



European Bank  
for Reconstruction and Development

Project  
Complaint  
Mechanism

# 2018 PROJECT ACCOUNTABILITY REPORT



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# About this report

The Project Complaint Mechanism (PCM) is the accountability mechanism of the EBRD. It is responsible for the independent review of environmental, social and public disclosure concerns regarding Bank-financed Projects – promoting Project performance, and contributing to institutional learning.

The 2018 Project Accountability Report summarises the activities undertaken by PCM during the 2018 reporting period. It describes how the PCM has handled cases of alleged environmental and social harm; initiated the development of a new governing policy; contributed to the building of good international practice; and promoted awareness and understanding of the PCM's functions and mandate through outreach, training and knowledge sharing, in order to promote accountability across the Bank's regions.

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# Abbreviations

Abbreviation	Description
<b>CCO</b>	Chief Compliance Officer
<b>CR</b>	Compliance Review
<b>CSEU</b>	Civil Society Engagement Unit of the EBRD
<b>CSO</b>	Civil society organisation
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ESP</b>	Environmental and Social Policy
<b>FI</b>	Financial intermediary
<b>IAM</b>	Independent Accountability Mechanism
<b>IFI</b>	International financial institution
<b>MEI</b>	Municipal and environmental infrastructure
<b>OCCO</b>	Office of the Chief Compliance Officer
<b>PAP</b>	Project Accountability Policy
<b>PCM</b>	Project Complaint Mechanism
<b>PIP</b>	Public Information Policy
<b>PR</b>	Performance Requirement
<b>PSI</b>	Problem-solving Initiative



# Definitions

Note: Unless otherwise defined, capitalised terms used in this Annual Report refer to terms as defined in the PCM Rules of Procedure.

Term	Definition
<b>Bank or “EBRD”</b>	The European Bank for Reconstruction and Development
<b>Client</b>	The entity or entities that is/are responsible, directly or indirectly, for carrying out and implementing all or part of a Project
<b>Complainant</b>	The individual(s) or organisation(s), as the case may be, submitting a Complaint to the PCM
<b>Complaint</b>	The written request submitted by a Complainant to the PCM under these rules of procedures
<b>Compliance Review</b>	The process to determine whether the Bank has complied with a relevant EBRD Policy in respect of a Project
<b>Eligibility Assessment</b>	The process of determining whether a registered Complaint is eligible for a Compliance Review and/or a Problem-solving Initiative, or neither
<b>Management Action Plan</b>	The Bank Management Action Plan developed in response to the recommendations contained in the Compliance Review
<b>PCM Experts</b>	The experts on the roster of experts and, where appointed, the expert appointed on an <i>ad hoc</i> basis to assist or carry out an Eligibility Assessment, a Problem-solving Initiative or a Compliance Review
<b>PCM Officer</b>	The person responsible for the day-to-day administration of the PCM, including receipt of Complaints, registration, eligibility and Problem-solving functions
<b>PCM Register</b>	The public log on the PCM web site listing all registered Complaints and their status
<b>Problem-solving Initiative</b>	The process carried out to assist in the resolution of the issues underlying an eligible Complaint, including mediation, conciliation, dialogue facilitation or independent fact-finding
<b>Project</b>	A Bank-financed activity for which a Project Summary Document (PSD) is prepared under the Bank’s Public Information Policy or a Bank activity that is subject to the application of a relevant EBRD Policy with the exception of those activities that are expressly exempted from the application of these rules by a Board decision.
<b>Project Complaint Mechanism</b>	The EBRD’s accountability mechanism governed by the PCM rules of procedure
<b>Relevant EBRD Policy</b>	2014 Environmental and Social Policy and Performance Requirements, 2008 EBRD Environmental and Social Policy and Performance Requirements, previous EBRD environmental policies, and/or Project-specific provisions of the 2014 Public Information Policy and previous Public Information Policies and any Policies approved in the future by the EBRD Board of Directors designated to be included in this definition
<b>Relevant Parties</b>	The parties with a direct interest in a Complaint, including, but not limited to, the Complainant and/or the authorised representative, if any, the relevant Bank department, team, or unit, the Client, and/or any other Project financiers

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# Executive summary – 2018 highlights

The *2018 Project Accountability Report* summarises the work that the Project Complaint Mechanism (PCM) has undertaken to promote environmental and social accountability – on Bank Projects; within the community of international financial institutions (IFIs); and in the wider EBRD regions during the year ending 31 December 2018. The Report also describes how the PCM has initiated a revision of its governing policy. 2018 was a dynamic year for the PCM, both with respect to its case processing and the formal review of the PCM Rules of Procedure.

## 2018 PCM cases

The PCM received 34 Complaint submissions, the highest number since its inception in 2010. Ten of these Complaints fell within the PCM's mandate to review environmental, social and transparency-related concerns regarding EBRD-financed Projects, and were therefore registered. The PCM shared case progress actively with Complainants, EBRD Management, the EBRD Board of Directors and the public, issuing a record 26 Eligibility Assessment, Compliance Review, Problem-solving Completion and Monitoring reports.

Registered Complaints related predominantly to Projects in the (i) power and energy and (ii) municipal and environmental infrastructure (MEI) sectors – with three Complaints each. The PCM also completed its first Compliance Review of an EBRD equity funds Project (that is, a Bank Project within the financial intermediary [FI] sector).

Among the 10 registered Complaints, five were submitted by civil society organisations (CSOs): CSOs acted independently in three Complaints, and CSOs acted as representatives of Project-affected communities in two complaints.

As part of its efforts to build an enabling environment for Problem-solving Initiatives (PSIs), the PCM continued to promote the benefits of this function, as it has been historically under-utilised by Project-affected people. Tools such as the PCM-developed *Guide for Parties on Using Mediation Effectively*, assisted in these endeavours. Consequently, Complainants increasingly sought to undertake Problem-solving this year, with three new Problem-solving Initiatives undertaken.

Ten Complaints were closed during 2018:

- four following the conclusion of PCM monitoring, once EBRD Management had fully implemented all actions committed under their respective Management Action Plans
- one following the completion of a Compliance Review (in which no instances of non-compliance were found)
- five following determinations of ineligibility based on Compliance Review/Problem-solving eligibility criteria.

In 2018, concerns continued to be raised by both internal and external stakeholders regarding the predictability and timeliness of PCM Complaint processing. As a result, interim steps were taken by the PCM team to enhance the robustness of PCM practices and procedures. The PCM Officer continued drafting Eligibility Assessment reports for comment only by the PCM Experts (that is, external co-Eligibility Assessors), which fostered greater reporting consistency and significantly reduced the average duration of each Eligibility Assessment stage. More consistent, timely Complaint processing represents a key focus of the formal Review of the PCM Rules of Procedure.



As part of the PCM's commitment to transparency, all case reports produced in 2018 (as well as those from previous years) are available for public review on the [PCM Register](#)

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## PCM Policy Review

In 2018, the PCM embarked on an exciting and ambitious review of its Rules of Procedure, which were last revised in 2014. Having received extensive internal and external feedback regarding the Mechanism's efficiency and effectiveness throughout previous years of operation, the PCM was committed to ensuring that this mandated five-year Policy Review was substantive in nature. In 2018, the PCM focused on:

- (i) conducting an in-depth analysis of the Mechanism's structure, governance, policies and practices, benchmarking the PCM against peer Independent Accountability Mechanisms (IAMs)
- (ii) gathering feedback from Project-affected people, civil society, the IAMs Network, academia, EBRD staff and Clients through a range of stakeholder engagement activities
- (iii) developing a first draft of the new 2019 Project Accountability Policy.

Following the consideration of feedback provided during the formal 45-day consultation period for the draft Policy from February to March 2019, the PCM published the final version in May 2019.

## Participation in the IAMs Network

The PCM team played an active role in the IAMs Network, the global network of accountability mechanisms that shares good practices, develops guidance for the accountability space, and jointly processes Complaints when they are submitted to multiple institutions. The PCM contributed to the Network as a member of:

1. the IAMs Standards and Good Practice Working Group, whose mandate is to identify and develop common standards and good practice guides for IAMs case handling
2. the IAMs Outreach Working Group, whose mandate is to enhance coordination among IAMs and promote mechanisms' accessibility to Project-affected people.

PCM participated in the 2018 Annual IAMs Meeting hosted in Washington, DC.

## Outreach, training and knowledge-sharing

Promoting the Mechanism to external stakeholders remains of paramount importance to PCM. At the same time, enhancing EBRD staff awareness and understanding of the Mechanism helps facilitate the effective implementation of the PCM mandate. In 2018, key methods through which the PCM sought to raise awareness, foster trust and gather feedback about the Mechanism included:

- hosting outreach events in Mongolia, Jordan, Ukraine and Serbia for CSOs and EBRD staff
- participating in the annual CSO-led Independent Accountability Working Group and the United Nations' Meeting on the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters
- inviting external stakeholders to participate actively in the redesign of the PCM through the Policy Review
- measuring PCM performance through the Mechanism's third annual Stakeholder Engagement Survey.

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# 1. Overview of the Project Complaint Mechanism

The EBRD is committed to promoting sustainable development in all of its investments, as a key contributor to economic transition. To ensure that the environmental and social practices of Bank Projects meet EBRD standards, the Bank requires that Projects comply with its Environmental and Social Policy. Moreover, the Bank is required to disclose certain Project information to the public in accordance with the Public Information Policy, to enhance transparency and accountability, improve discourse with affected stakeholders, and foster good governance.

The PCM further affirms these commitments. 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 Public Information Policy; and where applicable, to address any existing non-compliance with these two Policies, while preventing future non-compliance by the Bank.

## 1.1 What is the PCM's mandate?

As the accountability mechanism of the EBRD, the PCM has a mandate to independently review environmental, social and transparency-related Complaints submitted by individuals or organisations regarding Bank Projects that are alleged to have caused, or are likely to cause, harm.

