

Complaint Form

In order for the PCM to address your complaint, you must provide the following information:



Project
Complaint
Mechanism

Step 1: Details of the Complaint

1. Name of the Person(s) or Organisation(s) filing the Complaint ("the Complainant").

[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
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2. Contact information of the Complainant (Please include address and, if possible, phone number and email address).

[Redacted]
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3. Is there a representative making this Complaint on behalf of the Complainant?

Yes (if yes, please provide the Name and Contact information of the Representative):

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Please attach proof that the Representative has been authorised by the Complainant to file the Complaint. For example, this can be in the form of a letter signed by the Complainant giving permission to the Representative to make the Complaint on his behalf.

No

Is proof of authorisation included with the Complaint?

Yes No

4. Are you requesting that this Complaint be kept **confidential**?

Yes (if yes, please explain why you are requesting confidentiality)

Representatives of Banja Luka city administration, which is the Client of this Project, are people with significant political influence, which poses a large risk.

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No

Please write on a separate sheet wherever needed.

5. Please provide the **name or a description of the EBRD Project** at issue.

In November 2017, EBRD supported building of a heating plant in Banja Luka, Bosnia and Herzegovina, a 49 MW wood chips-fuelled district heating plant as part of the Green Cities Framework initiative. EBRD provided a loan of about 8.3 million EUR to the City of Banja Luka for acquisition of equity stake (49%) in Eko Toplana d.o.o. (d.o.o. - limited liability company). Eko Toplana d.o.o. is a new woodchips-fuelled heating company which should provide heating for the City, while capacities of the heavy fuel oil-fired Toplana a.d. would be shut down, according to the official statements of City representatives, headed by the Mayor.

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6. Please describe the **harm that has been caused or might be caused** by the Project *(please continue on a separate sheet if needed)*:

Eko Toplana d.o.o. is a company established with ownership share of 51% by Borko Torbica's privately owned IEE d.o.o. and 49% by the City of Banja Luka. According to estimates, in Eko Toplana d.o.o. should have costed about 16.5 million EUR with specified co-owners' percentage shares in ownership.

Therefore, according to information, the City took a loan of about 8.3 million EUR, at 5.5% interest and a grace period of 3 years from EBRD. The loan was not spent for the intended purpose. Rather, it was partly used to plug holes in the budget of the City. Building of Eko Toplana was financed mainly by the funds of the City, and partly by the loan funds. Throughout, IEE d.o.o. did not invest a single euro. According to information, the total cost of implementation of Eko Toplana d.o.o. is about 3 million EUR, because equipment quality and project implementation mode were not appropriate and satisfactory. Eko Toplana d.o.o. requested and obtained a loan of about 1.5 million EUR from a commercial bank whose internal policy is that maximum loan amount may not exceed 50% of the appraised value of the company. This shows that value of assets of Eko Toplana d.o.o. is about 3 million EUR.

The remaining amount of about 5 million EUR was laundered by ELNOS Group d.o.o., owned by the [REDACTED] through inflated invoices and bogus invoices, and ended up in private pockets in Serbia.

The past heating season 2017/2018 demonstrated that Eko Toplana d.o.o. plant of 49 MW rated capacity effectively cannot generate more than 25 MW. Such small power cannot provide heating for the consumption of 150 MW. Toplana a.d. Banja Luka was operational almost throughout the heating period of the past heating season, and it was demonstrated that the City of Banja Luka could not be heated without the power of heavy fuel oil. Statements by the officials of the City of Banja Luka, headed by the Mayor, that Eko Toplana d.o.o. alone can provide district heating for the City are thereby invalidated.

Additionally, documents presented at a meeting of the Banja Luka City Assembly include statements that woodchips for heating would be procured locally (within the entity of the Republic of Srpska). However, woodchips of questionable quality were imported from Croatia.

Moreover, poor quality of boilers and filters and inadequate woodchips jeopardise the health of the citizens of Banja Luka, because smoke from the chimney includes particles which are carcinogenic and toxic, and create dust which is visible to the naked eye in a wider area surrounding Eko Toplana (covering a diameter of 2 km). Furthermore, the citizens living in the neighbourhoods around Eko Toplana are complaining of dirt in their balconies, yards and in the cemetery in the immediate vicinity of Eko Toplana. Eko Toplana is polluting the environment and soil in its vicinity (including the river Vrbas).

