



BOSNIA AND HERZEGOVINA BANJA LUKA DISTRICT HEATING

STAKEHOLDER ENGAGEMENT PLAN

Bosnia and Herzegovina

Banja Luka District Heating Project

Project: Bosnia and Herzegovina – Banja Luka District Heating Project
Report: Stakeholder Engagement Plan
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1. INTRODUCTION

1.1 Description and Context of the Project

The City of Banja Luka (the “City”) is the capital of Republika Srpska (“RS”). With a population of close to 200,000 people, it is the largest town in RS and the second largest in Bosnia and Herzegovina (“BiH”). It is also the political, administrative and economic centre of RS.

The district heating (“DH”) system of Banja Luka covers 10.7 km² or approx. 44%, which makes the DH system of the City the largest one in RS. The rest of the City uses other heating solutions (electricity or individual central heating fuelled by pellets, or wood/coal burning stoves for heating). The current DH system is supplied with heat from three heating plants: the main plant includes four heavy fuel oil (“HFO”) boilers, in addition to two district biomass plants constructed in 2014.

The DH system of the City has been experiencing serious issues. The system was built in 1970s, and has become technically and technologically out-dated. The purchase price of HFO has been fluctuating in the past years, with a negative effect on the business operations of the existing DH company (Public Company “Toplana a.d. Banja Luka”), which has accumulated unsustainable levels of debt and payables to fuel oil suppliers. Customer dissatisfaction has increased due to poor quality of services, as a result of which the company lost 13% of its customers since 2011. In addition, the DH system which uses HFO as fuel is a major polluter of air in the City.

The strategic and planning documents in the City¹ have recognized the need to replace HFO with renewable energy sources in heat generation and to modernize the existing DH system. Furthermore, the conducted analysis of options to rehabilitate the DH system in the City² shows that the use of biomass in heat generation is feasible. Aware of the need to move towards biomass as a renewable energy source, in 2014 the City built two district biomass plants to partially replace HFO with biomass (wood chips).

Based on the identified need for modernization of the DH system and the need for fuel substitution, the City decided that the optimal model for introducing adequate technology for heat generation, modern technologies for managing and optimization of the distribution network, professional personnel for efficient management of the DH system and ensuring the financial means necessary for building a biomass plant is to select a strategic partner. In 2017, the City entered into a public procurement procedure to select a private strategic partner. In May 2017, the City selected the company IEE Banja Luka (“IEE”) as its private partner and created a new DH company “Eko Toplana Banja Luka” (the “Company”). The Company is owned 51% by IEE Banja Luka, while the City holds a minority stake of 49%.

The existing DH company will provide DH services until 31 December 2017, after which it will be put into hibernation and wound down. A Retrenchment Plan is drafted by the City of Banja Luka to address retrenchment issues.

The new company will build, own and operate a new heat generation plant estimated to cost up to EUR 16.3 million, and also maintain and operate the existing DH network including heat metering and the billing system.

¹ The *Development Strategy* of Banja Luka (2007-2019); the *Sustainable Energy Action Plan* of Banja Luka (2010); the *Local Environmental Action Plan* of Banja Luka for the period 2016-2021; and the *Spatial Plan* of Banja Luka (March 2014)

² *Rehabilitation and Modernization of the District Heating System in the City of Banja Luka – Focus on Energy Efficiency, Rapid Assessment & Response Plan* (May, 2016)

The new planned facilities include:

- A 49 MW biomass heating plant with the capacity of increasing the installed power by an additional 10 MW, with 12 boiler lines (10 to be in operation + 2 in reserve), located close to the HFO plant (located on the Vrbas river bank in the eastern part of the city), on the same river bank
- A 550 m long new hot water pipeline to connect the new heat source and existing pumping station in the old heating plant
- A biomass storage area (logistics centre), leased within the “Incel” Business Zone at 5 km from the biomass heating plant, with a 2,000 m² area for woodchip storage and a mobile container facility for the workers