## 1.2 How can the PCM address Complaints?

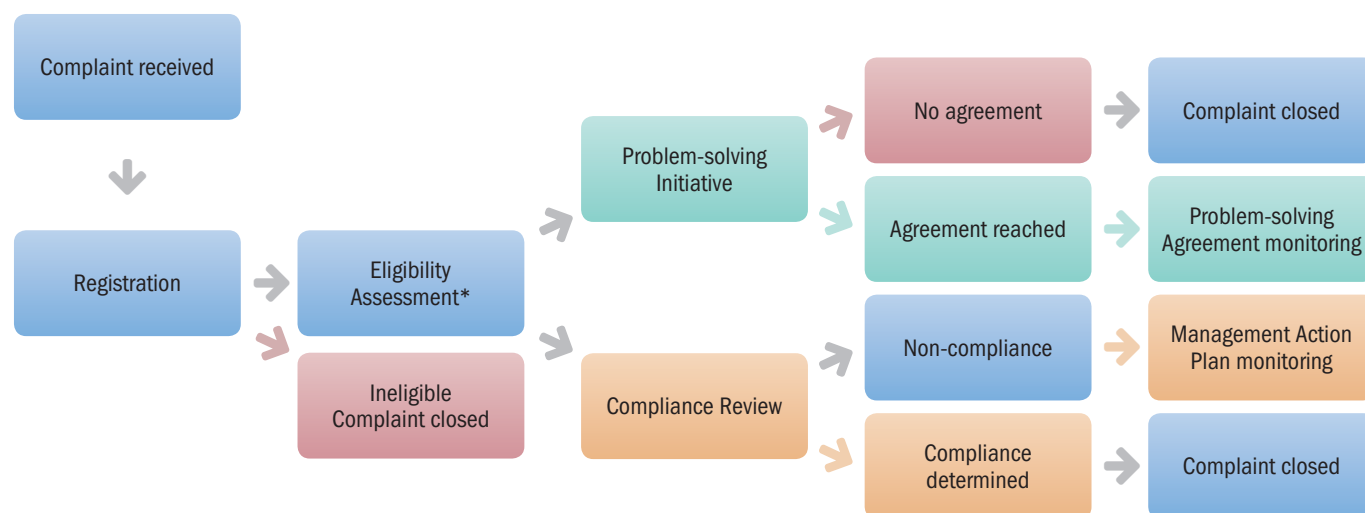
The PCM has two complementary, non-judicial and non-adversarial functions through which it can address Complaints:

- (i) **the Problem-solving function**, which supports dialogue between Complainants and Clients to resolve the environmental, social and public disclosure issues underlying a Complaint, without attributing blame or fault. The PCM engages with Project-affected people, Clients, and other stakeholders as a neutral third party, in order to help find mutually satisfactory resolutions through flexible, consensus-based problem-solving approaches
  - (ii) **the Compliance Review function**, which determines whether the EBRD has complied with its Environmental and Social Policy or the Project-specific provisions of its Public Information Policy in respect of a Project. As such, the Compliance function only deals with the compliance of the Bank, rather than the compliance of the Client. The PCM engages with Project-affected people, Bank staff, Clients and other stakeholders in order to determine whether the Bank, through its actions or inactions, has failed to comply with (i) any provision of the Environmental and Social Policy (including any provision requiring the Bank to monitor Client commitments), or (ii) the Project-specific provisions of the Public Information Policy. If the EBRD is found to be non-compliant, the Compliance Review may also propose Project-specific and procedural changes to Bank practices, to address the existing non-compliance, prevent future non-compliance, and promote institutional learning.
- Where applicable, the PCM subsequently monitors the full implementation of:
    - o agreements established between Clients and Complainants through Problem-solving Initiatives
    - o EBRD Management Action Plans, which respond to findings of non-compliance.

**Chart 1** outlines the step-by-step Complaint workflow process.



**Chart 1:** PCM Complaint process



\*Note: A PCM Complaint can be found eligible for a Problem-solving Initiative, a Compliance Review or both functions. If found eligible for both functions, the Eligibility Assessors will decide the order in which the functions should be conducted.

### 1.3 How is the PCM put into practice?

The PCM case-handling process is governed by the PCM Rules of Procedure, which set out the structure and procedures through which the PCM can handle Complaints. The Rules of Procedure describe how individuals and organisations can submit Complaints, Complaint eligibility criteria, and the steps through which Complaints are addressed through the Compliance Review and Problem-solving functions. The Rules of Procedure also describe the ways in which the PCM must report case progress to stakeholders and perform outreach and training among internal and external stakeholders, to ensure that the PCM's purpose, functions and activities are known and understood. The PCM Rules of Procedures will be updated following the completion of the Policy Review currently under way at the PCM, as described in Section 4.

[Case Registry](#)

[EBRD Event Postings](#)

### 1.4 Who implements the PCM's mandate?

#### A. PCM staff

The PCM is led by the PCM Officer, and further supported by three operational staff members. PCM staff is responsible for:

- registering Complaints
- liaising with Complainants, Clients and Bank staff

- co-assessing Complaints to determine if they are eligible for the Problem-solving and/or Compliance Review functions
- assigning external specialists, known as PCM Experts, to conduct Problem-solving Initiatives and Compliance Reviews. Where cases lead to (i) findings of non-compliance or (ii) the establishment of Client-Complainant agreements through Problem-solving Initiatives, PCM staff are also responsible for monitoring the implementation of Problem-solving agreements and Management Action Plans (that is, which respond to findings of non-compliance).

#### B. PCM Experts

PCM Experts are individual, external consultants who lead the substantive elements of Complaint processing. The PCM engaged 17 Experts in 2018. Experts are responsible for:

- co-assessing Complaints to determine if they are eligible for the Problem-solving and/or Compliance Review functions
- leading Compliance Reviews and authoring Compliance Review Reports, reporting findings to the EBRD Board of Directors
- designing and implementing Problem-solving Initiatives, reporting outcomes to the Board of Directors through Problem-solving Completion Reports.

## 2. PCM cases in 2018

### 2.1 2018 case snapshot

#### A. New Complaints

PCM received 34 new Complaints in 2018.

- Ten of these Complaints (29.4 per cent) fell within the PCM mandate and were eligible for registration.
- As a “mechanism of last resort,” the PCM suspended the registration of five Complaints (14.7 per cent) where Complainants had not first sought to address concerns through the Client or Bank Management, to allow the Bank and/or the Client reasonable time to address Complainants’ concerns without the PCM’s involvement. The PCM will monitor the manner in which these concerns are addressed in 2019. Should the issues raised remain unresolved, the PCM may move forward with registration.

Nineteen Complaints did not meet Registration criteria (55.9 per cent), as they:

- o related to procurement, labour issues, allegations of fraud and corruption, or other issues falling outside of the PCM’s mandate. These Complaints were redirected to the appropriate departments within the Bank (for example, the Procurement Policy and Advisory Department, the Office of the Chief Compliance Officer, and the Civil Society Engagement Unit) so they could be appropriately addressed
- o related to prospective projects that had not yet in fact been approved for funding by the EBRD Board of Directors (that is, falling outside the temporal eligibility of Complaints)
- o were not related to an EBRD Project or prospective Project at all, in which case, Complainants were advised accordingly.

#### B. Ongoing cases

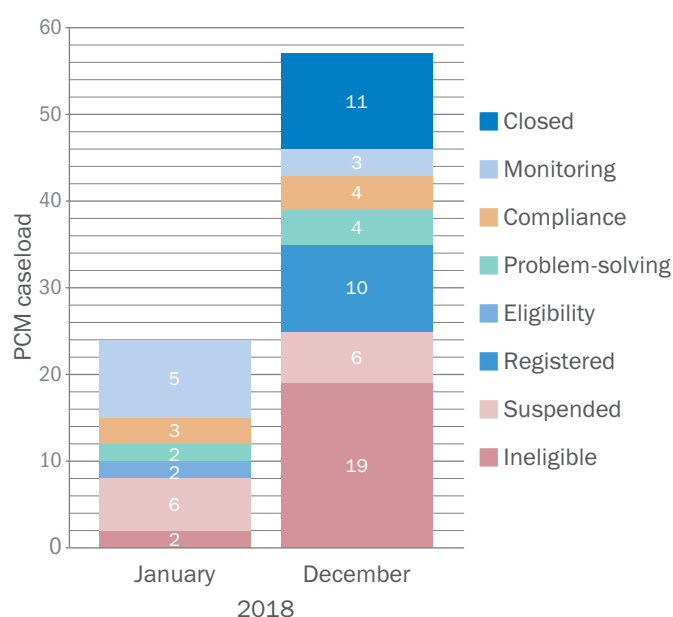
In addition to *new* Complaints received in 2018, the PCM continued the processing of an additional 12 existing Complaints, submitted in previous years.

On 1 January 2018, two Complaints were undergoing Eligibility Assessments and Problem-solving Initiatives respectively, three Complaints were undergoing Compliance Reviews and five Complaints were being monitored by the PCM.

By 31 December 2018, all Eligibility Assessments had been completed, four Problem-solving Initiatives and four Compliance Reviews were under way, five cases were being monitored by the PCM, and 11 cases had been closed (see **Chart 2** below).

Over the course of 2018, PCM issued 13 Eligibility Assessment Reports, three Compliance Review Reports, one Problem-solving Completion Report and nine Monitoring Reports.

**Chart 2:** Status of PCM Complaints, 2018



**Note:** On 1 January 2018, no Complaints had been registered or closed. By 31 December 2018 no Complaints were at the Eligibility Assessment stage.

## 2.2 New Complaints registered in 2018

The 10 new PCM Complaints registered in 2018 are profiled in chronological order below. These Complaints raised concerns regarding Project categorisation, stakeholder engagement, access to information, labour, and land acquisition/resettlement issues, for Projects

located in Georgia (two), Serbia (two), Bosnia and Herzegovina (two), Ukraine (two), Azerbaijan, Tajikistan and Bulgaria. This year, multiple Complaints were submitted in relation to the same Client in two instances.

### Kozloduy International Decommissioning Support Fund

Business sector:	n/a - Fund
Project number:	n/a
Client:	n/a
Project location:	Bulgaria
Relevant EBRD Policy:	Environmental and Social Policy
Category:	n/a
EBRD finance:	The Kozloduy International Decommissioning Support Fund (KIDSF) administered by the EBRD, is an assistance programme intended to help the Bulgarian government manage the early closure and decommissioning of four units of the Kozloduy Nuclear Power Plant. KIDSF operates through a Framework Agreement between the EBRD and the Bulgarian government, with approximately €1 billion contributed by the European Commission, Austria, Belgium, Denmark, France, Greece, Ireland, the Netherlands, Spain, Switzerland and the United Kingdom. The EBRD is administering the Kozloduy International Decommissioning Support Fund for the first stage of the Radiana repository construction, in order to accommodate low and intermediate level radioactive waste stemming from the decommissioning of units 1-4 of the Kozloduy Nuclear Power Plant in Bulgaria.
Complaint registration date:	15 March 2018
Complainants' allegations:	Complainants allege that the construction of the radioactive waste repository poses environmental and human health risks to the nearby populations of southern Romania. The Complainants raise concerns that these populations were not properly informed or consulted about the Project. Complainants challenge the EBRD's indirect support of nuclear energy projects despite the global trend towards renewable energy sources that pose fewer risks to local communities and the environment.
PCM stage at the end of 2018:	Problem-solving Initiative under way.