Officials of the City of Banja Luka, as well as representatives of Eko Toplana d.o.o. have been turning a deaf ear to the requests and invitations of the media and other stakeholders regarding the entire issue of heating of the City of Banja Luka.

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Step 2: Problem-solving Initiative

7. If you are requesting the PCM's help through a **Problem-solving Initiative**, you must have made a genuine effort to contact the EBRD or Project Sponsor (Client) regarding the issues in this complaint.

a. Have you **contacted the EBRD** to try to resolve the harm caused or expected to be caused by the Project?

Yes (If yes, please list when the contact was made, how and with whom):

Please write on a separate sheet wherever needed.

On 19.02.2018, we sent an e-mail to the recipients pcm@ebrd.com and compliance@ebrd.com. Document ebrd_district_heating_banja_luka_first_contact.pdf is enclosed with this form.

On 27.02.2018, we sent another e-mail to the same addresses. Document ebrd_district_heating_banja_luka_second_contact.pdf is enclosed with the form

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Please also describe any response you may have received.

To our first e-mail, we received a response from [REDACTED] the Project Complaint Mechanism, which included the form and an indication that we should send a structured request using this form.

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No (please go to question 8)

Please provide a record of this contact with the EBRD, as instructed at the end of this form.

b. Have you **contacted the Project Sponsor** (Client) to try to resolve the harm caused or expected to be caused by the Project?

Yes (if yes, please list when the contact was made, how and with whom)

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Please also describe any response you may have received.

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No (please go to question 8)

Please provide a record of this contact with the Project Sponsor (Client), as instructed at the end of this form.

8. If you have not contacted the EBRD and/or Project Sponsor (Client) to try to resolve the harm or expected harm, please explain why.

Because City representatives do not wish to speak with the stakeholders within this problem.

Step 3: Additional information

Although not required, it would be helpful to the PCM if you could also include the following information:

9. If you believe the EBRD may have failed to comply with its own policies, please describe which EBRD policies.

10. Please describe any other complaints you may have made to try to address the issue(s) at question (for example, court cases or complaints to other bodies).

Crime reports have been filed with the Court in Banja Luka, Bosnia and Herzegovina, regarding various irregularities connected with this, largely thoughtless, endeavour of the Banja Luka city administration.

11. Are you seeking a Compliance Review where the PCM would determine whether the EBRD has failed to comply

Please write on a separate sheet wherever needed.

with a Relevant EBRD Policy in respect of an approved Project? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
12. Are you seeking a Problem-solving Initiative which has the objective of restoring a dialogue between you and the Project Sponsor (Client) to resolve the issue(s) underlying your Complaint without attributing blame or fault? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
13. What results do you hope to achieve by submitting this Complaint to the PCM? We are expecting the stated irregularities to be established and an investigation to be initiated.
Date: 06.05.2018

Supporting documents

If possible, please provide the following supporting documents by email to pcm@ebrd.com:

- Proof that the Representative has been authorised by the Complainant to file the Complaint. For example, this can be in the form of a letter signed by the Complainant giving permission to the Representative to make the Complaint on his behalf.
- A written record of your correspondence with the EBRD in regards to this problem (these may be letters, emails or other form of correspondence and communication).
- A written record of your correspondence with the Project Sponsor (Client) in regards to this problem (these may be letters, emails or other form of correspondence and communication).

Please send your Complaint by fax, post, or email to:

Project Complaint Mechanism
Attn: PCM Officer
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
Fax: +44 20 7338 7633
E-mail: pcm@ebrd.com

Alternatively, a Complaint may be delivered by post or hand, at any one of the [EBRD Resident Offices](#) in the countries of operations. Please mark these "For the attention of the Project Complaint Mechanism Officer". , indicating that it is for transmission to the PCM. Complaints may be sent using the Complaint [online form](#), available at: http://www.ebrd.com/eform/pcm/complaint_form