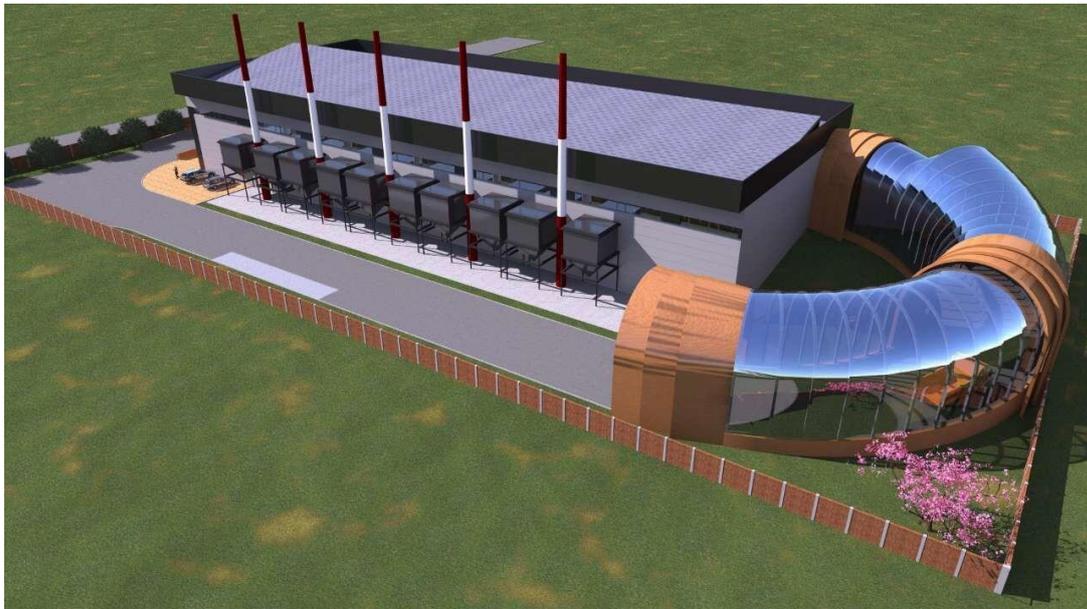


Figure 1: Exterior Appearance of the Planned Biomass Heating Plant

EBRD is considering providing a loan of EUR 8.25 million to the City, of which the City will invest EUR 7.5 million as part of its minority equity stake in the Company, and EUR 0.75 million will be invested as working capital for the initial purchase of biomass fuel.

1.2 Objective and Scope of the Stakeholder Engagement Plan

This Stakeholder Engagement Plan (“SEP”) was developed by the Company in order to clearly communicate to all interested and affected parties the stakeholder engagement program which is to be implemented throughout the entire Project cycle.

The objective of this SEP is to improve and facilitate Project-related decision-making and create opportunities for active involvement of all stakeholders in a timely manner, and to provide possibilities for all stakeholders to express their opinions and concerns that may influence Project decisions. The purpose of the SEP is, therefore, to enhance stakeholder engagement throughout the life cycle of the Project, and to carry out stakeholder engagement in line with the laws of Republika Srpska, as well as the requirements of the EBRD.

This SEP will be updated as necessary.

2. REGULATORY REQUIREMENTS FOR STAKEHOLDER ENGAGEMENT

2.1 Local Legislation Requirements

Procedures related to environmental information disclosure are elaborated in the *Law on Environment Protection* in RS³. The Law stipulates that all individuals, regardless of citizenship, nationality or place of residence and legal entities, are granted public access to information, participation in decision-making and the right to environmental protection. Public institutions must respond to requests for environmental information within 15 days. Furthermore, regulatory bodies and governments are obliged to encourage public awareness and participation, facilitate access to information, judicial and administrative procedures, as well as to registers of installations and of polluting entities.

Public consultation requirements within the environmental permitting procedure are defined by the above mentioned Law. The key requirements related to this Project⁴ may be summarised as follows:

- The competent authority (in this case, the RS Ministry of Spatial Planning, Civil Engineering and Ecology) must ensure public participation in the procedure of issuing environmental permits.
- The Ministry must enable free access to all relevant information about the project, including baseline information, potential impacts, mitigation measures, a non-technical summary, alternatives to the project, as well as reports and expert opinions of other authorities.
- The public must be notified through media (daily newspapers) about:
 - the proposed activities and the submitted request for obtaining the permit
 - the manner in which the public is able to participate
 - the authorities from which information may be requested
 - the location where hard copies of documentation may be accessed
 - the addresses to which stakeholder comments and proposals may be submitted
 - the timeframe for submission of comments
- The City authorities are required to post a notification on their bulletin board and keep hard copies of the relevant documentation in their premises.
- The timeframe for submission of comments is 30 days. The Ministry is required to take into consideration all comments and inform the public about the reasons for the final decision.