### Agroinvestbank Equity Investment

Business sector:	Financial institutions
Project number:	39390
Client:	Agroinvestbank OJSC
Project location:	Tajikistan
Relevant EBRD Policy:	2008 Environmental and Social Policy
Category:	FI
EBRD finance:	Equity investment, for up to 25 per cent +1 share of the shares in Agroinvestbank OJSC
Complaint registration date:	15 March 2018
Complainants' allegations:	The Complainant alleges that the Client did not adhere to contractual obligations to deliver cotton to the Complainant or alternatively return funds the Complainant had paid to the Client in lieu of cotton.
PCM stage at the end of 2018:	Complaint found ineligible for Compliance Review or Problem-solving and closed.

## Shuakhevi HPP

Business sector:	Power and energy
Project number:	45335
Client:	Adjaristsqali Ali Georgia LLC
Project location:	Georgia
Relevant EBRD Policy:	2008 Environmental and Social Policy
Category:	A
EBRD finance:	Up to US\$ 86.5 million (€63.7 million)
Complaint registration date:	15 March 2018
Complainants' allegations:	The Complainants allege that the Project's construction methods (that is, drilling and blasting) did not consider the environmental or social impacts to local community members, including impacts to drinking water, reduced availability of water for the irrigation of crops, and the associated health, safety and livelihood impacts. They also raise concerns regarding insufficient compensation for environmental impacts to 22 households in Makhalakidzeebe, Georgia.
PCM stage at the end of 2018:	Problem-solving Initiative under way.

## Lukoil Shah Deniz Stage II

Business sector:	Natural resources
Project number:	46766
Client:	Lukoil Overseas Shah Deniz Ltd
Project location:	Azerbaijan
Relevant EBRD Policy:	2008 Environmental and Social Policy
Category:	A
EBRD finance:	Up to US\$ 1 billion
Complaint registration date:	15 March 2018
Complainants' allegations:	The Complainants allege that community consultation and disclosure of Project information was inadequate. The Complainants further allege that mitigation measures to address the soil, air quality and water quality impacts of the Project were insufficient, as was the redress for local communities. Complainants also raise concerns regarding the adequacy of local sewerage and road systems.
PCM stage at the end of 2018:	Complaint found ineligible for Compliance Review or Problem-solving and closed.

## EPS Restructuring

Business sector:	Power and energy
Project number:	47318
Client:	Public Enterprise Elektroprivreda Srbije (EPS)
Project location:	Serbia
Relevant EBRD Policy:	2014 Environmental and Social Policy
Category:	B
EBRD finance:	Up to €200 million
Complaint registration date:	10 May 2018
Complainants' allegations:	The Complainants allege that the Project failed to ensure the appropriate resettlement of impacted villages, resulting in the violation of property and participation rights. The Complainants also raise concerns regarding a lack of adequate consultation; lack of assessment and mitigation of Project impacts to protected zones; and community exposure to irreversible geological impacts. The Complainants assert that the Bank failed to assess the impact of its investment on Serbia's energy sector and the country's reliance on fossil fuels.
PCM stage at the end of 2018:	Compliance Review under way.

## Sarajevo Urban Roads Development Project

Business sector:	MEI
Project number:	42889
Client:	Bosnia and Herzegovina
Project location:	Bosnia and Herzegovina
Relevant EBRD Policy:	2008 Environmental and Social Policy
Category:	B
EBRD finance:	€16.5 million
Complaint registration date:	15 May 2018
Complainants' allegations:	The Complainants allege that the Project has caused dust, noise and vibration impacts and damaged local infrastructure (for example, a parking lot, waste disposal area, and a recreational park). The Complainants also raise concerns regarding reduced access to local infrastructure and risks to community health and safety, resulting from road reconstruction works.
PCM stage at the end of 2018:	PCM and Management were able to successfully resolve the issues raised in the Complaint during Eligibility Assessment and therefore the Complaint was closed.

## GrCF – Banja Luka District Heating

Business sector:	MEI
Project number:	49407
Client:	City of Banja Luka
Project location:	Bosnia and Herzegovina
Relevant EBRD Policy:	2014 Environmental and Social Policy
Category:	B
EBRD finance:	€8.3 million
Complaint registration date:	17 May 2018
Complainants' allegations:	The Complainants allege that the Project has harmed the environment and human health due to the use of poor quality heating boilers and filters. The Complainants also allege that EBRD loans and proceeds were not used for their intended purposes, and raise concerns regarding the adequacy of staff redundancy plans.
PCM stage at the end of 2018:	Complaint found ineligible for Compliance Review or Problem-solving and closed.

## Nenskra HPP

Business sector:	Power and energy
Project number:	46778
Client:	Nenskra Hydro JSC
Project location:	Georgia
Relevant EBRD Policy:	2014 Environmental and Social Policy
Category:	A
EBRD finance:	n/a
Complaint registration date:	11 June 2018
Complainants' allegations:	The Complainants allege that the Project's potentially significant impacts on the Svan culture, livelihoods, health and general wellbeing as indigenous peoples were not assessed or addressed. The Complainants also raise concerns regarding the adequacy of public consultation, the environmental impact assessment, and the associated mitigation measures.
PCM stage at the end of 2018:	Compliance Review under way.



## **MHP Corporate Support Loan and MHP Biogas** *(this Complaint refers to two MHP Projects)*

<b>Business sector:</b>	Agribusiness
<b>Project number:</b>	47806 and 49301
<b>Client:</b>	Myronivsky Hliboproduct, PJSC
<b>Project location:</b>	Ukraine
<b>Relevant EBRD Policy:</b>	2014 Environmental and Social Policy
<b>Category:</b>	B
<b>EBRD finance:</b>	US\$ 85 million and €25 million
<b>Complaint registration date:</b>	21 June 2018
<b>Complainants' allegations:</b>	The Complainants allege that the construction and operation of two EBRD Projects has caused air quality impacts due to dust and odour; an increase in heavy vehicle traffic through villages; the depletion of water levels at local wells; and pollution of the surrounding water and soil. The Complainants also raise concerns regarding inadequate community consultation and disclosure of Project information.
<b>PCM stage at the end of 2018:</b>	Problem-solving Initiative under way.

## **GrCF – Belgrade Green Boulevard Project**

<b>Business sector:</b>	Business sector: MEI
<b>Project number:</b>	49267
<b>Client:</b>	City of Belgrade
<b>Project location:</b>	Serbia
<b>Relevant EBRD Policy:</b>	2014 Environmental and Social Policy
<b>Category:</b>	B
<b>EBRD finance:</b>	€20 million
<b>Complaint registration date:</b>	6 August 2018
<b>Complainants' allegations:</b>	The Complainants allege that the Project did not introduce bicycle paths along refurbished streets, as originally proposed. Instead, they raise concerns regarding the introduction of additional car lanes that will generate new costs and pollution, at the expense of more sustainable transportation infrastructure.
<b>PCM stage at the end of 2018:</b>	Complaint found ineligible for Compliance Review or Problem-solving and closed.



Additional information on registered Complaints is available on the [PCM register](#)



PCM engages with local stakeholders as part of a 2018 Problem-solving Initiative.

### 2.3 Complaints at the Eligibility Assessment stage

After a Complaint has been Registered, it is assessed to determine whether it meets the following eligibility criteria.

- Eligibility criteria for Problem-solving – Complainant(s) must be Project-affected people (that is, to enable direct dialogue with the Client); and the Assessors must consider Problem-solving (that is, mediation) to have a likelihood of positive results.
- Eligibility criteria for Compliance Review – the Complaint must relate to actions or inactions that are the responsibility of the Bank under the Environmental and Social Policy or Public Information Policy.

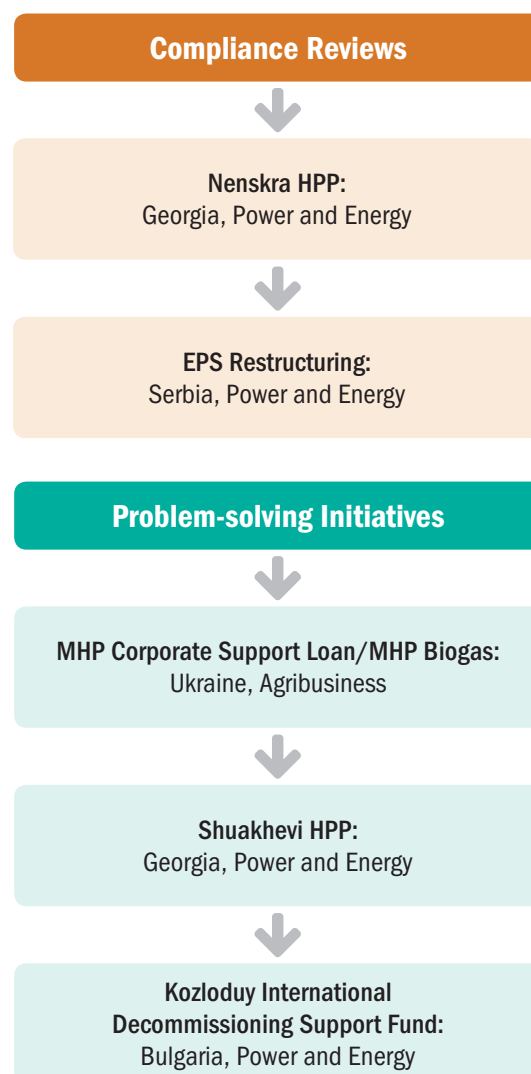
At this stage, Complaints are not judged on their truthfulness, correctness or the merits of the allegations made.

In 2018, 10 Eligibility Assessments were undertaken. As illustrated in **Chart 3**, three Complaints were found eligible for Problem-solving and two Complaints were found eligible for Compliance Reviews.

