



ANNUAL REPORT 2020

INDEPENDENT PROJECT
ACCOUNTABILITY MECHANISM



European Bank
for Reconstruction and Development

Independent
Project
Accountability
Mechanism

The Independent Project Accountability Mechanism (IPAM) is the European Bank for Reconstruction and Development's (EBRD) accountability mechanism. IPAM independently reviews issues raised by individuals or organisations concerning Bank-financed projects that are believed to have caused, or be likely to cause harm. The purpose of the mechanism is to facilitate the resolution of social, environmental and public disclosure issues among project stakeholders; to determine whether the Bank has complied with its Environmental and Social Policy and the project-specific provisions of its Access to Information Policy; and, where applicable, to address any existing non-compliance with these policies, while preventing future non-compliance by the Bank.

For more information about IPAM, contact us or visit www.ebrd.com/project-finance/ipam.html

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HOW TO SUBMIT A COMPLAINT TO THE IPAM

Concerns about the environmental and social performance of an EBRD Project can be submitted by email, post, or via the online form at:

www.ebrd.com/project-finance/ipam.html

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ACRONYMS

| | | | |
|-------|--|--------|--|
| CSO | Civil society organisation | IPAM | Independent Project Accountability Mechanism |
| CAD | Canadian dollar | | |
| CDW | Construction and demolition waste | IAMNet | Independent Accountability Mechanisms Network |
| DBFOT | Design, build, finance, operate and transfer | IFC | International Finance Corporation |
| EBRD | European Bank for Reconstruction and Development | IADB | Inter-American Development Bank |
| EIB | European Investment Bank | MAP | Management Action Plan |
| ESIA | Environmental and social impact assessment | OHCHR | Office of the High Commissioner for Human Rights |
| ESP | Environmental and Social Policy | PCM | Project Complaint Mechanism |
| HPP | Hydropower plant | SEMED | Southern and eastern Mediterranean region |



Message from the EBRD's Chief Accountability Officer



Following a long process of evaluation, consultation, drafting and more consultation, the EBRD's Project Accountability Policy, approved by the Board of Directors in 2019, finally came into operation on 1 July 2020.

No one would have thought that the Independent Project Accountability Mechanism's (IPAM) first year would coincide with a global pandemic, where working from home would only allow us to engage with complainants through virtual platforms. All plans to visit the regions in which the Bank invests, to meet with communities and better understand projects had to be postponed. This did not stop IPAM's work, however.

I started my job as the EBRD's first Chief Accountability Officer from a small bedroom in Washington, DC, travelling to Mexico while visas could be processed and then to the United Kingdom. I arrived in locked-down London at the end of October. The rest of the team had a similar experience. At any given time, our small team logged into meetings from Bulgaria, Canada, India, Mexico, the United Kingdom and the United States of America.

Notwithstanding these challenges, by the end of 2020, IPAM was actively managing a portfolio of 19 cases at different stages of processing. We used various platforms to liaise with complainants, civil society organisations (CSOs) and clients in 10 countries. Accessibility was our focus when selecting a virtual platform and providing interpreting services to those who needed it. Those meetings also underscored the need to develop easily accessible materials to explain the Project Accountability Policy.

We also held a series of outreach and knowledge-sharing sessions. We are grateful to our friends at the Office of the United Nations

High Commissioner for Human Rights for holding their Euro-African consultation on the Development Finance and Remedy Project in collaboration with IPAM. The resulting report will be published in 2021 and it promises to present a series of robust options for preventing and addressing harm. Our first outreach event was held in the southern and eastern Mediterranean (SEMED) region, courtesy of our CSO partners at the Arab Watch Coalition, where we engaged with civil-society representatives from Egypt, Jordan, Lebanon, Morocco, Tunisia and the West Bank and Gaza. We would also like to congratulate the Independent Consultation and Investigation Mechanism team at the Inter-American Development Bank (IADB) and the Independent Accountability Mechanism Network (IAMNet) Secretariat on hosting the first virtual annual meeting of independent accountability mechanisms. IPAM played an active part by sharing its experience of remote case management and the implementation of accountability policies.

Also important was our internal outreach, talking to our colleagues in Management and showcasing the innovations that IPAM introduced, as well as learning the Bank's business in the economies where it invests. I hope we will be able to meet in person soon.

What's more, 2020 was the first time IPAM engaged with the Board to present its work programme for 2021 and to set out the resources it needed to fulfil it. It was a pleasure to connect and discuss accountability with each of the Directors.

I invite you to read our report. It highlights some of our work and underscores, in particular, the dedication and commitment of our team. My warmest thanks to each and every one of them.

Looking forward to your feedback.



Victoria Márquez Mees



In 2020, communities experienced deep loss and hardship. Our hearts go out to all of them.

2020: A TRANSFORMATIONAL YEAR IN EBRD ACCOUNTABILITY

In 2019, the EBRD completed a review of its three governance policies: the Environmental and Social Policy, the Access to Information Policy and the Project Accountability Policy (PAP). The first two came into effect in January 2020, while the Project Accountability Policy only became operational through the Independent Project Accountability Mechanism (IPAM) on 1 July 2020, when the EBRD's first Chief Accountability Officer joined the Bank.

The creation of IPAM constituted a quantum leap for the European Bank for Reconstruction and Development. Below are some of the reasons why we are at the leading edge of accountability:

Independence

- IPAM is a standalone office, independent of Management and reporting to the Board via its Audit Committee.
- The IPAM budget is presented to the Board for approval, independent of Management.
- The Chief Accountability Officer, a senior position at the head of IPAM, is selected by the Board and operates under strict provisions as to pre-employment eligibility, term limits and post-employment restrictions. The position reports to the Board.

Predictability

- The Project Accountability Policy now includes clear criteria for the different milestones in case processing that reduce discretionary decisions.
- Case processing stages have established timeframes.
- The in-house expert model allows for greater consistency in output, both in relation to format and analysis.

Accessibility and transparency

- The Policy includes provisions to address the risk of retaliation.
- A revamped public registry provides more information on cases and allows the user to follow a process with greater ease.
- An enhanced outreach function aims to promote access to affected communities while simultaneously seeking to raise awareness among Bank staff.

Institutional learning

- IPAM has a mandate to distil lessons from its cases and devolve them to the Bank for improved environmental and social performance of the institution.

Each of these areas, which impact directly on the effectiveness of the Mechanism, saw progress in the first six months of operation and had a particular influence on how IPAM managed the case portfolio in 2020.



THE 2020 PORTFOLIO

The IPAM case portfolio is the total number of newly registered requests, plus the number of cases and requests under active management carried over from previous years for further processing.

At the end of 2020, the portfolio of requests and cases managed totalled 46, comprising 11 cases registered by the Project Complaint Mechanism (PCM) in prior periods and carried over to 2020, 7 requests registered during the year, 1 request pending registration at end December and 27 requests not taken further.

IPAM began operating in July 2020. From that date to the end of December it actively managed 18 cases plus 1 request pending registration at the end of the year. The 2020 portfolio included cases managed fully under the PCM 2014 Rules of Procedure (1), others that were initially processed under the PCM and transitioned to the IPAM Project Accountability Policy (12), and those that were registered after July 2020 and fully managed under IPAM (6). At the end of the year, only 13 remained active to continue their process in 2021.

FIGURE 1 - 2020 PORTFOLIO



POLICY DEFINITIONS

Case - the consideration of a request under the PAP following registration.

