to engage in the IPAM Problem Solving, with the condition that the second Requester presents all necessary documentation regarding his claim, any visual evidence for the damage caused and land ownership documentation.

Given these findings, this Report includes preliminary Terms of Reference for Problem Solving whereby the proposed scope, methods to be used, the timeframe, the type of expertise required are presented. In case if the Problem Solving initiative is not successful, IPAM would transfer the Case to its Compliance function for its further processing as per the PAP.

As per 2.3 (c) of the 2019 PAP, this Assessment Report shall be submitted to the Board and the President for information, and made available to the Requesters, the Client and Bank management. The Assessment Report is being disclosed to the public in English and Bosnian in the [Case Summary Page](#) in the IPAM [Case Registry](#).

1. Background

1.1. The Project and its Current Status²

The [Gradacac Water Supply Project \(45810\)](#) involves the expansion of the water supply to rural areas of the Gradacac Municipality; the replacement of dilapidated water mains to reduce water losses; the reconstruction and expansion of the sewerage network; and reconstruction of the wastewater plant. On December 2014, the Board of the Bank approved a sovereign loan to Bosnia and Herzegovina in the amount of up to EUR 6.0 million. The Project is implemented by the public utility company Komunalac d.o.o. Gradačac, a shareholding association majority owned by the Gradačac Municipality. The Project objective is to contribute to environmental protection and improvement of the quality of water supply and waste water services in the Gradačac Municipality.

According to Project documentation, the construction works would result in limited, localised and short-term adverse environmental impacts, which would be mitigated or prevented by adhering to good construction practice. The Project was categorised B as per the 2014 Environmental and Social Policy applicable to the Project and is currently being repaid

Given the complexity of land ownership of the well field sites and water supplies, the Bank established as one of the conditions for loan effectiveness, that independent experts would be hired to prepare a report on land acquisition and expropriation. The report set out the land acquisition and compensation principles and procedures, the institutional arrangements and responsibilities, and compensations and entitlements for the Project to meet the requirements of EBRD's Performance Requirements 5 of the Environmental and Social Policy.

1.2. The Request^{3,4}

The Request was submitted on 26 August 2021 by Musa Suljević, as a Requester and in representation of a second Requester who asked for confidentiality due to fear of reprisals. The two Requesters are residents of Gradacac (the Requesters) and claim that the renovation of the water distribution system carried out by the public utility company Komunalac d.o.o. Gradačac has led to actual and potential harm on their property.

Mr Musa Suljević, as the owner of the Bridistel Underground Network⁵, claims that excavation works undertaken in 2019 in Josipa Sibera Street in Gradacac, affected his underground network of tubing. Based on his experience, he expressed fear of further damage to the network due to the Project's excavation works.

In addition, Mr Musa Suljević alleged that underground works are being undertaken under the Project without geodesic survey of the location of the existing underground water supply network. Furthermore, he claimed that a section of the water network may be operating without technical approval. Among other things, Mr Suljević explained that residents of Gradacac are complaining about insufficient pressure in the water pipes and poor water quality.

Moreover, Mr Suljević is claiming that excavation works and trenches have negatively impacted the condition of the roads in the town and represent a traffic hazard, particularly on the regional

² EBRD's Project Summary Document available at: <https://www.ebrd.com/work-with-us/projects/psd/gradacac-water-supply-project.html>

³ The original Request is available in: <https://www.ebrd.com/work-with-us/projects/ipam/2021/02.html>

⁴ During the intake process, the initial Request was complemented by several documents and email communications.

⁵ Bridistel owns an underground network of plastic tubing to provide Internet and TV services in the Gradacac area.

road Kerep - Zelinja Donja - Zelinja Sred, and that works on the roads were undertaken without the necessary local permits.

Finally, Mr Suljević explained that he was trying to raise these issues directly with the EBRD Client, but they were uncooperative and have not been sharing Project information on request.

The second Requester, resident of Gradacac, alleged that around 2020, Komunalac d.o.o. Gradačac undertook non-authorised excavation works on a property he owns in Zelinja Srednja (a community located 20 minutes away from Gradačac by car). The property includes a summer house and an orchard. According to him, 15 apple trees were uprooted during the excavation works with no compensation provided to cover the loss.

In their communication with IPAM, the Requesters expressed an interest in Problem Solving and Compliance. Below is a short description of Requesters' concerns.