*PCM's meeting with community of Makhalakidzeebe, Georgia*



**Chart 3:** Eligibility Assessment determinations, 2018



## 2.4 Complaints at the Problem-solving stage

Once a Complaint is found eligible for problem-solving, the PCM initiates mediation between the parties. PCM staff and the PCM Expert (that is, in this case, a trained mediator) first meet with the parties to clarify their concerns. Then, they work with the parties to develop a Framework Agreement, establishing agreed-upon “ground rules” for the mediation. Next, the mediation process begins, with joint meetings held to create an opportunity to discuss - and seek to resolve - the concerns raised in the Complaint.

As presented in **Table 1**, the PCM facilitated five Problem-solving Initiatives throughout 2018, offering mediation services to Complainants and Clients from a neutral platform. Problem-solving Initiatives contributed to Projects in the power and energy (three), agribusiness and MEI sectors. Cases were situated in two of the Bank’s regions: south-eastern Europe; and eastern Europe and the Caucasus. This year, one PSI was closed and four remain under way, continuing into 2019.

**Table 1:** PCM-facilitated Problem-solving Initiatives, 2018

EBRD Project named in Complaint	Year Complaint submitted	Country	Sector	Status at year-end, 2018
MHP Corporate Support Loan and MHP Biogas (one Complaint refers to two Projects)	2018	Ukraine	Agribusiness	• Problem-solving under way
Shuakhevi HPP	2018	Georgia	Power and energy	• Problem-solving under way
Kozloduy International Decommissioning Support Fund	2018	Bulgaria	Power and energy	• Problem-solving under way
BEH Bond Issue and Kozloduy International Decommissioning Support Fund (one Complaint refers to two Projects)	2017	Bulgaria	Power and energy	• Problem-solving under way
Belgrade Public Transport and Traffic Infrastructure (two Complaints regarding the same Project)	2017	Serbia	MEI	• Closed

**Note:** Problem-solving Initiatives are described in chronological order of registration.





## Case study 1: Cross-border problem-solving

Civil society representatives from Romania and Bulgaria submitted a Complaint regarding the construction of the Radiana repository for radioactive waste, in Northern Bulgaria. As described in Section 2.2 above, fears exist regarding the Project's potential to impact the environment and health of communities and ecosystems in neighbouring southern Romania. The Complainants also raised concerns regarding the adequacy of public consultation and the lack of transparency in the repository's construction were also raised.

The PCM initiated a dialogue process between Complainants and the State Enterprise for Radioactive Waste (that is, SERAW, responsible for the repository construction). A Framework Agreement for the dialogue was developed between the parties, and the first joint meeting was held at the SERAW offices in Kozloduy, Bulgaria. This meeting gave the parties an opportunity to meet in person, and begin to work through their concerns. Participants learned about the history and the status of the Project, and had the opportunity to ask questions about the repository design and storage capacity, the site selection, Project financing and the type of waste stored.

A joint site visit was also organised to give Complainants an opportunity to see the Project site and learn more about the Project's activities.

At the end of the meeting, the parties expressed a willingness to continue the dialogue process under PCM Problem-solving, agreeing to (i) conduct dialogue in an open and transparent manner, and (ii) make decisions by consensus, in order to foster trust, cooperation, and ideally, reach acceptable solutions for the benefit of all stakeholders involved.



*A joint site visit was organised to give Complainants an opportunity to see the Project site and learn more about the Project's activities.*



### Stakeholder Perspective

#### The value of Problem-solving Initiatives to Clients

Infrastructure development is a sacred “mission” for all IFIs such as the EBRD, with the prime objective of supporting development projects in emerging economies and lesser-developed countries. These endeavours bring a responsibility of ensuring economic growth, and should not result in detrimental social and environmental impacts on the community for whom these development initiatives are expected to deliver benefits.

To ensure this, all IFIs need a robust monitoring mechanism to evaluate development projects and ensure the proper delivery of mitigation measures to offset the impacts on the communities who may be adversely affected by such projects.

While these monitoring mechanisms provide a one-to-one channel between IFIs and Project developers, the PCM within the EBRD provides the formal platform for balancing and safeguarding community interests during delivery of the development projects in case any grievances are not addressed to a satisfactory level. The channel provides a platform for communities to voice their grievance transparently, while also providing the community with “enabling capabilities” to have direct dialogue with the Project developers and get their concerns addressed. The Mechanism also provides valuable inputs for continuous learning and improvement of compliance monitoring processes enabled by the EBRD.

From the perspective of a project developer, we see this as a credible mechanism to prove and justify the Project developer's position.

**Prashant Joshi**  
Chief Executive Officer,  
Adjaristsqali Georgia LLC

## 2.5 Complaints at the Compliance Review stage

Once a Complaint is found eligible for Compliance Review, an in-depth review of the Project is initiated. The objective of the Compliance Review is to determine whether the EBRD has complied with its environmental, social and public disclosure requirements and commitments under the Bank's Environmental and Social Policy and Public Information Policy, in relation to the particular Project of concern.

If the Bank is found to be non-compliant with these policies, the Compliance Review will detail the basis for non-compliance, and recommend remedial actions in order to bring the Bank back into compliance. Compliance Review recommendations can be:

- (i) Project-specific, to address the issues on the ground

- (i) procedural and systemic, to avoid a recurrence of similar issues on other Bank Projects in the future.

As presented in **Table 2**, the PCM's external Compliance Review Experts undertook seven Compliance Reviews in 2018. Three Reviews were finalised and presented to the EBRD Board of Directors (two of which found the Bank to be non-compliant with the Environmental and Social Policy). Four remaining Compliance Reviews are ongoing, and will be finalised in 2019.

These Compliance Reviews examined Projects in the power and energy (four), transport, natural resource, and equity fund sectors, located in two of the Bank's regions: south-eastern Europe; and eastern Europe and the Caucasus.

**Table 2:** PCM Compliance Reviews, 2018

EBRD Project named in Complaint	Year Complaint submitted	Country	Sector	Status at year-end, 2018
Nenskra HPP	2018	Georgia	Power and energy	• Ongoing
EPS Restructuring	2018	Serbia	Power and energy	• Ongoing
CMI Offshore	2018	Regional	Transport	• Ongoing
Lukoil Shah Deniz Stage II	2018	Azerbaijan	Natural resources	• Ongoing
Southeast Europe Equity Fund	2017	Regional	Equity funds	<ul style="list-style-type: none"> <li>• Completed – Bank found non-compliant with the 2003 Environmental Policy in one instance</li> <li>• Bank Management prepared a <a href="#">Management Action Plan</a> accepted by the EBRD Board of Directors</li> <li>• The Complaint is currently under PCM monitoring</li> </ul>
Georgia - Jvari-Khorga Interconnection Project	2017	Georgia	Power and energy	<ul style="list-style-type: none"> <li>• Completed – Bank found non-compliant with the 2008 Environmental and Social Policy in three instances</li> <li>• Bank Management prepared a <a href="#">Management Action Plan</a> accepted by the EBRD Board of Directors</li> <li>• The Complaint is currently under PCM monitoring</li> </ul>
Krnovo Wind Farm	2017	Montenegro	Power and energy	<ul style="list-style-type: none"> <li>• Completed – Bank found compliant with the Environmental and Social Policy; case closed</li> </ul>

Note: Compliance Reviews are described in chronological order of registration.



## Case study 2: Reviewing financial intermediary Projects

### Southeast Europe Equity Fund II Compliance Review

The PCM undertook its first case reviewing an FI Project, submitted in relation to the EBRD's investment in the Southeast Europe Equity Fund II. The Complaint raised concerns regarding a Fund sub-project - the American Hospital Kosovo. The Complaint alleged unfair and discriminatory treatment on the part of management on the grounds of nationality, describing a climate of fear among its Kosovan employees.

The Complaint was found eligible for a Compliance Review, focused on the EBRD's actions during its ongoing monitoring of the FI investment, as required under the Environmental and Social Policy.

The PCM Expert found the EBRD to be non-compliant with the requirements for ongoing monitoring under the EBRD's *Environmental Procedures for Private Equity Funds*.

The Compliance Review concluded that Bank Management's use of the 2003 Environmental Policy and Procedures for the monitoring of this Project provided low levels of assurance that the environmental and social performance expectations for the investment had evolved along with the evolving Environmental and Social Policy objectives.

The Compliance Review report recommended measures to address the non-compliance as well as inconsistencies in the EBRD's Procedures and Performance Requirements in relation to FI Projects.

In response, EBRD Management prepared a Management Action Plan that was accepted by the EBRD Board of Directors. The PCM will continue to monitor the Management Action Plan's implementation until all committed actions are fully implemented. Additional information about this case is available on the [PCM Register](#)



### Stakeholder Perspective

#### The value of Compliance Reviews to the Bank

The PCM, if used in a constructive way, can provide valuable lessons for our future work. Even the cases that found the Bank to be fully compliant with its policies contributed to our better focus on environmental and social elements of the Project structure and generally result in an improved quality of our approaches.

**Dariusz Prasek**  
Director  
ESD Operations EBRD

## 2.6 Complaints at the monitoring stage

As outlined in Section 1.2, the PCM monitors the implementation of:

- agreements established between Clients and Complainants through Problem-solving Initiatives
- EBRD Management Action Plans that respond to findings of non-compliance identified through Compliance Reviews.

Monitoring continues until the PCM Officer determines that monitoring is no longer needed (that is, that all action items and commitments presented in these documents have been fulfilled).

PCM produces Monitoring Reports at least bi-annually, developed in consultation with the parties, who are given an opportunity to comment on their content and findings, so that their views may be taken into consideration.

As presented in **Table 3**, the PCM monitored the outcomes of seven cases in 2018 and published nine Monitoring Reports, each of which is available on the [PCM Register](#)

Four PCM cases were closed in 2018, after monitoring confirmed that EBRD Management had implemented all commitments identified in their respective Management Action Plans. In total, 19 commitments were fully implemented as part of the PCMs' 2018 Compliance Review monitoring.