Request - a complaint submitted by a complainant (requester) to IPAM or its predecessor

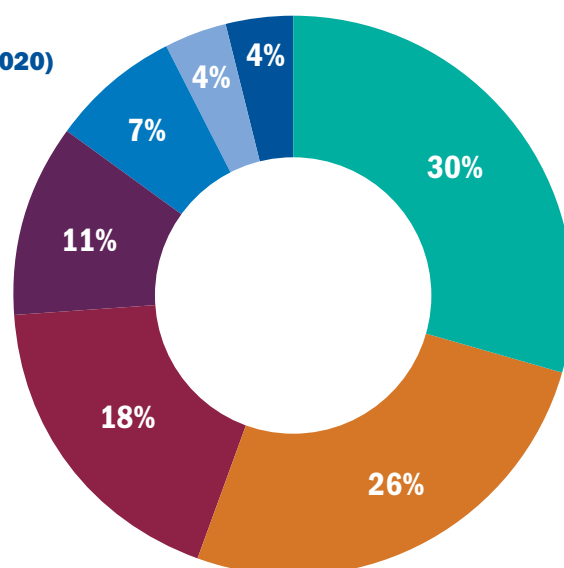
N.B. Reasons for non-registration provided overleaf in Figure 2

Source: IPAM database

Figure 2 shows the reasons for non-registration for the 27 requests that did not meet the criteria for registration in 2020.

FIGURE 2 - REASONS FOR NON-REGISTRATION OF REQUESTS (2020)

- Procurement (8)
- Non-operational issues (7)
- EBRD policy adequacy (5)
- Third-party responsibility (3)
- Required information not provided (2)
- Ethics allegations (1)
- Prohibited practice allegations (1)



Source: IPAM database

TABLE 1 - PORTFOLIO OF CASES (2020)

| No. | Case Number | Case Name | Project Number | Country |
|-----|---------------------------|---|-----------------------|------------------------|
| 1 | 2015/03 | Turk Traktor | 44173 | Turkey |
| 2 | 2017/05 | Southeast Europe Equity Fund II | 34894 | Regional/Kosovo |
| 3 | 2017/07 | Lukoil Shah Deniz Stage II | 46766 | Azerbaijan |
| 4 | 2017/09 | Maritsa East Mines (BEH Bond Issue) | 48556 | Bulgaria |
| 5 | 2017/10 | CMI Offshore | 47096 | Turkmenistan |
| 6 | 2018/01 | Kozloduy International Decommissioning Support Fund | n/a | Bulgaria |
| 7 | 2018/03 | Shuakhevi HPP | 45335 | Georgia |
| 8 | 2018/08 | Nenskra HPP | 46778 | Georgia |
| 9 | 2018/09 | MHP Corporate Support loan, MHP Biogas | 49301 | Ukraine |
| 10 | 2019/01 | Shuakhevi HPP (Request no. 2) | 45335 | Georgia |
| 11 | 2019/02 | Belgrade Solid Waste PPP | 46758 | Serbia |
| 12 | 2020/01 | North-South Corridor (Kvesheti-Kobi) Road | 50271 | Georgia |
| 13 | 2020/02 | Lydian (Amulsar Gold Mine)-Extension | 48579 | Armenia |
| 14 | 2020/03 | Saint Gobain Construction Products Russia | 42659 | Russia |
| 15 | 2020/04 | Corridor Vc 2 | 47372 | Bosnia and Herzegovina |
| 16 | 2020/05 | UPTF - Mariupol Trolleybus Project | 47901 | Ukraine |
| 17 | 2020/06 | Corridor Vc in FBH - Part 3 | 49058 | Bosnia and Herzegovina |
| 18 | 2020/07 | Tumad Gold Mines Development | 49041 | Turkey |
| 19 | 2021/01 * | Belgrade Solid Waste PPP (Request no. 2) | 46758 | Serbia |

*Request pending registration at end of December 2020.

A SNAPSHOT OF OUR CASE PORTFOLIO

ABOUT THE COMPLAINTS

One of the ways in which the EBRD must ensure it meets its sustainability mandate is to address any environmental or social concerns about Bank-funded projects raised by communities or civil-society organisations.

The 2020 case portfolio provides useful information on who is raising concerns with the Bank and the issues most frequently cited. Cases active in this period were mostly submitted by affected communities and the issues most frequently raised related to community health, fear of pollution and weak stakeholder engagement.

The risk of retaliation to complainants was first noted in the agenda of the 2015 IAMNet annual meeting. Since then, the risks to complainants, as reported by network members, have risen steadily.

The Project Accountability Policy contains provisions for IPAM to grant confidentiality when complainants fear retaliation. It also offers guidance on establishing a process that ensures safe access to the mechanism. In 7 of the 19 active cases in the 2020 portfolio (including the 1 pending case at year end), complainants raised the risk of reprisal, but only 5 asked IPAM to keep their identities confidential.

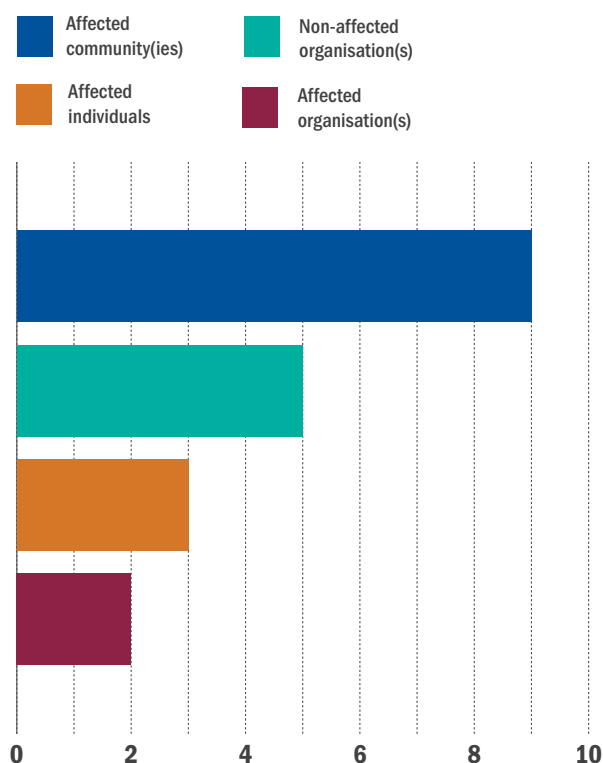
| | Yes | No |
|-----------------------------|-----|----|
| Request for confidentiality | 5 | 14 |
| Raised risk of reprisal | 7 | 12 |

Source: IPAM database

The [EBRD's Performance Requirements](#) define how the Bank's projects are implemented. They set out environmental, social, labour and safety standards, promote good practice, help clients to improve the sustainability of their business operations and maximise the developmental impact of projects. IPAM complaints raise allegations of harm due to potential non-compliance with the Bank's Environmental and Social Policy and, in particular, its Performance Requirements.

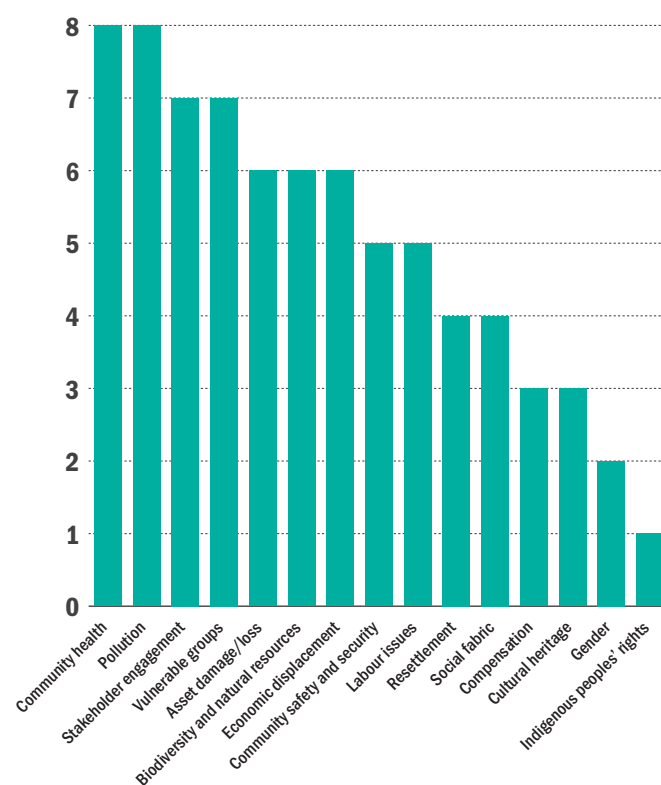
In 2020, all cases raised concerns about compliance with Performance Requirement 1, which is natural enough, as this Performance Requirement establishes the environmental and social appraisal and management of the impacts of EBRD projects. More specifically, the cases dealt largely with concerns about information disclosure and stakeholder engagement (53 per cent), community health, safety and security (47 per cent) and biodiversity conservation and the sustainability of natural resources (47 per cent).