1.3. IPAM Processing to Date

1.3.1. Registration of the Request

The Request was registered on 22 October 2021 as it met the criteria for Registration established in Section 2.2 (b) the PAP, and none of the exclusions set in Section 2.2 (c) of the PAP applied at that stage. The registration of a Request is an administrative step⁶ establishing that the following criteria have been met:

- All mandatory information has been provided;
- Issues raised relate to specific obligations of the Bank under the Environmental and Social Policy and/or the project-specific provisions of the Access to Information Policy; and
- It relates to a Project that the Bank has approved, where the Request has been submitted within 24 months of the date in which the Bank has ceased to have a financial interest in the Project; and

None of the exclusions that prevent registration have applied, and consideration of other factors such as duplication or interference with other processes within IPAM or in other instances.

1.3.2. Assessment of the Request

Immediately after registration, the IPAM team initiated the Assessment of the Request as established in para. 2.3 of the 2019 PAP, to:

- develop a clear understanding of the issues raised in the Request;
- discuss the Problem Solving and Compliance Review functions with the Parties, their scope and possible outcomes;
- assess the Parties' willingness to engage in each function;
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternative outcomes:

⁶ Registration of a Request does not involve a judgement on the merits, truthfulness or correctness of its content. Nor does it have the effect of suspending the Bank's interest in the Project.

- a. the Case will proceed to Problem Solving, based on the agreement of the Requester(s) and the Client; or
- b. the Case will be transferred to Compliance Assessment if no agreement to pursue Problem Solving is reached and Requester(s) have expressly asked for this; or
- c. the Case will be closed.

The Assessment stage has a standard duration of 40 business days from the date of Request Registration which might be extended to ensure robust processing or if translation of documents is required as per the PAP.

For **Case 2021/02**, some of the concerns specific to the second Requester had not been raised with the Client or Bank management because of fear of reprisals. However, during the meetings held by IPAM with Bank management, the Project team expressed its interest to engage with the Requesters and the Client to see if an adequate resolution to the concerns raised could be provided.

IPAM consulted with the Requesters and obtained a positive response from them. Therefore, IPAM decided to temporarily suspend the Assessment process to allow for their engagement.

Mr. Musa Suljević, in his role as Representative, met with the Project team and Client representatives in Gradačac on 26 January 2022.

Following that meeting, IPAM reached out to the Parties to know the outcome of the meeting. The Requesters informed IPAM that, unfortunately, their concerns persisted.

IPAM resumed the assessment process and visited Gradacac from 15 to 17 February 2022 to engage in person with the Requesters and the Client. The Assessment was finalised on 28 February 2022.

2. Assessment Approach

In line with the approach established in the PAP (see section 2.3 of the PAP), the IPAM team undertook the following activities during the Assessment stage:

- Revision of relevant Project documents;
- Virtual meetings with the Bank team responsible for the Project, representatives of the Client and the Requesters;
- Site visit to Gradačac and Zelinja Srednja by an IPAM delegation from 15 to 17 February 2022, for meetings with Requesters, Client and visit of the Project site

3. Summary of the Parties Views

This sections provide the views of the Requesters, the Client and Bank Management as captured by IPAM during virtual and in-person meetings. Prior to finalising the report, IPAM shared the content with each of the Parties to ensure accuracy of content.

3.1 Requesters

During the Registration and Assessment stages, from September 2021 to the end of February 2022, the IPAM team communicated frequently with the Requesters through email as each one had specific concerns regarding the excavation works in their town through the years, their prior engagement with the Client and the Bank, and the responses received to their individual impacts.

During the visit to BiH, the IPAM team met with the second Requester and made a tour of his land plot in Zelinja Srednja to check the location of the water supply pipes. Unfortunately, the team could not meet with Mr Musa Suljević as he was ill, but exchanged information with him via email before and after the mission.

The two Requesters present differentiated concerns so this section will present each ones separately.

Mr Musa Suljević alleged that excavation works were undertaken on the land of about 100 landowners without their authorisation and to date they have not been compensated for the damages. He believes that other residents affected by the Project may approach IPAM in future with similar issues.

During the virtual meetings, Mr Suljević confirmed that he consented verbally to place the water pipes in Josipa Sibera Street, but that he had not agreed to the relocation of the Bridistel Network of plastic tubes. He reiterated his fear of further damage to his network in future.



Orchard in Zelinja Srednja

In addition, Mr Suljević stated that his previous efforts to resolve the dispute with the Client and through the EBRD project team had rendered no results.

He also considered that the method used to lay the water pipes was out of date and that the water pipes were placed too close to Bridistel's tubes which have been laid to host TV and Internet cabling. According to him, Komunalac should place the water pipes at a minimum distance of one meter from his network to avoid future impacts.