**Table 3:** Complaints at the Monitoring stage, 2018

EBRD Project named in Complaint	Year Complaint submitted	Country	Sector	Status at year-end, 2018
Southeast Europe Equity Fund	2017	Regional	Equity Funds	• Management Action Plan implementation under monitoring
EPS Kolubara Environmental Improvement	2017	Serbia	Power and energy	• Problem-solving Agreements under monitoring
Georgia – Jvari Khorga Interconnection Project	2017	Georgia	Power and energy	• All three Management Action Plan commitments completed; Complaint closed
EPS Restructuring	2016	Serbia	Power and energy	• Final two Management Action Plan commitments completed in 2018; Complaint closed
Turk Traktor	2015	Turkey	Manufacturing and services	• Seven Management Action Plan commitments completed in 2018; two actions remain under monitoring
Altain Khuder Debt and Equity	2015	Mongolia	Natural resources	• Final two Management Action Plan commitments completed in 2018; Complaint closed
South-West Corridor Road	2014	Kazakhstan	Transport	• Final three Management Action Plan commitments completed in 2018; Complaint closed

## 2.7 Process predictability and Complaint processing times

In 2018, concerns regarding the predictability and timeliness of Complaint processing continued to be raised by both internal and external stakeholders. The PCM continued taking steps to strengthen the Mechanism's practices and procedures, however it is recognised that some of these challenges are inherent to the current PCM model.

Key actions taken to address these concerns included:

- use of the Complaint Registration checklist, to ensure consistency in the way Complaints are treated once received by PCM
- preparation of draft Eligibility Assessment Reports by the internal PCM Officer, subsequently shared with the relevant external PCM Expert for comment and approval. This approach, adopted in 2017, established greater predictability and assured more timely completion of the Eligibility Assessment stage, generating a significant decrease in the overall average duration of Eligibility Assessments.

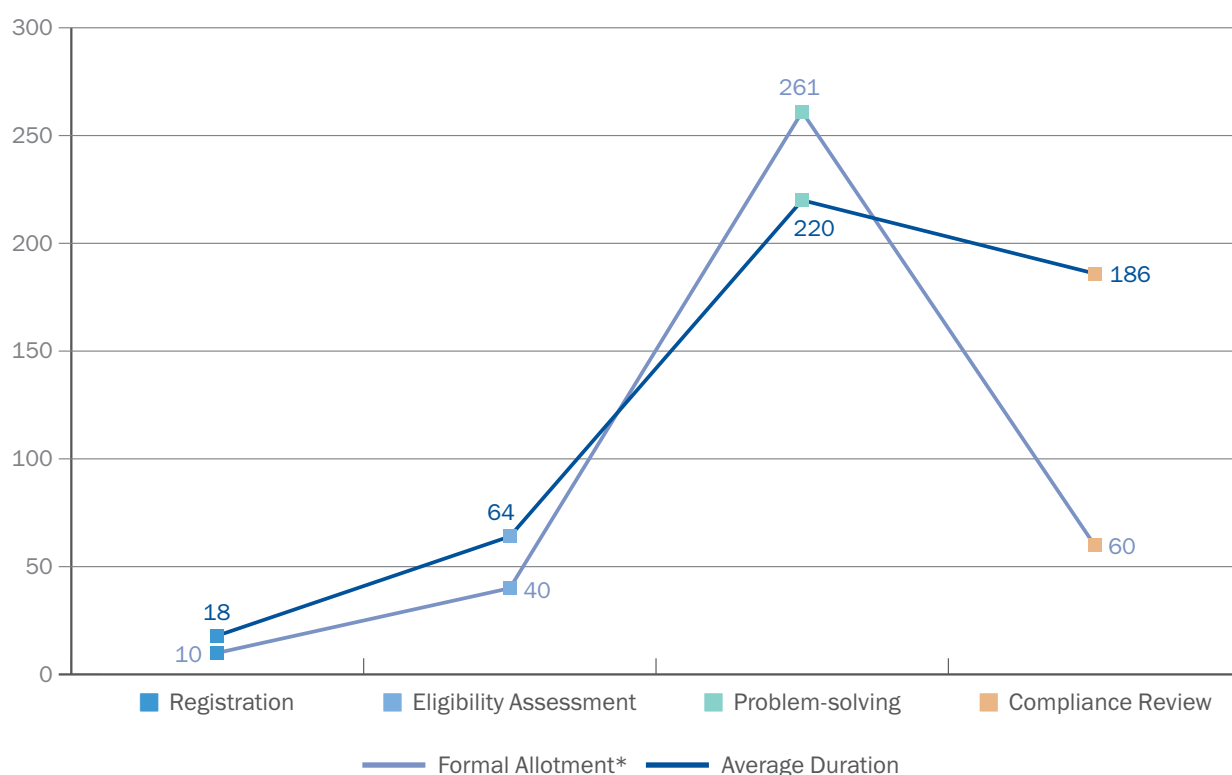
**Chart 4** presents the average duration of each Complaint processing stage in 2018. The Registration phase exceeded its allotted time by an average of eight business days, due to the need for Complaint translation, additional research, and further engagement/clarification from Complainants.

Eligibility Assessments took an average of 24 business days longer than their allotment under the PCM Rules of Procedure, due in part to the review time needed by Parties to provide feedback on the Terms of Reference for subsequent case stages.

The schedule for Problem-solving Initiatives is driven by the parties, rather than a formal policy allotment. They took an average of 220 business days, which is generally aligned with standard timelines across IFIs (that is, within a year's time). Compliance Reviews took an average of 186 business days, although the terms of reference for Compliance Reviews assigns PCM Experts 60 business days for completion.

Increased predictability of process and the reduction of Complaint processing timelines represent two key areas of focus in the 2019 PCM Policy Review, described in Section 4.

**Chart 4:** Complaint processing time, 2018



\*Note: Formal time allotments are identified either in the 2014 PCM Rules of Procedure or the Terms of Reference for Compliance Reviews (located within Eligibility Assessment Reports). There is no formal allotment for Problem-solving Initiatives given that they are party-driven; the number presented reflects the number of business days in a year within which most Independent Accountability Mechanisms seek to complete mediation.

## 2.8 Complaints suspended from further processing

Under the Rules of Procedure, the PCM may suspend a Complaint from further processing if the Complainant did not previously seek to address their concerns with EBRD Management or the Client. The PCM Officer may waive this requirement if such efforts would be considered futile or harmful to the Complainant. By suspending Complaints, which allows the Bank or the Client reasonable time to address the concerns of the Complainant, the PCM seeks to promote the relevant and timely resolution of Complaints and mitigation of Project impacts. A PCM Complaint process may ultimately offer effective remedy; however, it may take significantly longer to achieve than may be possible through solutions on the ground.

While a Complaint remains suspended, the PCM maintains contact with the Complainant and Bank staff (and/or the Client, as appropriate) to follow whether progress is being made towards the resolution of the environmental, social or Project-disclosure issues. If resolution is not achieved, the PCM can continue to process the Complaint.

In 2018, the PCM suspended five submissions to afford EBRD Management and Clients the opportunity to engage directly with the Complainants in order to resolve the issues. The PCM also continued to follow whether progress was made on Complaints suspended in 2017. Over the course of 2018, four suspended Complaints were closed following the determination that no further PCM action was required. One Complaint, relating to the GrCF - Belgrade Green Boulevard, was registered subsequent to its suspension at the request of the Complainant.

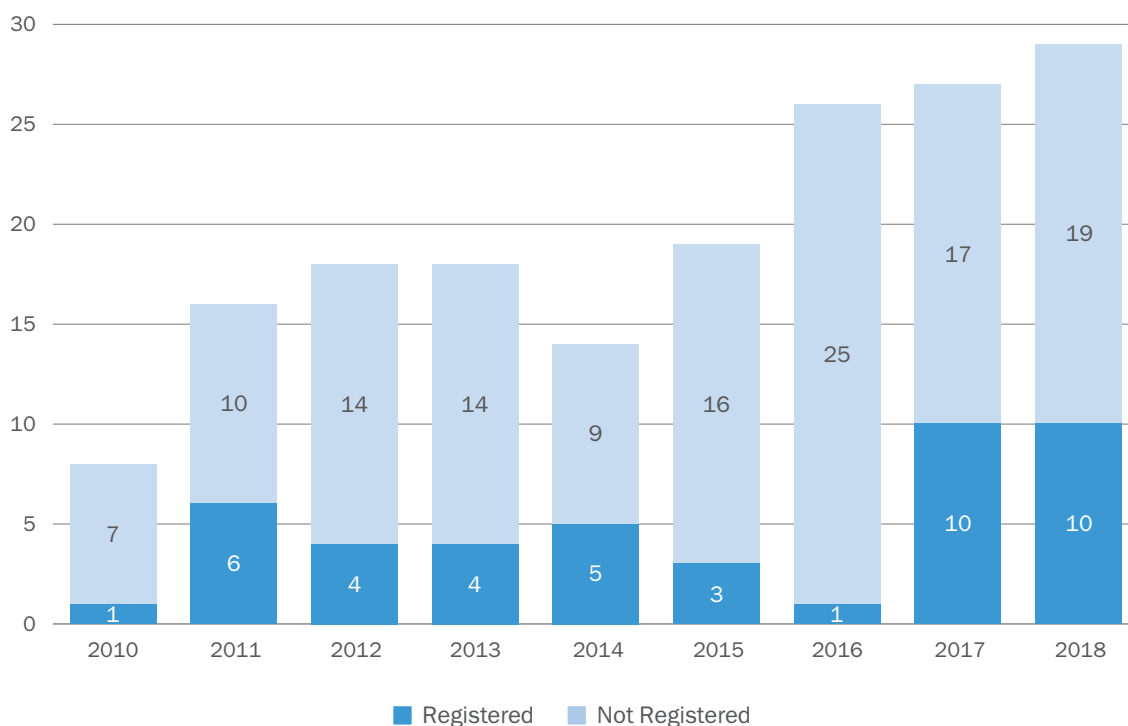
As of December 2018, five Complaints remained suspended. The PCM actively remains in contact with these Complainants and Bank Management and will continue to monitor the outcomes of their efforts in 2019.

## 3. PCM case trends, 2010-18

### 3.1 Complaints received and registered

The PCM has registered a total of 44 Complaints since 2010; this is approximately 25 per cent of the total number of Complaints received (see **Chart 5**). The remaining Complaints did not relate to issues covered by the PCM mandate (that is, environmental, social or transparency-related concerns). The PCM received its highest number of Complaints to date in 2018, attributed to the increasing awareness of IFIs' Independent Accountability Mechanisms in recent years, and the increasing capacity of civil society in some of the EBRD's regions to engage in project finance.