FIGURE 3 - CASE PORTFOLIO (2020)
NUMBER OF CASES BY COMPLAINANT TYPE



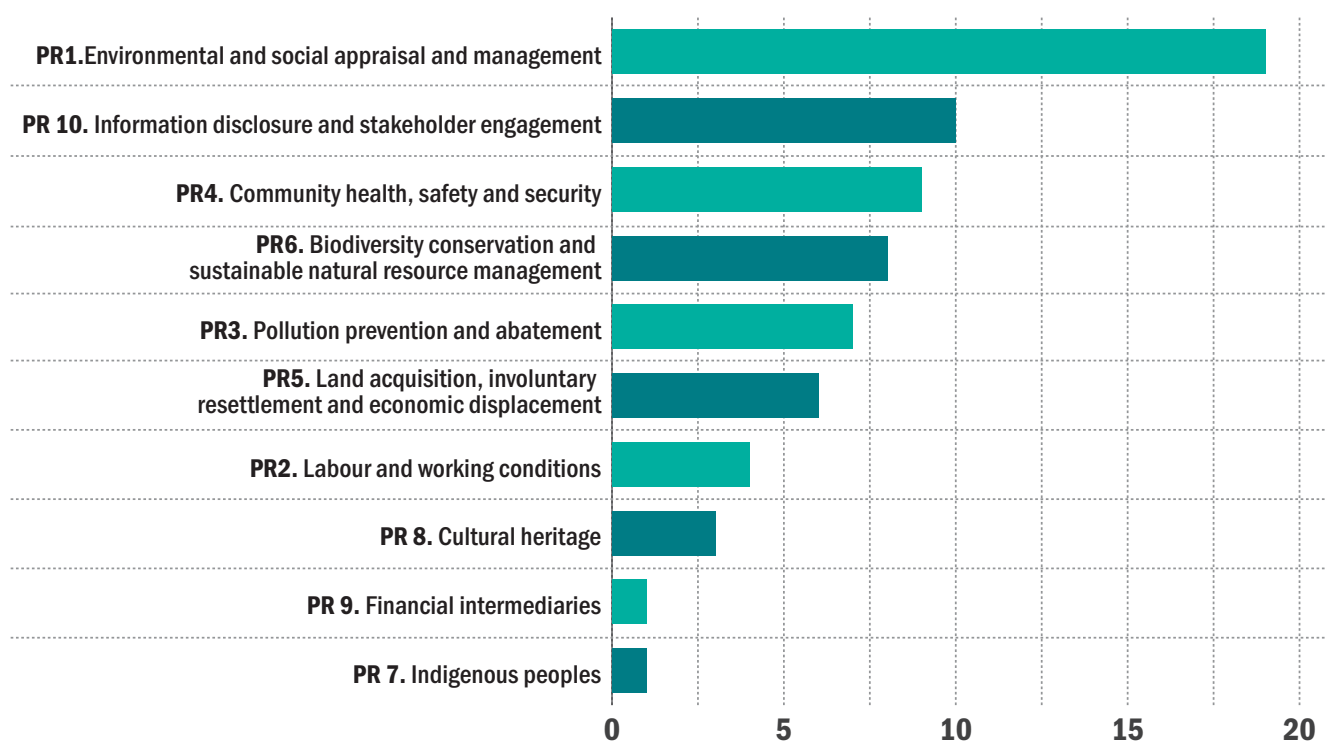
Source: IPAM database

FIGURE 4 - CASE PORTFOLIO (2020)
BY ISSUES RAISED



Source: IPAM database

FIGURE 5 - CASE PORTFOLIO (2020) PERFORMANCE REQUIREMENTS RAISED



Source: IPAM database

ABOUT THE PROJECTS

The 2020 case portfolio related to 17 EBRD-funded projects, 13 of which were also financed by other multilateral development banks. When there is co-funding, IPAM informs the other institution's accountability mechanism and, if it has received a similar complaint, collaborates when feasible.

In 2020, IPAM co-facilitated two problem-solving initiatives with the Compliance Advisor Ombudsman of the International Finance Corporation (IFC) and engaged in information sharing with the Complaints Mechanism of the European Investment Bank (EIB) on two cases undergoing compliance review.

| Institution | Cases |
|---|-------|
| Asian Development Bank (ADB) | 5 |
| Asian Infrastructure Investment Bank (AIIB) | 1 |
| European Investment Bank (EIB) | 3 |
| International Finance Corporation (IFC) | 6 |

Source: IPAM database

The 2020 IPAM case portfolio pertained to 8 of the 12 sectors in which the EBRD invests.

FIGURE 6 - CASE PORTFOLIO BY SECTOR (2020)

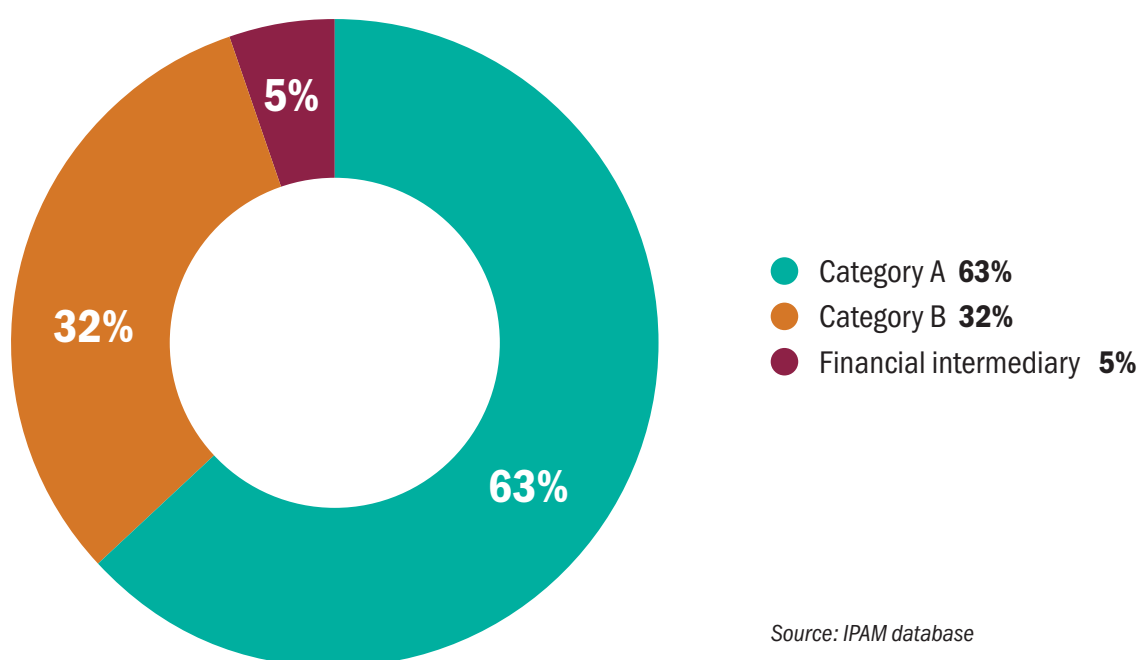


- Three of the five cases in the energy sector referred to **hydropower projects** in **Georgia**.
- Communities affected by **gold mining projects** accounted for two cases in the natural resources sector, one in Armenia and the other in Turkey.
- Two of the cases in the transport sector raised concerns over **alignment decisions** and the robustness of the alternatives analysis undertaken.