Among other issues, Mr Suljević indicated that excavation works have impacted local roads severely and represent a traffic hazard and that the Client had initiated excavations without the proper local permits. Additionally, knowing it to be outside the remit of the EBRD Project, he stated that the drinking water provided by the water supply network in Gradačac and its suburbs is of very poor quality.

Mr Musa Suljević expressed interest in engaging in a Problem-Solving initiative facilitated by IPAM to discuss compensation for the impacts to the Bridistel Network in Josipa Sibera street and to reach an agreement with the Client on how to proceed with future excavation works in case of overlaps with his network. He also considered that an independent review by IPAM could provide some clarity to the situation.

The second Requester explained that around 2020, the Client entered the property in Zelinja Srednja without being authorized to do so and commenced excavations. The Requester confirmed that the property is not the main family residence so no one was around at the time.

During the works, the apple trees were removed to install the water pipes to connect the property with the main water network. Considering they had trespassed, the second Requester is asking for compensation for the damage caused.

In relation to other impacts suffered, the Requester said that local legislation prohibits construction on top of the water pipeline. As the pipeline crossed through the property, it would not be possible to build anything in that area.

In spite of having felt mistreated in the past, the Requester was amenable to engage in a Problem Solving initiative to address the outstanding concerns and if that failed, would wish to have the case considered under IPAM's Compliance function.

3.2 Client

IPAM engaged with the Client virtually on 22 November 2021 and followed-up through email exchanges. As part of those communications, the Client provided meetings minutes, reports related to the excavation works, maps and photos from the Project site, among other project documents.

As part of the mission to Gradacac, the IPAM team met with five officials from Komunalac and visited the Project site areas relevant to the Request jointly with them.

During that meeting, the Client provided a detailed update of the Project. According to the officials, despite delays in the implementation of the Project, they had already completed 80 km of the water distribution network and 40 km of sewerage network. The pending 12 km of construction of the water supply network were expected to be completed by the end of 2022.

Furthermore, the Client indicated that the works are being performed in compliance with the local legislation. This involved the acceptance from landowners when the excavation works involved private property and making sure that the land, pavements and public roads were restored to pre-work conditions after completion.

Regarding compensation, they mentioned that this is processed upon request by the affected land owners, and follows the criteria set in the Stakeholder Engagement Plan (SEP) and the Land Acquisition and Livelihood Restoration Framework (LALRF). They also explained that the amount granted is determined by a court valuation expert (paid by the Gradacac Municipality). The Client further informed that there had been no court procedures since the Project began.

Regarding the dispute with Mr Suljević, the Client indicated that the excavation works in Josipa Sibera Street were performed by BH Telecom in November 2019 and were not related to the EBRD Project which only started in 2020. During the site visit, the officials showed the IPAM team the location of those works.

The Client stressed that the Gradačac Water Supply Project had not caused any damage to Mr Suljević, or his company. However, according to them, the Bridistel Network was laid near the surface in contravention with construction regulations and that hampered the substitution of pipes, or cables that are laid deeper.

In order to avoid any damage, the Client informed IPAM that, in spite of increased costs, their own alignment had been altered to avoid the Bridistel Network. However, they also acknowledged that

there might be situations of overlap of the networks, so they had sought to engage with Mr Suljević to obtain the layout of the Bridistel Network so as to avoid harming it, but in spite of numerous attempts, they had failed to reach a solution.

Based on past encounters, the Client did not believe that a Problem-Solving initiative facilitated by IPAM would resolve the issues raised by Mr. Suljević. Despite this, they were committed to restoring the network to its original condition, if any of their works would happen to take place in the vicinity of the Bridistel Network.

In relation to the roads, the Client explained the procedure securing local permits and were candid in accepting that in one instance they had failed to secure the right permit from the Roads Directorate before the start of the works. When this happened they had to stop excavation until the right permit was issued.

They stated that no road accidents had occurred and added that as required by road safety authorities, roads are restored to their original condition.

Regarding the second Requester, the Client said that they had obtained verbal consent but not a written authorisation, as in their view it wasn't necessary considering that the works would connect to running water. In this case, they expressed their willingness to engage but subject to the presentation of a written claim from the landowner and any visual evidence of impacts, so as to confirm land ownership and assess whether the land owner would be entitled to compensation under the Bank's Environmental and Social Policy.