**Chart 5:** Registered Complaints, 2010- 18

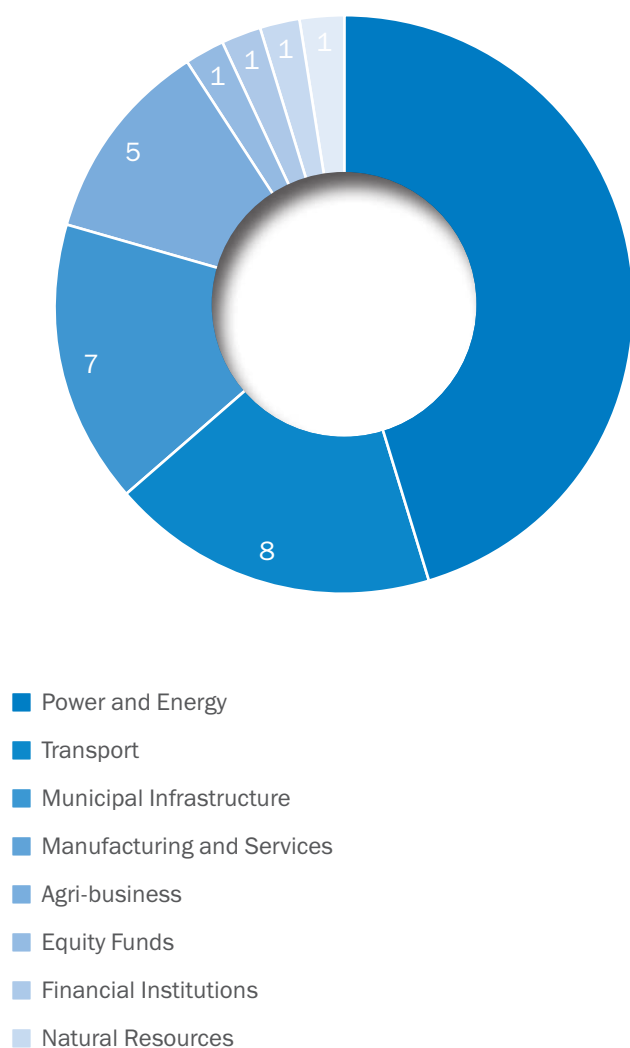


### 3.2 Complaint registration by sector

Over the last eight years of operation, the most common concerns related to EBRD Projects in the power and energy sector, constituting nearly half of all registered Complaints (20). This is attributed in part to the higher risk nature of power and energy Projects from an environmental and social perspective, and in part to the extent of the EBRD's investment in this sector. Concerns around Transport Projects (eight) and MEI Projects (seven) have also been raised frequently since 2010.

**Chart 6** presents Complaints registered between 2010 and 2018 by sector.

**Chart 6:** Complaints by sector, 2010- 18



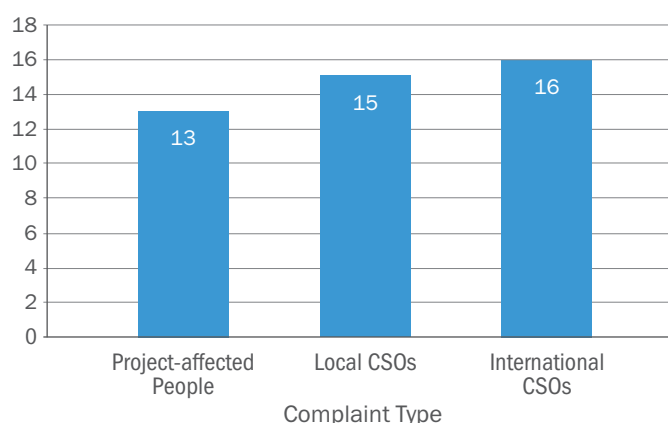
### 3.3 Complainants by category

Under the 2014 PCM Rules of Procedure, only Project-affected people may request a Problem-solving Initiative, whereas *any* individual or civil organisation may request a Compliance Review. In the case of Compliance Reviews, Project-affected people may also authorise representatives (such as CSOs) to act on their behalf.

The year 2018 saw an increasing number of registered PCM Complaints (60 per cent) submitted solely by Project-affected people (that is, without the support of CSOs). This is likely attributable to the PCM's efforts to enhance the accessibility of the Mechanism to local communities in the Bank's regions, in collaboration with peer IAMs.

**Chart 7** presents registered Complaints by Complainant category over the past eight years of the PCM's operation.

**Chart 7:** Complainants by category, 2010-18





### 3.4 Complaints by issue

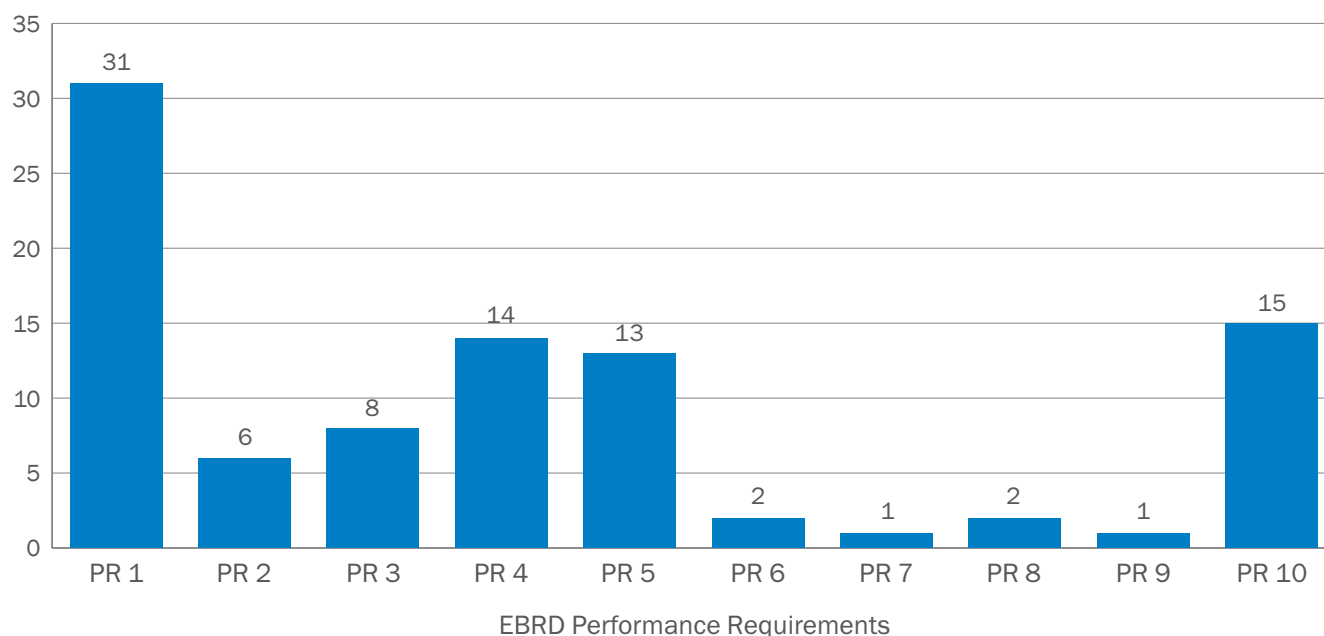
All PCM Complaints must relate to some element of the EBRD's Environmental and Social Policy or Public Information Policy. **Chart 8** identifies the issues raised in registered Complaints, under the EBRD Environmental and Social Policy Performance Requirements (PRs). Most Complaints raise multiple environmental and social concerns that relate to numerous PRs (for example, water quality and stakeholder engagement concerns).

Among the 44 Complaints registered since 2010, most have related to early stage Project concerns, around the identification, assessment and management of

environmental and social impacts at the Project design stage (PR1). Other areas where concerns have been regularly raised include:

- Information Disclosure and Stakeholder Engagement (PR 10)
- Health and Safety (PR 4)
- Land Acquisition, Involuntary Resettlement and Economic Displacement (PR 5).

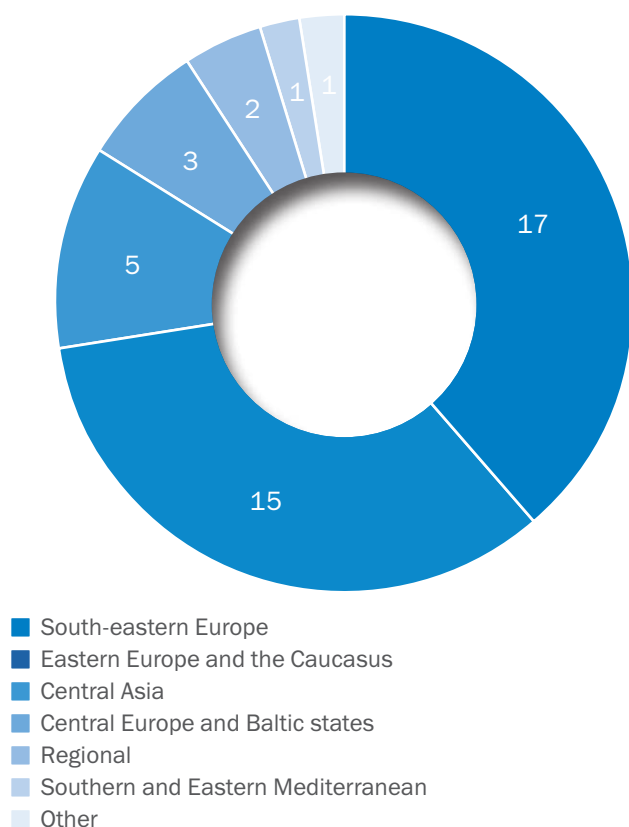
**Chart 8:** Complaints by issue, 2010- 18



### 3.5 Complaints by region

As identified in **Chart 9**, the majority of registered PCM Complaints raise concerns regarding EBRD Projects in south-eastern Europe (17) and Eastern Europe and the Caucasus (15). The PCM notes, however, that the correlation of Complaints and Project locations is based on a number of factors external to Project performance, such as the openness of the civil society space in individual EBRD regions; awareness of the PCM; the level of EBRD involvement in national development Projects; and community/civil society capacity to engage in IAMS processes.

**Chart 9:** Complaints by region, 2010-18



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## 4. 2019 PCM Policy Review

The PCM is currently governed by the 2014 PCM Rules of Procedure, the key policy document which sets out its mandate and operations. The 2014 PCM Rules of Procedure represents one of three key Good Governance Policies of the EBRD; the other two being the 2014 Environmental and Social Policy and 2014 Public Information Policy. These three Good Governance Policies are reviewed in concert every five years, to ensure they incorporate lessons learned, adhere to evolving international good practice and address the needs of stakeholders.