PROJECT CATEGORISATION

The EBRD's Environmental and Social Policy categorises each project to determine the nature and level of environmental and social assessment, information disclosure and stakeholder engagement required. Sixty-three per cent of cases in 2020 were Category A projects.

FIG. 7 - CASE PORTFOLIO BY ENVIRONMENTAL CATEGORY (2020)



A project is deemed Category A when it could result in potentially significant adverse future environmental and/or social impacts which, at the time of categorisation, cannot be readily identified or assessed and which, therefore, require a formalised and participatory environmental and social impact assessment.

A project is considered Category B when its potential adverse future environmental and/or social impacts are typically site-specific and/or readily identified and addressed through mitigation measures. Environmental and social appraisal requirements may vary depending on the project and will be determined by the EBRD on a case-by-case basis.

A project is categorised as “FI” if the financing structure involves the provision of funds through financial intermediaries (FI), with the FI undertaking the task of sub-project appraisal and monitoring.

Source: EBRD Environmental and Social Policy

CASE PROCESSING HIGHLIGHTS, 2020

The year 2020 was transitional, with PCM still in operation for the first six months, superseded by IPAM in July 2020. Those cases still under active management at the time (13) were transferred to IPAM for further processing under the Project Accountability Policy's transitional provisions (see box overleaf). Five of the complaints received were registered and the registration of a sixth was pending at year end.

The creation of IPAM introduced a new model for managing cases, transferring the responsibility for practical casework from external experts to IPAM staff. The Project Accountability Policy's provisions on case processing established clear decision-making criteria and time-bound procedures for every stage of the process. The overall objective is to increase the predictability, transparency, relevance and efficacy of the mechanism.

The IPAM process has seven stages through which a case may be processed, subject to the decisions of all parties involved and to certain criteria being met.

1. Registration
2. Assessment
3. Problem solving
4. Problem-solving monitoring
5. Compliance assessment
6. Compliance review
7. Management Action Plan (MAP) monitoring

As of the end of 2020, IPAM had 13 active requests/cases at different stages of processing and had completed the processing of six other cases.

During its first six months in operation, IPAM steadily advanced in processing all 19 cases. By the end of the year:

- The backlog of suspended requests had been eliminated.
- Reporting for all cases in the portfolio was up to date.
- New casework policy provisions had been put into practice, with the introduction of MAP monitoring plans and a more transparent and informative virtual case registry.

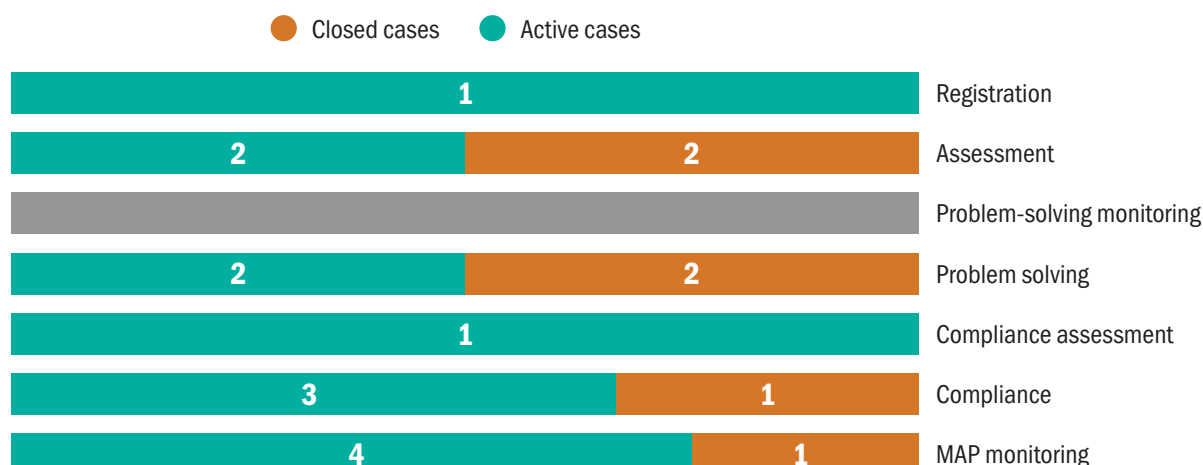
Monitoring MAPs under IPAM: increased predictability and accountability

The Project Accountability Policy provisions for the monitoring of MAPs have not only sought to ensure the robust and timely implementation of those plans, but have strengthened IPAM's monitoring role by including the following in its toolkit of activities:

- consultation with all relevant stakeholders.
- the consideration of project documentation, as well as that presented by complainants and other publicly available information.
- a review of the contents of monitoring updates received from Bank Management.
- a site visit to the project area.
- the engagement of consultants on specific technical matters.

In addition, for predictability purposes, IPAM is now required to produce a monitoring plan setting out the activities that it will undertake following the preparation and approval of the MAP.

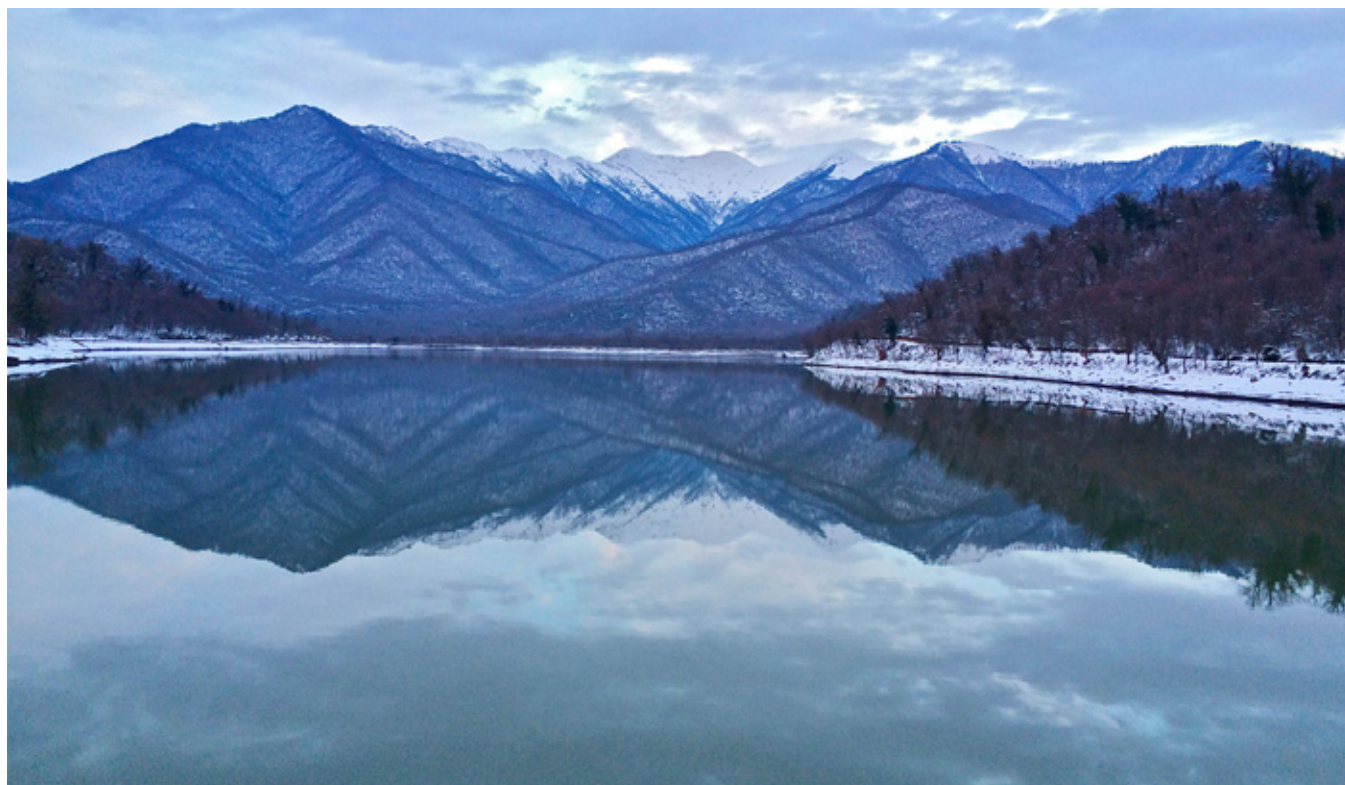
FIGURE 8 - CASE PORTFOLIO – PROCESSING STATUS (END 2020)