2.2 EBRD Policies

The provisions of EBRD's Environmental and Social Policy (2014)⁵ and Public Information Policy (2014)⁶ for public consultations and access to information have fully been taken into account in the preparation of this SEP. These two key documents cover information disclosure, consultation and grievance redress and are explained in more detail below.

- **EBRD's Environmental and Social Policy (2014)**

EBRD has adopted a comprehensive set of specific Performance Requirements (PRs) that projects are expected to meet. In accordance with EBRD's *PR 10: Information Disclosure and Stakeholder Engagement*, borrowers are required to develop and implement a Stakeholder Engagement Plan appropriate to the nature and scale of the risks, impacts and development stage of the project, and conduct stakeholder engagement on the basis of providing local communities that are directly affected by the project and other relevant stakeholders with access to timely, relevant, understandable and accessible information.

³ Official Gazette of RS, No. 71/12, 79/15

⁴ which requires that an environmental permit must be obtained, but does not require the development of an EIA Study.

⁵ Available at: <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

⁶ Available at: <http://www.ebrd.com/what-we-do/strategies-and-policies/public-information-policy.html>

- **EBRD's Public Information Policy (2014)**

EBRD's Public Information Policy (PIP) sets out how EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations. The project documentation will be enclosed for the public on the EBRD website in accordance with this Policy.

3. STAKEHOLDER ENGAGEMENT PROGRAM

In order to adequately respond to the needs of different groups, communication and information channels have been designed for all identified stakeholders in accordance with their needs. The Company recognises that meaningful and timely engagement with stakeholders can enable the success of the Project. The engagement process will be used to obtain comments and suggestions for the development of the Project, which may enhance the Project design and lead to extended local benefits.

Project stakeholders have been identified in order to address the different consultation requirements. Stakeholders include persons or groups that are:

- directly and/or indirectly affected by the Project;
- have certain interests in the Project and its activities;
- have the ability to affect the Project itself and its final outcome.

However, any stakeholders that are not identified, including vulnerable people, may directly contact the Company to make themselves and their needs known to facilitate the effective implementation of the SEP (see contact information in Chapter 4).

3.1 Previous Stakeholder Engagement Activities

Public participation was ensured as part of the environmental permitting procedure in line with the *Law on Environmental Protection*. The public was notified of the submitted application for the Environmental Permit through an announcement in the local daily newspapers published on June 24, 2017. The relevant documentation was also submitted to the Department of Urban Planning of the City to allow for public access to hard copies of the documentation. The public disclosure period lasted for 30 days, and no comments were received from the public during this time.

No other stakeholder engagement activities were conducted to date. Since the Company was recently incorporated, it has not developed any stakeholder engagement plans yet and will be expected to implement this Stakeholder Engagement Plan.

3.2 Responsibility for SEP Implementation

A 15-member Project Team (PT) has been set up to manage the Project, consisting of representatives of the Company, the City of Banja Luka and IEE. A responsible person has been appointed for the implementation of this SEP during the entire Project cycle, and in charge of communicating with the communities (see contact information in Chapter 4).

3.3 Planned Information and Communication Arrangements

The Company will carry out public consultations and information dissemination that will reflect main issues of relevance to the Project.

Documents and information to be disclosed

The Company intends to disclose the following documentation and information regarding the Project:

- This **Stakeholder Engagement Plan (SEP)**;
- **Project Grievance Form** (see *Appendix 1: PROJECT GRIEVANCE FORM*), **Public Grievance Leaflet** (see *Appendix 2*);

- **Non-technical Summary** of the Environmental and Social Assessment of the Project;
- **Information on the risks and disturbances associated with construction and operation, and updates regarding the implementation progress of the Project;** in particular information on the expected increase in traffic volume due to the passing of 15-20 heavy trucks carrying biomass on a daily basis from the logistics centre to the biomass heating plant, and the planned routes of the trucks.

The documents and information will be available in local language (as well as English where available) immediately upon their availability, on the website of the City of Banja Luka (www.banjaluka.rs.ba). The documents will also be made available in printed copies in the premises of the City and the Company at the following address

City of Banja Luka

Address: Trg srpskih vladara 1, Banja Luka

“EKO TOPLANE BANJALUKA” D.O.O.