The review of the 2014 Rules of Procedure was initiated in December 2017. Having recognised the concerns of its stakeholders, the objective of the PCM Policy Review is to provide for a substantive strengthening of the current EBRD accountability mechanism, in terms of its structure, governance and procedures. In response to this, at the 2018 Annual Meeting in Jordan, the EBRD's President committed to engage in a material and substantive review of the PCM.

The PCM is responsible for leading the Policy Review, while the EBRD Board of Directors is responsible for the approval of the revised Policy.

The PCM Policy Review is taking place in two stages.

### **Stage 1 was completed in 2018:**

- **Stage 1** – Collection of feedback on the 2014 PCM Rules of Procedure, from December 2017 to December 2018. The PCM sought views on the implementation of the 2014 Policy, its effectiveness, efficiency, and the changes that might be considered in light of stakeholder experiences.
- **Stage 2** – Disclosure of the draft 2019 Policy. In January 2019, the revised draft PCM Policy will be disclosed on the Bank's web site. Stakeholders are encouraged to participate in the 45-day open consultation period on the draft Policy, which will include in-person and written feedback options (with both known and confidential feedback options).

Central to the PCM Policy Review was the desire to involve interested stakeholders in the strengthening of the Mechanism. In addition to the EBRD Board of Directors, Bank Management and Clients, key stakeholders who participated in the PCM Policy Review process throughout 2018 included:

- Project-affected people: community members living in proximity to EBRD Projects, including former and current PCM Complainants and their Representatives
- CSOs: non-governmental organisations and institutions that represent the interests of the citizenry in the EBRD's regions, as well as internationally based organisations. A specific emphasis was placed on CSOs with interests in the accountability, environmental sustainability, social responsibility, human rights and human health spaces
- IAMs: IAMs of peer institutions, with mandates and operations similar to that of the PCM
- international organisations: global organisations with interest in institutional accountability, environmental and social sustainability, and human rights
- Clients: EBRD Clients, including those involved in former and ongoing PCM Complaints
- academia: representatives of global academic institutions and think-tanks focused on issues of relevance to PCM
- consultants: environmental, social and transparency-related specialists in the private sector
- labour organisations: trade unions, labour organisations and groups focused on the health and safety of workers.

## 4.1 Stage 1 – Input on the 2014 PCM Rules of Procedure

During Stage 1, the PCM reviewed the 2014 Rules of Procedure. This analysis focused on:

- the performance of the 2014 Rules of Procedure
- the evolution of good international practice across IAMs
- changes to similar accountability policies of other multilateral development banks (MDBs).

The Review aimed to identify (i) material issues with the 2014 Rules of Procedure and (ii) opportunities for improvement. The outcomes of Stage 1 were used to prepare a revised draft Policy, as well as Guidance on Case Handling.

**Table 4** details the Stage 1 stakeholder engagement activities undertaken, and the documents analysed, between December 2017 and December 2018.

**Table 4:** Stage 1 consultation activities

Activity	Number of submissions reviewed/ number of attendees
• Analysis of the PCM's 2016 and 2017 Annual PCM Performance Surveys, completed by PCM Complainants, Authorised Representatives, Clients and Bank staff	• 83 submissions
• Examination of letters of concern submitted by CSOs regarding the PCM	• 3 formal submissions
• Review of meeting minutes from civil society engagement on the PCM (that is, with the Mechanism itself and the EBRD Board of Directors)	• 3 sets of meeting minutes
• Review of the 2017 PCM Expert Training Report	• 1 report
• Establishment of Monthly PCM Policy Review meetings and ad-hoc meetings on request, for interested civil society stakeholders	• 15 meetings
• Participation in the 17th Annual International Advocates Working Group Meeting	• One-day meeting, approximately 25 civil society participants
• Hosting of sessions with PCM Experts to gather their perspectives on PCM case processing, on request	• 3 sessions
• Hosting of PCM Policy Review Civil Society Open House, in conjunction with the World Bank Spring Meetings	• 8 participant CSOs
• Completion of in-depth interviews with peer IAMs on their policies and operational practices	• 9 interviews
• Establishment of a 77-day Open Comment Period on the 2014 PCM Rules of Procedure, to identify key areas of concern (12 February 2018 to 30 April 2018)	• Submissions from 31 CSOs, peer IAMs and academics
• Policy Review Engagement Sessions during the EBRD's 2018 Annual Meeting (PCM-specific sessions and the President's CSO Town Hall)	• Approximately 25 civil society participants

## 4.2 Summary of stakeholder input from Stage 1 engagement activities

Stakeholder feedback consistently identified several areas of concern regarding the PCM's structure, governance and case-processing model, namely:

1. PCM's formal reporting line and budget management. Stakeholders identified a desire to see the PCM report directly to the Board of Directors
2. the housing of PCM within the Office of the Chief Compliance Officer
3. the seniority of the PCM Officer; stakeholders identified a desire to see the seniority of this position raised
4. the consistency of case-processing methodologies, activities and reporting practices employed by external PCM Experts
5. a desire to see the internalisation of PCM case processing to enhance its consistency and predictability
6. greater use of targeted technical expertise in the assessment of Bank compliance
7. case-processing timelines
8. the lack of alignment between PCM policies and practices and those of peer IAMs
9. the need to address the risk of retaliation against Complainants
10. the accessibility of PCM, particularly for vulnerable and remote communities.

This preliminary feedback was carefully considered and incorporated into the development of the 2019 draft Policy.

Feedback from key PCM stakeholders on the Review process is presented below:



### Stakeholder Perspectives

#### PCM Policy Review and Civil Society

The EBRD's PCM brings real value to the Bank by providing it with a direct feedback channel on its investments, allowing it to address adverse impacts, learn and prevent future harm, and improve outcomes for communities it intends to benefit. We hope that this year's new PCM Policy will strengthen the Mechanism's capacity to provide accountability and remedy to communities negatively impacted by the Bank's investments.

**Kindra Mohr**  
Policy Director  
Accountability Counsel



As the PCM embarks on its review, I am cautiously optimistic that it will emerge as one of the leading Independent Accountability Mechanisms. EBRD senior leadership has committed that this Review would be a major policy revision. The PCM's current procedures contain several provisions that reflect best practice among its peers and should be preserved. However, just as a house cannot stand without a strong foundation, the PCM cannot be truly effective unless its structure is sound. Civil society recommends that the revised PCM be led by a senior manager, overseeing a professional team with expertise in Compliance Review and dispute resolution, reporting directly to the EBRD Board of Directors.

**Kristen Genovese**  
Senior Researcher  
SOMO



## 5. Participation in the IAMS Network, 2018

Many IFIs have externally focused, citizen-driven accountability mechanisms, referred to as IAMS. Although each mechanism has a different mandate and scope of work, they are similar in that they receive submissions of concern from external stakeholders about their institutions' projects, and/or their institution's environmental and social performance.

IAMS are organised into a [Network](#), bringing together international practitioners in accountability, compliance, mediation, and corporate governance. The purpose of the Network is to provide a platform for the exchange of expertise, and to cooperate to enhance the effectiveness of accountability mechanisms worldwide.

In 2018, the PCM took an active role in both:

- (i) the IAMS Standards and Good Practice Working Group, which examines common standards and good practice notes across mechanisms
- (ii) the Outreach Working Group, which aims to coordinate joint efforts to promote the accessibility of IAMS to Project-affected people.

The 15th Annual Meeting of the IAM Network was hosted by the World Bank Inspection Panel in Washington, DC, in November 2018. Some 50 participants representing accountability mechanisms from 20 IFIs participated. Over two days, Mechanism representatives shared experiences from their accountability practice and discussed new tools for complaint-processing.

Key topics included dispute resolution with public and private sector entities; strategies for addressing risks of reprisals experienced by complainants; and approaches to cases involving gender-based violence. The IAMS Network also hosted a half-day session with a wide range of civil society organisations, in order to discuss challenges and opportunities for closer collaboration. The meeting was followed by a one-day conference at American University's Washington College of Law to reflect on the trajectory of the IAMS and future trends.

*15th Annual Meeting of the Independent Accountability Mechanisms, Washington, DC, 13-14 November 2018*



## 6. Outreach, training and knowledge-sharing

Outreach, training and knowledge-sharing events are essential to the PCM's operations. The PCM engaged in a range of these activities in 2018, in order to meet the Mechanism's objectives of:

- promoting greater awareness and understanding of the Mechanism's mandate and functions
- supporting capacity building in the accountability sphere among key IAMs stakeholders
- ensuring PCM stakeholders are aware of the PCM Policy Review and their opportunities to engage in this process.

At the same time, the PCM must build credibility and trust with EBRD Management and must strive to ensure that Project-facing teams have an understanding of how the Mechanism works and what is expected of them, if Projects in which they are involved become the subject of PCM Complaints.

In addition to the PCM Policy Review outreach and consultation activities presented in Table 4 above, the PCM also undertook engagement activities focused more broadly on PCM casework and the promotion of the PCM's mandate, through the form of individual/small-group meetings, workshops, large capacity building initiatives, and conference presentations/participation. Key activities are outlined in **Table 5** below, with in-person events reaching 130 civil society organisation representatives and 60 members of EBRD staff.