Source: IPAM database

In July 2020, the compliance review report for case 2018/08 on the Nenskra Hydro Power Project (46778) was presented to the Board, with findings of non-compliance on five of the 2014 ESP Performance Requirements. To address these findings and the 11 recommendations made in the report, the Board approved a MAP.

A monitoring plan, the first under the new policy, was also developed to guide IPAM's monitoring activities and timeframe for reporting progress on the implementation of the MAP.



Section V of the Project Accountability Policy establishes the provisions for the transition of cases from the PCM to IPAM.

The Project Accountability Policy applies to all cases where a request has been submitted to and/or registered by IPAM following the date on which the Policy became effective. For PCM cases outstanding on this date, the following rules apply:

a) Ongoing eligibility assessments

Determinations in relation to ongoing eligibility assessments (as defined in the PCM Rules of Procedure) will be made by co-eligibility assessors (namely, the PCM Officer and the assigned PCM expert, each as defined in the PCM Rules of Procedure).

b) Ongoing problem-solving initiatives

PCM Experts (as defined in the PCM Rules of Procedure) assigned will continue their activity as facilitators, but report to the IPAM Head.

c) Ongoing compliance reviews

The IPAM Head will, at his/her discretion, determine whether a compliance review commenced but not yet completed under the PCM Rules of Procedure will be completed by the assigned PCM expert or whether it will be subject to the provisions of this Policy, taking into account, among other things, the extent of the review already carried out (and its duration) and whether the PCM expert has already reached any conclusion.

IMPACT OF THE COVID-19 PANDEMIC ON IPAM CASEWORK

In 2020, the Covid-19 pandemic led to stay-at-home orders and travel bans globally. The health and safety-induced measures limited IPAM's casework considerably, particularly in three areas:

- By constraining early engagement with complainants and clients to explain the Bank's process and visit the projects in question to understand the concerns and the context in which they were being raised.
- For problem-solving initiatives, getting parties to engage with each other in a safe space and to recognise challenges and common interests is based largely on building trust. A lack of in-person contact and technological disparities make this more difficult. Vulnerable communities have limited resources and less developed regions may not offer the connectivity required to communicate online in an effective and sustainable way.
- When it comes to compliance review processes, travel bans restrict investigative methods. A compliance review requires the revision of documents and interviews with bank officials and consultants, as well as clients and complainants. All this can be done virtually, but a compliance review also involves visiting the project area, engaging with local stakeholders and acquiring first-hand evidence to support a determination.

How we continued to facilitate a dispute resolution process in the midst of the Covid-19 pandemic

The problem-solving initiative for case 2018/03 involving Shuakhevi HPP had been initiated in 2018 to address concerns raised by residents of the Rabati settlement in the village of Makhalakidze, Georgia, in relation to the construction of the Shuakhevi hydropower plant. According to their complaint, the project was negatively affecting the availability of water in the area and blasting activities had affected the homes of some of the residents.

By 2020, the parties had been engaging periodically under the co-facilitation of PCM and IFC Compliance Advisory Ombudsman mediators and expected to reach agreement in their upcoming session. Then, in March, Covid-19 struck. With proper social distancing measures, the parties could continue to hold in-person meetings, but stay-at-home orders limited the capacity for IPAM's facilitators to travel to the project site.

Both the parties and the mechanisms were keen for the process to maintain momentum. Building on the trust nurtured throughout the engagement process, the parties agreed to have their upcoming meeting facilitated virtually. However, what seemed simple enough actually involved finding solutions to several logistical challenges.

- **Virtual accessibility.** Connectivity should not be taken for granted when working with vulnerable communities, nor should thinking that all participants have the required skills to use the technology.
- **Confidentiality.** In a virtual space, it is difficult to guarantee that only those on camera are present and/or that the session is not being recorded.
- **Choice of platform.** Selection requires identifying the best platform to meet the needs of the process, going from the purely logistical (such as breakout rooms, interpretation channel, whiteboard and screen sharing) to the degree to which a platform meets security needs (such as control of access).
- **Feasibility.** Assessing the feasibility of achieving the desired objectives through a virtual session is a top priority. A virtual session reduces the facilitator's influence over the participants. Virtuality shifts control to the participants, reducing the influence of the facilitator.
- **Agenda structure.** Virtual sessions need to be shorter and more focused than in-person sessions, as participants' attention span is shorter online. However, on a positive note, participants may have greater availability to engage through a series of sessions.



OUTREACH AND KNOWLEDGE SHARING

No grievance mechanism can be considered effective if the affected communities do not know it exists. Consequently, the Project Accountability Policy gave IPAM a robust outreach mandate.

CREATING A NEW MECHANISM

IPAM is a newly established, standalone office with a new model of operation and a mandate to communicate, both internally and externally, the changes in Policy and its impact on the work of the Bank and on countries of operations. Notwithstanding the “virtual reality” of 2020, IPAM continued to engage with CSOs and Bank staff throughout the year. It also drafted new dissemination materials and redesigned its public case registry.

IPAM OUTREACH IN THE REGIONS WHERE THE EBRD INVESTS

The first regional outreach seminar was organised over two days in December in the SEMED region, in collaboration with the Arab Watch Coalition, for CSOs from Egypt, Jordan, Lebanon, Morocco, Tunisia, and the West Bank and Gaza. The event was conducted in English with simultaneous interpretation in Arabic.

**UNITED NATIONS BUSINESS AND HUMAN
RIGHTS FORUM**
NOVEMBER 2020

NEW OUTREACH MATERIALS

**STRENGTHENING GRIEVANCE REDRESS
MECHANISMS: SHARING IPAM EXPERTISE**
SEPTEMBER 2020

SEMED OUTREACH SEMINAR
DECEMBER 2020

ENGAGING WITH PEERS

Knowledge sharing and promoting good practices are a fundamental element of a strong and robust mechanism. IPAM has organised and participated in a number of events to share expertise, promote accountability and learn from peers.

Regional consultation on remedy in development finance, 14 September 2020

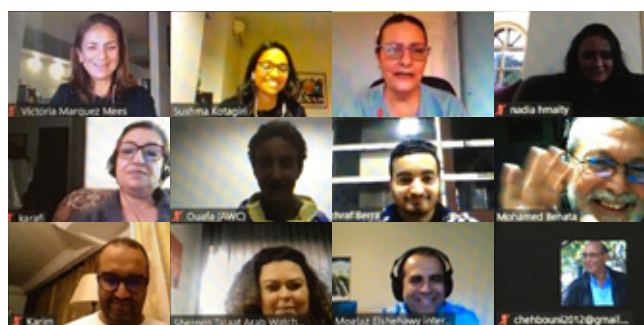
The event organised by IPAM in partnership with the United Nations Office of the High Commissioner for Human Rights (OHCHR) aimed to collect the views of representatives from Europe- and Africa-based international financial institutions, CSOs and independent accountability mechanisms on existing development finance policy and remedial practices.