The Client stressed the need for the Problem Solving process to be in good faith, based on facts, and with all Parties abiding by the rules of engagement. Furthermore, they would require for the Requester to participate in the process and not through a representative.

3.3. EBRD management

IPAM had two virtual meetings with EBRD management on 22 September 2021 and on 24 November 2021 and several written communications afterwards.

Bank management provided an update on the implementation of the Project and a summary of their previous engagement with Mr Suljević on the matters brought to the attention of IPAM and on other matters outside IPAM's mandate (fraud and corruption). They explained that pursuant to the grievance mechanism contained in the Stakeholder Engagement Plan, an independent investigative committee was established to look into all concerns raised by Mr Suljević with the EBRD and the Client, whose findings did not support his allegations.

Based on this, Bank management concluded that no damage had been caused to Mr. Suljević or to Bridistel d.o.o. by the Gradačac Water Supply Project.

The Bank management expressed their support for a potential Problem Solving conducted by IPAM that could provide a resolution to the concerns raised by the second Requester. The Bank management explained that for a successful outcome, the second Requester would have to present all necessary documentation regarding the claim, any visual evidence of the damage caused on the land and the trees and relevant land ownership documentation.

4. Assessment Determination

During the Assessment stage, IPAM reviewed again whether the concerns raised by Mr Musa Suljević met the registration criteria established in Section 2.2 of the PAP. IPAM reviewed several documents and gathered information that confirmed that the impacts to the Bridistel Network in Josipa Sibera Street were a result of works undertaken in 2019 by BH Telecom and not connected to the EBRD Project.

Regarding the concerns raised by Mr Suljević around the poor quality of the water being distributed in Gradacac, they also do not related to the scope of the EBRD Project. This was explained to Mr Suljević and he was made aware of the relevant authorities in Gradacac where he addressed the concern of water quality.

Therefore, as neither of the concerns raised by Mr Suljević fall within the mandate of IPAM as established in Section 2.2 (c) of the PAP, IPAM is unable to address them as they relate to obligations of a third party, rather than to issues that are under the control of the Bank or the Client within a project funded by the EBRD.

In relation to the condition of the roads and traffic safety which might in the past have been affected by the works, were now in acceptable condition as confirmed during the IPAM visit to the Project site. Furthermore, the Requesters had not suffered any harm on this issue so no further review from IPAM would be required.

Regarding the concerns raised by the second Requester, based on the analysis undertaken and the engagement with all Parties, IPAM confirms that all Parties have expressed willingness to engage in good faith in a Problem Solving initiative facilitated by IPAM to try and resolve the concerns around Project impact on the land in Zelinja Srednja.

The Parties appeared committed to engage in a respectful, rule-based process and to look at mutually agreeable solutions for the concerns raised.

In summary, as per paragraph 2.3 of the 2019 PAP, after reviewing the Request, all relevant documentation provided and the information gathered during IPAM consultations with Parties, IPAM has determined that the Case will proceed to Problem Solving for the concerns raised by the second Requester only. Should the Parties involved the Problem Solving initiative not reach an agreement, IPAM would transfer the Case to its Compliance function for its further processing as per the PAP.

For the first Requester, IPAM has determined that the concerns raised are not within the mandate of the Mechanism and therefore cannot be considered for Problem Solving or Compliance.

The proposed Terms of Reference for Problem Solving are presented in Annex 1.

Conclusion and Next Steps

As a result of the Assessment, IPAM has determined that the concerns raised by Mr Suljević don't satisfy the criteria for registration of an IPAM Request, as they relate to obligations of a third party, rather than to issues that are under the control of the Bank or the Client and the alleged harm that the Project has caused or would be likely to cause in future was not substantiated and would not be subject to further review by IPAM.

However the Case will proceed to Problem Solving regarding matters raised by the second Requester, as all relevant Parties (the second Requester, Client and Bank management) have expressed their willingness to engage in the IPAM Problem Solving, with the condition that the second Requester presents all necessary documentation regarding his claim, any visual evidence for the damage undertaken and land ownership documentation.

Given these findings, this Report includes preliminary Terms of Reference for the Problem Solving whereby a proposed scope, methods to be used, timeframe, type of expertise required are presented. In case if the Problem Solving initiative is not successful, IPAM would transfer the Case to its Compliance function as per the PAP.

As per 2.3 (c) of the 2019 PAP, this Assessment Report shall be submitted to the Board and the President for information, and made available to the Requesters, the Client and Bank management. The Assessment Report is being disclosed to the public in English and Bosnian in the [Case Summary Page](#) in the IPAM [Case Registry](#).