Address: Petra Kočića no. 113a, Banja Luka

These documents and information will remain in the public domain for the entire duration of the Project cycle.

Planned meetings

The Company will schedule and hold at least one public consultation meeting during Project preparation (but prior to putting the biomass heating plant into operation). All available Project information and documents will be disclosed to the public at least 7 days in advance of the meetings. If necessary, separate meetings will be held to ensure that the stakeholder engagement is gender responsive.

The meetings will be aimed at providing information to the public about the operations of the new plant, in particular information on the expected increase in traffic volume due to the passing of 15-20 heavy trucks carrying biomass on a daily basis from the logistics centre to the biomass heating plant, and the planned routes of the trucks. Participants will be able to present their opinions and remarks with regard to the Project, as well as suggest possible solutions of the issues raised.

The conclusions of the meeting will be agreed during the meeting and recorded. All justified comments and proposals will be considered and appropriately addressed. The Project Team will publish a summary report of all relevant issues raised, including explanations for inclusion or exclusion of proposals.

The timetable and the venue designated for the meeting will be precisely defined by the Company, and all stakeholders will be informed about the exact date, time and venue where the meeting will be held, at least 7 days in advance, through disclosure through the website of IEE and the City of Banja Luka, as well as local media (newspapers, online news portals).

In addition, individual consultation meetings for specific issues may be organized at the initiative of the Company, the City of Banja Luka or by any identified stakeholder groups/individuals.

Table 1: Stakeholder Analysis and Communication Requirements

Identified stakeholder	Specific issues or interests	Communication and engagement objective	Communication and engagement requirements
<p>Local residents and businesses in the vicinity of the Project area</p> <p>Local communities located in the proximity of the construction works</p> <p>Local communities living in areas where heavy trucks carrying biomass will pass on a daily basis during operation</p>	<p>Local communities may experience restricted access and disturbances related to increased noise due to machinery operation, increased dust, waste disposal, potential disruptions to water and electricity supply, etc.</p>	<p>Providing timely information on risks and disturbances associated with the construction and operation period</p>	<ul style="list-style-type: none"> • Public consultation meeting, and individual meetings as necessary • Publicizing information on the website of the City of Banja Luka
<p>Relevant government authorities, ministries and public institutions, including:</p> <ul style="list-style-type: none"> • City of Banja Luka • RS Ministry of Spatial Planning, Civil Engineering and Ecology • RS Ministry of Agriculture, Forestry and Water Management • RS Ministry of Industry, Energy and Mining • Public Enterprise “Vode Srpske”, Bijeljina • Public Forestry Enterprise “Forests of RS” 	<p>Issuing permits, consents and opinions in accordance with local legislation</p>	<p>Consultations with relevant government authorities concerning the Project activities (environmental permitting, water and urban planning permits, etc.)</p>	<ul style="list-style-type: none"> • Regular contacts through internal communication channels
<p>Interested non-governmental organisations (NGOs)</p>	<p>Note: Any organisations interested in the Project can send their contact details to be included in the <i>Table of Interested Organisations</i> in this SEP and notified directly about Project events.</p>	<p>Providing timely information, communication and consultations</p>	<ul style="list-style-type: none"> • Public consultation meetings, and individual consultation meetings as necessary
<p>Employees of the Company</p>	<p>Stakeholders of high significance for the Project’s success who are directly or indirectly engaged in Project planning and implementation</p>	<p>Providing timely information about the planned Project activities</p>	<ul style="list-style-type: none"> • Company’s internal bulletin board • Trainings as necessary
<p>Contractors or subcontractors for construction, monitoring and supervision of works, and their employees</p>	<p>Stakeholders of high significance for the Project’s success who are directly or indirectly engaged in Project planning and implementation</p>	<p>Provision of Project code of conduct and work safety and health regulations, environmental protection requirements</p>	<ul style="list-style-type: none"> • Information through tender procedure and contracts • Communication via supervising engineers • Toolbox talks at construction sites on relevant occupational health and safety topics • Monthly reports on progress of works to be submitted by contractors during construction works • Trainings as necessary

4. GRIEVANCE MECHANISM

The Company will establish a Grievance Registry, and will inform all stakeholders of the grievance mechanism by communicating the availability of this registry, its function, the contact persons and the procedures for submitting a complaint in the affected areas. The Project Grievance Form (*Appendix 1*) and the Public Grievance Leaflet (*Appendix 2*) will be disclosed on the website of the City of Banja Luka (www.banjaluka.rs.ba) and also be made available in printed copies in the premises of the City and the Company.