This was the third and final regional consultation with development banks. The event convened more than 50 experts and practitioners. OHCHR will issue a publication for policymakers and practitioners in late 2021.

XVII Annual Independent Accountability Mechanisms Meeting, 23-24 September 2020

As a member of IAMNet, IPAM participated in the XVII Annual IAM Meeting, hosted by the Independent Consultation and Investigation Mechanism of the IADB Group. As the first annual IAM meeting held virtually, but certainly not the last, the event allowed for wider participation: 148 participants, including all IPAM staff.

The IPAM team held presentations on “Case Management Best Practices during Covid-19” and on “IAM Policy reviews and outcomes” and engaged actively with IAM colleagues, sharing IPAM’s perspective on agenda topics.



OTHER OUTREACH ACTIVITIES

EXTERNALLY FOCUSED:

- Bilateral meetings with CSOs: Bankwatch, AWC, Accountability Counsel, ReCourse, Accountability Project
- IAM-CSO Roundtable on Eligibility and Access to Remedy: IPAM chaired “Third parties - Financial Intermediaries and Supply Chain”
- IAMNet: Revision of good practice note, feedback to Inspection Panel and IFC Compliance Advisor Ombudsman reviews
- Business and Human Rights Forum: IPAM Managing Director invited as speaker to the Accounting and Remedy Project (ARP) III session on preventing retaliation
- Knowledge sharing among sister IAMs: IPAM Associate Director invited as resource person to the Green Climate Fund’s Independent Redress Mechanism’s capacity-building workshops for grievance redress mechanisms of the GCF’s direct access entities in Africa, Asia and Latin America
- IPAM website: Development of a revised IPAM website to reflect policy changes

INTERNALLY FOCUSED:

- Board engagement: Introductory bilateral meetings with Directors, Board refresher IPAM presentation
- President’s Office: First meeting with EBRD President Odile Renaud-Basso to present IPAM
- Management engagement: 15-plus meetings with the President, Senior Management team, Regional Directors, Office of the Secretary General, Communications, Civil Society Engagement Unit, Evaluation Department, Office of the Chief Compliance Officer, Legal, Human Resources, Finance and Environment and Sustainability Department (ESD); general introductory session with the ESD team and IPAM presentation to the Western Balkans senior team

MEET THE TEAM THAT MADE IT ALL POSSIBLE



The transition from PCM to IPAM involved transforming the EBRD's accountability business model. The Bank has now moved from an external expert-based model to an in-house one. The structure and responsibilities of IPAM are different to those of its predecessor and the mechanism requires a more robust group of technical professionals to deliver its mandate in problem solving, compliance, outreach and institutional learning.

Building a solid expert team takes time and continued interaction – two things that were in short supply in 2020. Change and remote engagement were the main characteristics of IPAM's first six months, but despite this, it concluded the year with quite a lot to report.

ANNEX 1. 2020 CASE SUMMARIES BY GEOGRAPHIC LOCATION



ARMENIA

CASE 2020/02**LYDIAN (AMULSAR GOLD MINE) EXTENSION**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Armenia**Complainant(s):** Residents of the Jermuk Community supported by CEE Bankwatch, EcoLur, Forest of Armenia, Green Armenia and Armenian Environmental Front**Confidentiality:** No**Date of receipt:** 12 June 2020**Functions:** Compliance

The complainants allege that the project has already had negative impacts on five residential settlements in Jermuk during the construction phase and could generate additional harm once in operation. In particular, the complainants are focusing their allegations on community health and livelihood impacts due to the pollution of water, as well as impacts on red-list species. They say that dust has already had an impact on water supply, contributing to the pollution of drinking and irrigation water, as well as fish farms in Gndevaz, and they fear that the health of the community may be adversely affected by uranium pollution to the air, water and soil. They are also concerned that the town and spa of Jermuk are experiencing serious harm, including reputational damage and negative economic and social impacts, due to the loss of tourism.

Similar allegations were previously filed with the PCM, but a complaint was not registered. In 2014, the complainants filed similar allegations with the Compliance Advisor Ombudsman of the IFC in relation to the IFC's involvement in the project, which resulted in findings of non-compliance with the IFC's performance requirements.

THE PROJECT**Name:** Lydian (Amulsar Gold Mine) Extension (48579)**Client:** Lydian International LTD**Approval date:** 20 July 2016**Status:** Disbursing**Environmental category:** A

On 20 July 2016, the EBRD Board approved an investment worth CAD 11.4 million to sustain its shareholding in a publicly listed company operating in Armenia. The investment was an equity injection for the acquisition of additional shares in the capital of Lydian International Limited, enabling the Bank to protect its existing shares from dilution. The equity investment supplemented the Bank's earlier involvement in the project in its exploration and development stage.

In June 2018, local protesters and demonstrations prevented access to the mine. Due to the blockade, all project-related activities ceased. Lydian International became insolvent in 2019, at which time it applied for protection, allowing it to restructure its business and financial affairs. As of July 2020, Lydian Ventures of Canada owns the Amulsar gold deposit, in which the EBRD is not a shareholder. The EBRD remains a shareholder, for now, in Lydian International of Jersey, which has no assets.



IPAM PROCESSING IN 2020

The PCM received the complaint on 18 May 2020 and registered it on 12 June. Although the complaint was received by PCM, it was processed in line with Project Accountability Policy provisions. During assessment, IPAM discovered through virtual meetings that problem solving would offer limited potential for constructive dialogue and recommended moving to a compliance process.

The compliance assessment process indicated that the case met the criteria for initiating a compliance review, which was ongoing at the end of the year.



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ACCESS CASE REGISTRY
2020/02**

AZERBAIJAN

CASE 2017/07**LUKHOIL SHAH DENIZ STAGE II**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Azerbaijan**Complainant(s):** Confidential**Confidentiality:** Yes**Date of receipt:** 5 September 2017**Functions:** Compliance

The complainants, who requested confidentiality, alleged that the project lacked adequate consultation and compensation and affected the village's agriculture. They also requested aid for the affected communities and compensation for properties damaged by a pipeline explosion in 2016.

THE PROJECT**Name:** Lukhoil Shah Deniz Stage II (46766)**Client:** LUKOIL Overseas Shah Deniz Ltd (LOSD)**Approval date:** 22 July 2015**Status:** Repaying**Environmental category:** A

Shah Deniz II is an offshore gas exploration and production project in Azerbaijan, managed by BP Plc. On 22 July 2015, the EBRD Board approved an A/B loan to LUKOIL to provide up to US\$ 1 billion in financing for LUKOIL's share in the Stage 2 development of the project. LUKOIL has a 10 per cent stake in the Shah Deniz field. The project included two additional bridge-linked offshore gas platforms, 26 subsea wells, 500 km of subsea pipelines, the expansion of the gas plant at Sangachal Terminal and the expansion of the South Caucasus Gas Pipeline.

The project is co-financed by the ADB.



IPAM PROCESSING IN 2020

The PCM completed a compliance review in August 2019, identifying one instance of non-compliance with the EBRD's 2014 ESP, and made a series of recommendations at a systemic and project level. The Bank took the recommendations on board under a MAP, which included six action points at the procedural/systemic (general) level and six actions at the project-specific level.

Monitoring of the approved MAP started in September 2019 and IPAM took over the case in July 2020. In August 2020, IPAM issued its first monitoring report on the case, with the following findings:

- Project-specific actions 4 to 9 have been completed.
- General/systemic management actions 1, 2 and 3 remained outstanding.



