

**COMPLAINTS: (1) EPS Restructuring and (2) EPS Kolubara Environmental Improvement
Projects**

REQUEST NUMBERS: 2017/03 and 2017/04

Problem-solving Initiative Monitoring Report III – July 2019

The Project Complaint Mechanism (PCM) is the accountability mechanism of the EBRD. PCM provides an opportunity for the independent review of environmental, social, and Project disclosure-related Complaints from individuals or organisations concerning EBRD Projects. PCM may address Complaints through two functions: Compliance Review, which seeks to determine if the EBRD has complied with its Environmental and Social Policy (or the Project-specific provisions of the Public Information Policy) in respect of the Project; and Problem-solving, which seeks to support dialogue between the Complainant and the Client to resolve the issues underlying the Complaint, without attributing blame or fault. Affected parties can request to pursue one or both of these functions.

For more information about PCM, contact us or visit [the PCM website](#).

Contact information

Inquiries should be addressed to:
The Project Complaint Mechanism (PCM)
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
Telephone: +44 (0)20 7338 6000
Fax: +44 (0)20 7338 7633
Email: pcm@ebrd.com

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

How to submit a Complaint to the PCM

Complaints about the environmental and social performance of the EBRD can be submitted by email, telephone or in writing at the above address, or via the online form at:

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

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

1. Background and Context

This is the third Problem-solving Initiative (PSI) Monitoring Report issued by PCM in relation to the [EPS Restructuring](#) and [EPS Kolubara Environmental Improvement](#) Projects in Serbia. The PCM process was initiated following receipt of two Complaints in June and July 2017,¹ which raised concerns about the resettlement process connected with these Projects. Complainants requested that PCM undertake a PSI to assist in resolving the issues identified.

In August 2017, the PCM found both Complaints eligible for a single PSI.² The EBRD President accepted the Eligibility Assessors' recommendation to initiate a PSI and in September 2017, Constantin-Adi Gavrilă was appointed to lead the Initiative as PCM Expert under the PCM Rules of Procedure (RP). Given the need for culturally-appropriate mediation between the Complainants and the Client (i.e., "the Parties"), PCM also engaged a local mediator named Ana Toskić to support Mr. Gavrilă (at his request).

Considering the urgent need for constructive engagement due to the community members' resettlement, the PSI was initiated in September 2017. Through PCM Problem-solving, the Parties successfully reached informed Agreements regarding temporary resettlement; updated investment inventories for the households affected, and agreed that compensation for the expropriated households would be determined by the domestic courts, as prescribed by Serbian legislation. Following these advancements, the PCM Expert recognised and concluded that additional efforts were unlikely to result in further progress around the unresolved issues raised in the Complaints, invoking paragraph 37 of the PCM RP to that effect. The PSI was subsequently deemed complete.

The Problem-solving Completion Report was submitted to the Parties, as well as to the EBRD President and the EBRD Board of Directors for information, and a summary of the Report was published on the [PCM Register](#) on 2 November 2017. In both documents, the PCM Expert identified the need for follow-up monitoring by the PCM Officer.

PCM issued its first PSI Monitoring Report in July 2018, covering the period from November 2017 to May 2018. During this period, the Parties reported to PCM that no specific issues remained outstanding in relation to the agreed-upon conditions for temporary resettlement. While the affected families expressed satisfaction with how their temporary relocations were carried out, they continued to have questions about the next steps in the finalization of their resettlement process and were interested in maintaining communication with the Client and the PCM.

PCM issued its second PSI Monitoring Report in December 2018, covering the period from June 2018 to November 2018. During this period, the Client reported to the PCM that they continued to implement the actions agreed upon during mediation. Complainants confirmed their satisfaction with the continued implementation of the Parties' Agreements but also expressed concerns regarding the timing of full implementation of these Agreements, in light of ongoing

¹ Complaint Number 2017/03, available at <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>.

Complaint Number 2017/04, available at <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>.

² Eligibility Assessment Report available at <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395258765505&d=&pagename=EBRD%2FContent%2FDownloadDocument>

proceedings in the Serbian domestic courts. Given these considerations, the PCM Officer elected to continue engaging with the Parties and monitor the Problem-solving Agreements for one additional six-month period.

2. Monitoring Report III – December 2018 to May 2019

2.1 Monitoring Methodology

During this third monitoring period, from December 2018 to May 2019, the PCM Officer requested both Parties' views on the implementation of Agreements made during the course of the PSI. PCM reviewed the written updates provided by the Parties in April 2019, clarifying and confirming the feedback provided through a follow-up meeting and written communications with the Complainants' representative.

2.2 Monitoring Results

Through the written and verbal communications outlined in Section 2.1, both Parties informed the PCM that while several households managed to resettle to permanent accommodations, lawsuits concerning compensation for other few expropriated households are still ongoing in the domestic courts of Serbia and that a timeline for the completion of these court cases cannot be provided with confidence.

Complainants' asserted their desire for the Client's continued adherence to the Problem-solving Agreements — allowing them to remain in Client-provided temporary accommodations for up to six months following the final expropriation decision and full property compensation. The Client confirmed that it remains fully committed to fulfilling the terms of the Problem-solving Agreements, including provisions regarding Complainants' use of temporary accommodations.

2.3 Monitoring Conclusion

In light of the information received, confirming a) the effective implementation of the Problem-solving Agreements to date and b) Parties' commitment to continue implementing the Agreements' provisions both during and following the court-based determinations around remaining Project-related expropriations, PCM has determined that monitoring of these Complaints is no longer needed, and considers these Complaints closed. The Parties remain able to engage with PCM in the future as desired.