Annex 1. Problem Solving Terms of Reference for Case 2021/02

I. About the IPAM Problem Solving Process

The Project Accountability Policy in section 2.4 establishes general guidance to be observed in IPAM-facilitated Problem Solving initiatives in general:

Guiding Principles for Problem Solving

The Problem Solving initiatives led by IPAM are based on the following guiding principles:

Co-design: the design of Problem Solving processes should be based on the methods, format and preferences of the Parties.

Good Faith: the success of Problem Solving processes requires that all Parties are willing to participate in good faith, effectively seeking to find mutually agreeable solutions.

Rules-based: Problem Solving processes require that the Parties define from the start the ground rules that will guide the process and that they commit to abiding by them.

Voluntary Nature: The Parties have the right to enter, as well as withdraw from a Problem Solving process.

II. Objective

The objective of the Problem Solving is to:

- facilitate dialogue between Requesters and EBRD Clients (together as Parties),
- pursue resolutions acceptable to all Parties, which aim to resolve the issues raised in the Request; and
- facilitate the conclusion of mutually acceptable agreements between Parties.

For the purpose of the Problem Solving, these Terms of Reference apply to all actions undertaken as part of the EBRD financed components of the Gradačac Water Supply Project. Activities carried out under this Problem Solving Terms of Reference may be subject to modification, provided that the IPAM Head expressly agrees to the change(s), and so long as such changes do not prejudice the interests of any Party.

III. Approach

IPAM serves as a third party impartial facilitator that provides guidance and seeks to promote the building of trust between the Parties and ensure that the engagement is equitable and accessible.

In order to achieve the objective of finding mutually acceptable resolution to the issues presented in the Request, IPAM will:

- i. take into account all circumstances of the Case (including the nature of the issues raised, their urgency, and the reasonable likelihood of success), with a view to identifying the most appropriate approach to Problem Solving. Approaches will be chosen in consultation with the Parties, and may include: information gathering and sharing, shuttled diplomacy, joint fact-finding or supported negotiation;
- ii. not support agreements that would be contrary to EBRD policies or in breach of any applicable law.

IV. Termination.

The Problem Solving process may be terminated at any time:

- by IPAM, if in IPAM's view, following consultation with the Parties, the Problem Solving is no longer likely to lead to a positive outcome, and/or if the Problem Solving process has ceased to constitute an efficient use of resources, in which case IPAM will notify all Parties in writing; or
- by any Party; Problem Solving is a voluntary process, and Requesters and Clients may withdraw from it at any time.

V. Scope of the initiative

The scope of the initiative is limited to the issues raised in the Request by the second Requester in relation to the EBRD Project and further elaborated in the Assessment Report. In particular, the Parties have expressed preliminarily that the initiative could enable the Client and Bank management to assess any impacts on the second Requester's land in Zelinja Srednja and explore options for resolution in line with local legislation and the EBRD's Environmental and Social Policy.

VI. Proposed Methodology

As per the Assessment findings, and subject to confirmation as the initiative advances, the methods utilised in this Case would include:

- Information gathering and sharing in culturally appropriate formats;
- Fact finding on the issues raised in the Request;
- Shuttled diplomacy, and
- Supported negotiation.

VII. Resources Required

In line with the provisions of the 2019 PAP, the Problem Solving process will be led by IPAM's Problem Solving Lead under the supervision of the IPAM Head. In conducting the Problem Solving, IPAM will serve as facilitator for the exchange of information and document provision. Once the administrative process starts, IPAM will monitor progress.

At least one site visit will be required to engage with the Parties and define the timeline.

Interpretation and translation services will be required during the initiative to facilitate IPAM's communication with local Parties.

VIII. Problem Solving Timeframe

As per the Project Accountability Policy, the Problem Solving initiative has an estimated timeframe of 12 months. Although, given the nature of the concerns to be covered by the initiative, IPAM estimates to complete it in a shorter timeframe which will depend on the administrative requirements of the Client and the gathering of documentation by the Requester.

A preliminary schedule of the main milestones and deliverables is presented below, subject to Parties' agreement.

Proposed Milestones and timeline

Activity	Estimated timeline
Initiation of the Problem Solving initiative	April 2022
Virtual meetings with Parties to clarify administrative process, documentation requirements and timeframe	April 2022
IPAM visit to BiH to engage with each of the Parties and agree on timeframe and actions.	May 2022
Exchange of documentation/information and follow-up actions	tbc
Resolution and agreement letters	tbc