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ACCESS CASE REGISTRY
2017/07**

BOSNIA AND HERZEGOVINA

CASE 2020/04

CORRIDOR VC 2 PROJECT

CASE STATUS: CLOSED

THE COMPLAINT

Location: Bosnia and Herzegovina
Complainant(s): Residents of Gornje Crkvice, Zenica, represented by Durmiš Šaban
Confidentiality: No
Date of receipt: 13 July 2020
Functions: Problem solving and compliance

The complainants are members of the Gornje Crkvice community, Zenica, Bosnia and Herzegovina, represented by Durmiš Šaban. They allege that the Corridor Vc 2 (47372) project is adversely affecting a number of households in the community, as there are no noise barriers despite the proximity of the motorway. Mr Šaban is requesting the establishment of noise mitigation measures for the impacted households in line with EBRD ESP requirements. The request cites the community's amenability to either a problem-solving or a compliance review process to address their concerns.

THE PROJECT

Name: Corridor Vc 2 (47372)
Client: Motorways of the Federation of Bosnia and Herzegovina
Approval date: 28 October 2015
Status: Repaying
Environmental category: A

On 28 October 2015, the EBRD Board approved a sovereign-guaranteed loan of up to €156 million to the Motorways of the Federation of Bosnia and Herzegovina to construct four new key motorway sections of the Trans-European Corridor Vc highway in the country.

Corridor Vc is part of the Trans-European Corridor Vc, which connects the Port of Ploče in Croatia with Budapest, is part of Route 2 of the South-East Europe Transport Observatory (SEETO) Comprehensive Network and is considered Bosnia and Herzegovina's key transport route. The main aim of the project is to improve transport connections between Bosnia and Herzegovina and the surrounding countries and to promote economic development.

The construction of the relevant tranche of motorway continues; 11 new kilometres of road were to be put into operation by the end of 2020.



IPAM PROCESSING IN 2020

Mr Šaban, as president of the local community of MZ Gornje Crkvice, submitted his complaint about the potential noise impacts of the motorway to IPAM on 13 July. However, as he had also recently contacted the client and was awaiting its response, IPAM decided to suspend the registration process to allow the client and the Bank to address the issues in question. At the end of the 45-day postponement, Management informed IPAM that the client was in the process of finding solutions to Mr Šaban's concerns.

The complaint was registered on 23 September 2020, as IPAM could not confirm at that time that the complainant was satisfied with the solutions provided.

During the assessment stage, Mr Šaban confirmed that the client had committed to installing acoustic insulation on the doors and windows of the two impacted households, that he was satisfied with the solution and that he did not wish to continue with the IPAM process. Consequently, IPAM recommended closing the case.



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2020/04**

BOSNIA AND HERZEGOVINA

CASE 2020/06**CORRIDOR VC IN THE FEDERATION OF BOSNIA AND HERZEGOVINA (FBH) - PART 3**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Bosnia and Herzegovina**Complainant(s):** Azra Durakovic and Amna Popovac representing residents of Carski Vinogradi, Malo Polje and Kocine**Confidentiality:** No**Date of receipt:** 6 January 2020**Functions:** Compliance

The complainants have raised concerns over the chosen route of the south Mostar-Tunnel Kvanj section of the Corridor Vc motorway. In their consideration, the route has adverse environmental, economic and cultural impacts, harming the residents of South Mostar. Among the alleged damage, the complainants list potential adverse environmental impacts on the Buna and Bunica rivers, particularly in relation to water pollution, affecting fertile areas; the impact on cultural sites due to the road's proximity; and the impact on refugee returnees and the risk of displacement due to expropriations of property for the road and the resulting loss of livelihoods.

They also allege that there has been no consultation on the route and that the project has generally been characterised by a lack of transparency when it comes to deciding alternative routes. They claim that the impact assessment studies lacked robustness and independence and that local legislation was breached with regard to the expropriation of military property. The complainants have also submitted grievances to the Complaints Mechanism of the European Investment Bank (EIB).

THE PROJECT**Name:** Corridor Vc in FBH - Part 3 (49058)**Client:** Motorways of the Federation of Bosnia and Herzegovina**Approval date:** 5 September 2018**Status:** Disbursing**Environmental category:** A

On 5 September 2018, the EBRD Board approved a sovereign loan of up to €180 million to Motorways of the Federation of Bosnia and Herzegovina to construct four new key sections of Corridor Vc with a total length of around 15.8 km, as part of the Western Balkans Core Road Network and the greater pan-European transport corridor. The loan comprises two tranches: (i) the first finances the construction of three motorway sections (the construction of Tunnel Ivan, which is roughly around 2 km in length), and co-finances with the EIB the construction of a motorway section from Poprikusa to Nemila; and ii) the second will finance the construction of a motorway section from the Mostar South Interchange to Tunnel Kvanj, which is around 8.7 km in length. The availability of the second tranche was made conditional on the firm's compliance with the Bank's 2014 ESP Requirements.

The project is co-financed by the EIB.



IPAM PROCESSING IN 2020

The complaint was received by PCM in January 2020 and suspended as the environmental and social impact assessment (ESIA) process had not been completed. The ESIA for the Mostar South Interchange to Tunnel Kvanj section was published in summer 2020 and a public audience held in September. As the complainants maintained that their concerns had not been addressed, IPAM registered the request on 1 October 2020. In the last quarter of the year, IPAM engaged virtually with the complainants, the client and the Bank to gain a clearer understanding of the project and the issues in question. At the end of the year, IPAM had completed the assessment stage, determining that a problem-solving initiative was not feasible and that the case would move to a compliance assessment in 2021.



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ACCESS CASE REGISTRY
2020/06**

BULGARIA

CASE 2017/09

MARITSA EAST MINES

CASE STATUS: CLOSED

THE COMPLAINT

Location: Bulgaria

Complainant(s): Evelin Tenev Petkov and Zhelyazko Zhelyazkov on behalf of the Beli Bryag Initiative Committee

Confidentiality: No

Date of receipt: 18 October 2017

Functions: Problem solving

The complainants, with the support of CEE Bankwatch and local organisation Za Zemiata, allege that the resettlement activities undertaken by the Maritsa East Mines company have led to grave loss of land for the community, economic losses and health problems (respiratory diseases, depression and anxiety). This harm, they claim, is due to the proximity of the mine and the noise and vibrations involved. The complainants expressed hope for a fair consultation processes and better compensation terms.

THE PROJECT

Name: BEH bond issue (48556)/Kozloduy International Decommissioning Support Fund

Client: Bulgarian Energy Holding EAD/Maritsa Mines East EAD

Approval date: 20 July 2016/13 August 2013

Status: Signed/ongoing

Environmental category: B

The Bank identified two projects as being relevant to the complaint:

1. The Kozloduy International Decommissioning Support Fund (KIDSF) was set up in June 2001 by the European Commission and other European donors and managed by the EBRD to support the Bulgarian government with the early closure and decommissioning of four units of the Kozloduy nuclear power plant (units 1-4) and consequent measures in the energy sector. A framework agreement between the EBRD and the Bulgarian government, ratified by parliament, put the fund into operation. More than €700 million has been contributed, largely by the European Commission, but also by Austria, Belgium, Denmark, France, Greece, Ireland, the Netherlands, Spain, Switzerland and the United Kingdom. As part of its activities, the KIDSF financed replacement equipment at Maritsa Mines East EAD (MME) for the expansion of mining activities.
2. BEH bond issues, in which the Bank had invested €80 million in unsecured bonds issued by Bulgarian Energy Holding EAD (BEH) in 2016 and 2018 to support electricity-sector reforms in Bulgaria. MME is a subsidiary of BEH, a 100 per cent state-owned company, operating the largest open-cast lignite coalfield in Bulgaria.



IPAM PROCESSING IN 2020

The PCM initiated a problem-solving initiative in December 2017. By July 2020, 19 mediation meetings had been held, either jointly or bilaterally, with the parties in question. The process included discussions between the company and the community with a view to increasing understanding of the expropriation process and the social benefits to be received, as well as to facilitate voluntary resettlement.