Any comments or concerns can be brought to the attention of the Company verbally (personally or by telephone) or in writing by filling in the Project Grievance Form (by personal delivery, post, fax or e-mail to the address/number given below), without any costs incurred to the complainant. Grievances may also be submitted anonymously or without the use of the form if preferred.

All grievances will be recorded in the Grievance Registry and assigned a number, and acknowledged within seven calendar days (the flowchart for processing grievances is enclosed in *Appendix 3*). The Registry will have all necessary elements to disaggregate the grievance by gender of the person logging it as well as by type of grievance. Each grievance will be recorded in the registry with the following information:

- description of grievance,
- date of receipt of grievance and when acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures, preventive measures), and
- date of resolution and closure / provision of feedback to the complainant.

If the grievance/complaint is vague and not clear enough, the Company will assist and provide counsel in formulating/redrafting the submission, in order for the grievance/complaint to become clear, for purposes of an informed decision by the Company, in the best interests of persons affected by the Project.

The Company will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If the Company is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance. Preventive actions will be identified and implemented with the aim of preventing recurrence of the same issue in the future; these will also be communicated to the complainant.

If the Company is not able to address the particular issue raised through the grievance mechanism or if action is not required, it will provide a detailed explanation/ justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organisation that raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

At all times, complainants may seek other legal remedies in accordance with the legal framework of Republika Srpska, including formal judicial appeal.

A separate grievance mechanism is available for workers.

Contact information for enquiries and grievances:

Attention: Vanja Štrbac
Banja Luka District Heating Project
Address: Petra Kočića no. 113 a, Banja Luka
Tel: +387 65/478 080
E-mail: vanjastrbac@mail.com

5. MONITORING AND REPORTING

The results of the stakeholder engagement process will be included in Monitoring Reports to be prepared by the Project Team. The first report will be produced three months after the beginning of the Project, and will continue on a quarterly basis during construction works and on an annual basis during operation. The reports will include the following information:

- Place and time of carried out consultation meetings (including other types of engagement activities) with information on the number of participants;
- Issues and concerns raised during consultation meetings and information on how the issues raised during the meetings were taken into consideration by the Project Team, including the implemented corrective measures meant to address the grievances;
- Number and types of grievances raised in the reporting period, with indication of opened, resolved and closed grievances and whether they have been closed out within the timeframes stated in the grievance mechanism.

In addition, the Project Team will submit Annual Environmental and Social Reports to EBRD summarising environmental and social impacts, health and safety performance, disclosure and consultation performance and implementation of the external grievance mechanism.

The Project Team will be responsible for monitoring of all Project related stakeholder engagement activities, ensuring the fulfilment and updating of this SEP, and reporting to EBRD.

Appendix 1: Project Grievance Form

Reference Number	
Full name (optional) <input type="checkbox"/> I wish to raise my grievance anonymously. <input type="checkbox"/> I request not to disclose my identity without my consent.	
Contact information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: <i>Please provide mailing address:</i> _____ _____ <input type="checkbox"/> By telephone: _____ <input type="checkbox"/> By E-mail
Preferred language of communication	<input type="checkbox"/> Bosnian / Serbian / Croatian <input type="checkbox"/> English (if possible)
Description of Incident for Grievance	
	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of Incident / Grievance	
	<input type="checkbox"/> One-time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen?	

Signature: _____
 Date: _____

Please return this form to:
 Attention: Vanja Štrbac
 Banja Luka District Heating Project
 Address: Petra Kočića no. 113 a, Banja Luka
 Tel: +387 65/478 080
 E-mail: vanjastrbac@mail.com

Appendix 2: Suggested Text for Public Grievance Leaflet

The Company is striving to ensure that the Banja Luka District Heating Project will not result in adverse impacts for those living near the Project sites or for other potentially affected stakeholders. However, should there be any issues, we would like to hear about any concerns or grievances that you may have in relation to Project activities.

What kind of grievance can I lodge?