**Table 5:** Outreach, training and knowledge-sharing activities implemented in 2018

Description	Number of participants
<b>Joint IAMs outreach events in Mongolia.</b> The involvement of local community representatives highlighted the challenges faced by Project-affected people in addressing Project impacts and seeking remedy.	<ul style="list-style-type: none"> <li>• 50 civil society organisation representatives participated</li> </ul>
Information Session at the EBRD's Resident Office in Ulaanbaatar, Mongolia.	<ul style="list-style-type: none"> <li>• 20 Bank staff participated</li> </ul>
<b>Joint IAMs outreach event in Jordan.</b> This event highlighted opportunities for the expansion of IAMs outreach efforts.	<ul style="list-style-type: none"> <li>• 30 civil society organisation representatives participated</li> </ul>
Information Session at EBRD's Resident Office in Kiev, Ukraine.	<ul style="list-style-type: none"> <li>• 20 Bank staff participated</li> </ul>
Information Session at EBRD's Resident Office in Belgrade, Serbia.	<ul style="list-style-type: none"> <li>• 20 Bank staff participated</li> </ul>
Civil Society Programme of the 2018 EBRD Annual Meeting.	<ul style="list-style-type: none"> <li>• Engagement in three sessions:               <ul style="list-style-type: none"> <li>&gt; case-related outreach</li> <li>&gt; PCM Policy Review</li> <li>&gt; President's Town Hall</li> </ul> </li> <li>• 50 civil society organisation representatives participated</li> </ul>
<b>Distribution of PCM's third annual Stakeholder Engagement Survey.</b> The PCM survey was distributed to PCM Complainants, Complainants' Representatives, EBRD Clients and Bank staff to gather "360 feedback" on the PCM's 2018 performance, contributing to procedural changes and continuous learning.	<ul style="list-style-type: none"> <li>• 34 survey responses received</li> </ul>
<b>United Nations' Meeting in Geneva on the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.</b> The PCM attended this meeting to gather feedback on public disclosure-related concerns in the accountability space; the event was attended by the PCM's key civil society stakeholders.	<ul style="list-style-type: none"> <li>• PCM staff member</li> </ul>

**Table 5:** continued

Description	Number of participants
<b>Establishment of formal Stakeholder Contact List.</b> PCM identified Project-affected people, CSOs, labour unions, EBRD Clients, staff, academia, IAMs colleagues, consultants and other stakeholders who have been engaged with, or have shown interest in, the PCM. The development of a stakeholder contact list intends to facilitate the distribution of periodic updates of PCM cases, events, and Policy Review outcomes.	<ul style="list-style-type: none"> <li>• 500 stakeholders</li> </ul>
<b>EBRD e-Orientation course</b> All new starters at the EBRD in 2018 were introduced to PCM via this e-Orientation course.	<ul style="list-style-type: none"> <li>• All new starters</li> </ul>
Promotion of the PCM's activities via the EBRD staff intranet, internet and email blasts, to increase awareness of the PCM's activities across the Bank and externally.	<ul style="list-style-type: none"> <li>• 10 posts/email updates to internal and external stakeholders</li> </ul>

Key themes emerging from this engagement included:

- partnership and engagement with IAMs
- barriers to Mechanism access, Complainants' security and responses to retaliation
- challenges to IAMs independence
- lack of transparency and access to information regarding FI Projects
- the opportunities IAMs have to strengthen their mandates and improve their policies through their respective policy reviews
- key sectors in which the civil society identifies systemic issues
- joint complaint processing by IAMs on co-financed Projects
- the need for remedy for Project-affected people through Compliance Review and Problem-solving processes.

Outreach highlights how (i) civil society and the PCM can work together to promote accountability and ensure accessibility; and (ii) how the PCM can enhance its effectiveness for those adversely affected by EBRD Projects. Through these engagements, the PCM continues to enhance its understanding of the challenge communities face when looking to raise concerns regarding EBRD Projects. Stakeholder outreach will continue to inform the Mechanism's practices going forward.

### Case study 3: Civil Society Workshop on IFI Accountability

In partnership with the IAMs of four IFIs and with support from Oyu Tolgoi Watch and the CEE Bankwatch Network, the PCM organised a workshop on IFI accountability in Ulaanbaatar, Mongolia, in March 2018. Approximately 50 representatives of civil society organisations from Mongolia, the Kyrgyz Republic, Kazakhstan, Uzbekistan, Tajikistan and Azerbaijan participated in the workshop.

This event offered IAMs and CSOs the opportunity to exchange views on issues related to public and private sector development Projects in Central Asia. IAMs staff explained how to file Complaints, clarified the types of issues that fall within IAMs' mandates to review, and described possible IAMs outcomes (that is, so civil society would understand what they could expect to result from such processes).

Workshop participants highlighted that communities in Central Asia face challenges arising from the pace of economic growth, competition for natural resources and climate change risks. Participants identified limitations regarding the following: their rights to access Project-related information, a clean environment, safe drinking water, land use and property rights. Participants concluded that IAMs, together with CSOs, have a major role to play in ensuring that IFIs meet high standards of transparency and accountability.



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## 6.1 Area of focus: promoting an enabling environment for Problem-solving

Over several years, both internal and external stakeholders have highlighted that the PCM's Problem-solving function has been underutilised. Although the PCM had received Complaints requesting Problem-solving in the past, in many instances, Complainants and/or Clients questioned the value that Problem-solving could bring to the situation on the ground.

In 2018, three Complaints led to the initiation of Problem-solving Initiatives. Accordingly, the PCM invested in efforts

to “scale up” this function, supporting capacity building to facilitate parties' ability to engage meaningfully in the process. The PCM continued promoting the use of *Guide for Parties on Using Mediation Effectively*, a reference tool to help parties understand the language of Problem-solving in the IFI/project development context, and to provide a step-by-step overview of what to expect. Feedback from stakeholders was requested, which will be used in future iterations of the guide.



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## 7. 2019 Outlook

In the year ahead, the PCM's focus will remain concentrated around the completion of the PCM Policy Review, ensuring that a wide range of stakeholders have the opportunity to participate in the process. PCM encourages all stakeholders to review and provide comments on the draft Policy when it is available for consultation in the second quarter of 2019, so that their views may be taken into consideration in:

- the Policy's finalisation
- the development of externally facing plain language communication materials that meet stakeholders' needs.





# Annex 1:

## Cases under PCM processing in 2018

**Table 6:** PCM Case Status, 2018

Number	Project named in the Complaint	Country	Registration date
2018/10	GrCF – Belgrade Green Boulevard	Serbia	06/08/2018
2018/09	MHP Corporate Support Loan, MHP Biogas	Ukraine	21/06/2018
2018/08	Nenskra HPP	Georgia	11/06/2018
2018/07	GrCF - Banja Luka District Heating	Bosnia and Herzegovina	17/05/2018
2018/06	Sarajevo Urban Roads Development Project	Bosnia and Herzegovina	15/05/2018
2018/05	EPS Restructuring	Serbia	10/05/2018
2018/04	Lukoil Shah Deniz Stage II	Azerbaijan	15/03/2018
2018/03	Shuakhevi HPP	Georgia	15/03/2018
2018/02	Agroinvestbank Equity Investment	Tajikistan	15/03/2018
2018/01	Kozloduy International Decommissioning Support Fund	Bulgaria	15/03/2018
2017/10	CMI Offshore	Regional	20/10/2017
2017/09	BEH Bond Issue and Kozloduy International Decommissioning Support Fund	Bulgaria	18/10/2017
2017/08	Belgrade Public Transport and Traffic Infrastructure	Serbia	14/09/2017
2017/07	Lukoil Shah Deniz Stage II	Azerbaijan	06/09/2017
2017/06	Belgrade Public Transport and Traffic Infrastructure	Serbia	04/09/2017
2017/05	Southeast Europe Equity Fund II	Regional	18/08/2017
2017/04	EPS Kolubara Environmental Improvement	Serbia	25/07/2017
2017/03	EPS Restructuring and EPS Kolubara Environmental Improvement	Serbia	15/06/2017
2017/02	Georgia - Jvari-Khorga Interconnection	Georgia	08/05/2017
2017/01	Krnovo Wind Farm	Montenegro	06/03/2017
2016/01	EPS Restructuring	Serbia	23/02/2016
2015/03	Turk Traktor	Turkey	11/09/2015
2015/02	IPP4 Al-Manakher Power Project	Jordan	2015/02
2015/01	Altain Khuder Debt & Equity	Mongolia	15/01/2015
2014/04	South-West Corridor Road	Kazakhstan	24/11/2014



Eligibility Assessment	Site visit(s)	Compliance Review	Problem-solving	Site visit(s)	Monitoring	Closed	Status
✓						✓	Complaint ineligible, closed
✓	✓		✓	✓			Problem-solving in progress
✓		✓					Compliance Review in progress
✓						✓	Complaint ineligible, closed
✓						✓	Complaint ineligible, closed
✓		✓		✓			Compliance Review in progress
✓						✓	Complaint ineligible, closed
✓	✓		✓	✓			Problem-solving in progress
✓						✓	Complaint ineligible, closed
✓	✓		✓	✓			Problem-solving in progress
✓		✓					Compliance Review in progress
✓	✓		✓	✓			Problem-solving in progress
✓	✓		✓	✓		✓	Problem-solving finalised, Complaint closed
✓		✓					Compliance Review in progress
✓	✓		✓	✓		✓	Problem-solving finalised, Complaint closed
✓		✓			✓		Non-compliance monitoring of Management Action Plan
✓	✓		✓	✓	✓		Problem-solving monitoring of Agreement
✓	✓		✓	✓	✓		Problem-solving monitoring of Agreement
✓		✓			✓	✓	Non-compliance; Management Action Plan monitoring completed; Complaint closed
✓		✓				✓	Compliance, Complaint closed
✓		✓			✓	✓	Non-compliance; Management Action Plan monitoring completed; Complaint closed
✓		✓		✓	✓		Non-compliance; monitoring
✓		✓		✓		✓	Compliance, Complaint closed
✓		✓			✓	✓	Non-compliance; Management Action Plan monitoring completed; Complaint closed
✓	✓	✓	✓	✓	✓	✓	Non-compliance; Management Action Plan monitoring completed; Complaint closed

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## Annex 2:

# 2018 operational expenditure

In accordance with paragraph 68 of the PCM Rules of Procedure, “the Bank will provide budgetary resources to the PCM sufficient to allow all of the activities permitted by these Rules to be carried out.”

PCM’s 2018 operational expenditure is outlined in **Table 7** below.

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**Table 7:** PCM’s operational expenditures, 2018

Operational expenditure*	Cost (£)
Engagement of PCM Experts	197,313
Complaint handling (such as travel, translation and interpretation fees) interpretation fees)	41,439
Outreach and capacity building	27,721
Administration (such as telephone, photocopies and publications)	3,169
<b>Total</b>	<b>269,642</b>

*Note: Expenditure does not include salaries and benefits for PCM staff.*

## Notes

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### **How to report a complaint to PCM:**

Complaints (related to (i) an alleged environmental or social harm, or (ii) a lack of Project transparency) can be submitted to PCM in any written format (email, in writing, etc) at the adjacent address, or via the online form (see “[Submit a complaint online](#)”) on the back page of this report..

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### The Project Complaint Mechanism (PCM)

EBRD

One Exchange Square

London EC2A 2JN

United Kingdom

Telephone: +44 (0)20 7338 6000

Fax: +44 (0)20 7338 7633

Email: [pcm@ebrd.com](mailto:pcm@ebrd.com)

<https://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html>