Anyone can lodge a grievance if they feel that Project activities are negatively affecting them, their community or their local environment. Examples of grievances could include, but are not limited to:

- Increased noise, access issues or other nuisances during construction works or operation;
- Concerns regarding community health and safety, such as increased heavy traffic on local roads (including the expected increase in traffic volume due to the passing of 15-20 heavy trucks carrying biomass on a daily basis from the logistics centre to the biomass heating plant), local road damage or inadequate management of waste during construction works;
- Concerns about the environment;
- Practices that endanger the health, safety and security of employees working on the Project;
- Inadequate implementation of the Project's Stakeholder Engagement Plan by the Company.

How can I submit a grievance?

Anyone can submit a grievance to the Company (contact information given below) without any costs incurred to the complainant, in the following ways:

- verbally (in person or by telephone)
- in writing by filling in the attached Project Grievance Form or in other form if preferred, and sending it to "EKO TOPLANE BANJA LUKA" D.O.O. (by personal delivery, post, fax or e-mail)

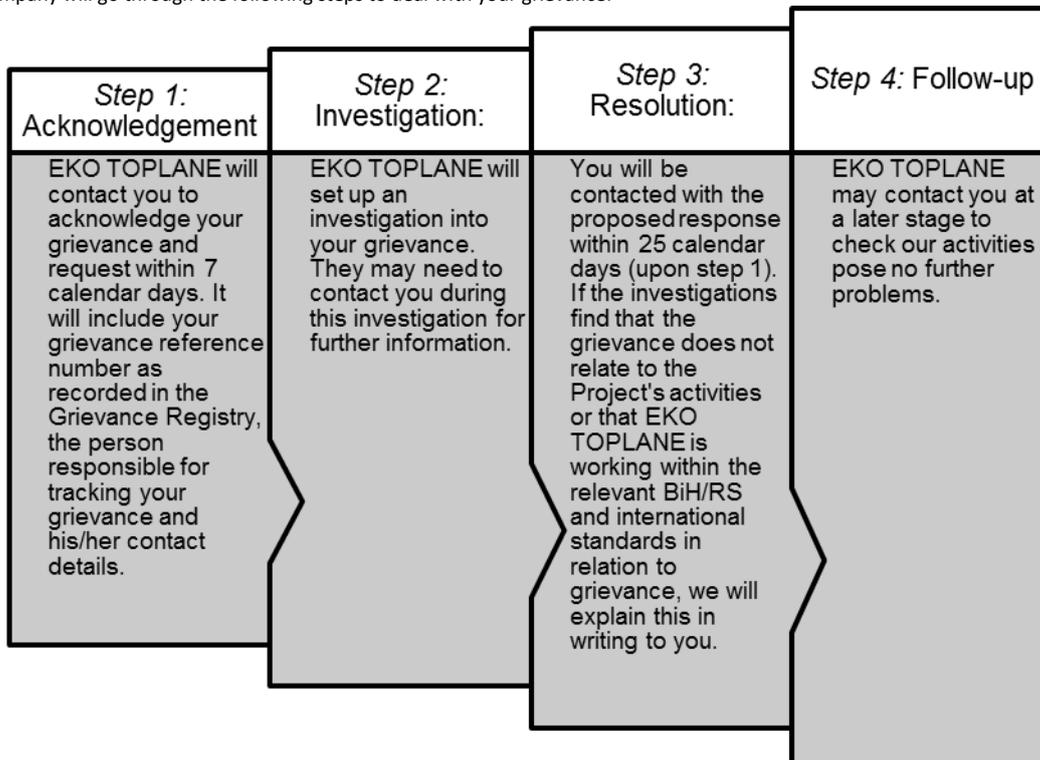
Contact information:

Attention: Vanja Štrbac
 Banja Luka District Heating Project
 Address: Petra Kočića no. 113 a, Banja Luka
 Tel: +387 65/478 080
 E-mail: vanjastrbac@mail.com

Grievances may also be submitted anonymously. In addition, if you would like your grievance to remain confidential, the Company will ensure that your name and contact details are not disclosed without your consent and only the Company team directly working on the investigation of your grievance will be aware of them. If it is not possible for the team to fully investigate the grievance without revealing your identity or the contents of your grievance, you will be informed.

How will the Company deal with my grievance?

The Company will go through the following steps to deal with your grievance:



Appendix 3: Flowchart for Processing Grievances