In their talks, the parties had agreed to a consultation process on an addendum to the Resettlement Action Plan, which would describe the expropriation process. However, by the end of August 2020, the addendum had not been published and the expropriation was already happening. This led to a breakdown in trust, exacerbated by the limitations imposed by social-distancing measures. As a result, the parties decided to end the process.



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2017/09**

BULGARIA

ASE 2018/01**KOZLODUY INTERNATIONAL DECOMMISSIONING
SUPPORT FUND**

CASE STATUS: CLOSED

THE COMPLAINT**Location:** Bulgaria**Complainant(s):** 30 civil-society representatives from Craiova, Romania and Bulgaria, represented initially by Lucian Sauleanu, President of ARC NGO Craiova and since May 2018 by Luminita Simoiu of the Civic Association for Life**Confidentiality:** No**Date of receipt:** 9 February 2018**Functions:** Problem solving and compliance

The complainants submitted a request for a problem-solving initiative with regard to the Kozloduy International Decommissioning Support Fund project. The concerns raised related to the project's potential impacts on the local population and the environment. Complainants also highlighted the need for greater transparency and meaningful public consultation, in line with best international practice.

THE PROJECT**Name:** Kozloduy International Decommissioning Support Fund**Client:** Bulgarian State Enterprise Radioactive Waste (SERAW)**Approval date:** 13 August 2013**Status:** Ongoing**Environmental category:** A

The Kozloduy International Decommissioning Support Fund (KIDSF) was set up in June 2001 by the European Commission and other European donors to support the Bulgarian government with the early closure and decommissioning of four units of the Kozloduy nuclear power plant (units 1-4) and consequent measures in the country's energy sector. The fund operates in Bulgaria based on a framework agreement between the EBRD and the Bulgarian government, ratified by the country's parliament.

The KIDSF finances and co-finances selected projects for two main purposes:

- to support the decommissioning of units 1-4 of the Kozloduy nuclear power plant, particularly through the provision of facilities for the treatment and storage of spent nuclear fuel and radioactive waste.
- to address issues in the energy sector related to the closure of units 1-4 by demonstrating ways to reform and modernise both the supply and demand side of energy use in Bulgaria.



IPAM PROCESSING IN 2020

A problem-solving initiative started in 2018 and led by PCM expert Leonardo Urzo entered its third year in 2020. In February 2020, civil-society representatives from Romania and Bulgaria and representatives of SERAW participated in a third mediation meeting in Craiova, together with representatives of the EBRD and environmental experts from Romania and Bulgaria. The Mayor of Kozloduy and the Deputy Mayor of Craiova were also present. In a joint public statement, the parties said they were considering the establishment of a joint expert group: (i) to discuss geological and hydrogeological aspects of the site; (ii) to encourage the relevant Bulgarian and Romanian authorities to improve cross-border cooperation in relation to the repository's construction and operation; and (iii) to continue the dialogue with EBRD Management with a view to finding mutually acceptable solutions for the construction and operation of the repository to store waste from the safe decommissioning of units 1-4.

In that in-person session, the parties agreed to continue participating in the process under an amended framework agreement. However, due to the social restrictions imposed to tackle the Covid-19 pandemic, 2020 saw limited progress on the case, with engagement focused on setting up the new framework for engagement.



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ACCESS CASE REGISTRY
2018/01**

GEORGIA

CASE 2018/03

SHUAKHEVI HPP

CASE STATUS: CLOSED

THE COMPLAINT

Location: Georgia

Complainant(s): Community members representing 22 households of the Rabati settlement of Makhalakidze village

Confidentiality: No

Date of receipt: 14 February 2018

Functions: Problem solving

The complainants, residents of the Rabati settlement of Makhalakidze village in the Shuakhevi Municipality of Georgia, alleged that the construction of the Shuakhevi HPP (45335) project was generating unsafe conditions for the local population, adversely affecting nature, intensifying landslides and polluting the water. They also alleged that the project had cut access to drinking water. The complaint further stated that no geological studies were undertaken and that no risk mitigation measures were considered.

A similar request was filed with the IFC's Compliance Advisor Ombudsman.

THE PROJECT

Name: Shuakhevi HPP (45335)

Client: Adjaristsqali Georgia LLC

Approval date: 30 April 2014

Status: Repaying

Environmental category: A

The Shuakhevi HPP project involves an EBRD senior loan to Adjaristsqali Georgia LLC of up to US\$ 86.5 million (€63.7 million) to finance the development, construction and operation of the Shuakhevi hydroelectric power plant (HPP) located on the Adjaristsqali River in south-western Georgia. The Shuakhevi HPP has an installed capacity of 185 MW, with an expected electricity output of 452 GWh. The plant was designed as a run-of-the-river plant with capacity for diurnal storage in two reservoirs, allowing the project to store water for up to 12 hours and then sell electricity in times of peak demand. The project is being co-financed by the ADB and the IFC.

Adjaristsqali Georgia LLC is a special purpose vehicle established for the sole purpose of constructing a cascade of three hydroelectric power plants on the Adjaristsqali River, the first of which is the Shuakhevi HPP. Clean Energy Invest AS (40 per cent), Tata Power (40 per cent) and IFC Infraventures (20 per cent) own Adjaristsqali Georgia LLC.

On 30 April 2014, the EBRD Board of Directors approved the Category A Project under the 2008 ESP. The transaction is currently in the process of repayment.



IPAM PROCESSING IN 2020

The PCM conducted a problem-solving initiative from June 2018 to July 2020 in collaboration with the Compliance Advisor Ombudsman of the IFC, undertaking a total of 19 mediation field missions and 5 joint meetings during that time. In 2020, the parties continued their engagement, but it became apparent that there were limited opportunities to reach resolution on the issues raised. A final joint meeting was held on 14 July 2020. The parties decided that the process would not lead to a resolution and proposed continuing their engagement on a one-on-one basis without the facilitation of IPAM and the IFC Compliance Advisor Ombudsman. In view of this decision, the mechanisms decided to close the case.



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2018/03**

GEORGIA

CASE 2018/08

NENSKRA HPP

CASE STATUS: OPEN

THE COMPLAINT

Location: Georgia

Complainant(s): Residents of four communities of Chuberi in the Samegrelo-Zemo Svaneti region of Georgia

Confidentiality: No

Date of receipt: 30 May 2018

Functions: Compliance

The complainants, who requested that their identities be kept confidential, alleged that the project failed to address its potentially significant impacts on the Svan indigenous people, thus causing them harm. The complainants alleged adverse impacts on their culture, livelihoods, health and general wellbeing. They also alleged limited public consultation, an insufficient impact assessment and limited mitigation measures. Support for the complaint was provided by the CEE Bankwatch Network and Green Alternative, a non-governmental organisation based in Georgia.

THE PROJECT

Name: Nenskra HPP (46778)

Client: Nenskra JSC

Approval date: 31 January 2018

Status: Board Approved

Environmental category: A

The EBRD provided a senior secured loan of US\$ 214 million to JSC Nenskra Hydro to finance the development and construction of the 280 MW Nenskra HPP on the Nenskra and Nakra rivers in the Svaneti region of north-western Georgia. The project includes a number of "large" (per International Commission of Large Dams definitions) infrastructure components, as well as extensive tunnelling for the transfer of water from a neighbouring catchment area. Project construction also requires a number of associated facilities, such as roads, quarries and a transmission line. The project's catchment area is entirely within Georgia, however, it is highly sensitive from both a social and environmental perspective. The project's footprint is, therefore, relatively large and complex and has been categorised as A under the 2014 ESP.

This project is co-funded by the EIB, the ADB and the AIIB.



IPAM PROCESSING IN 2020

In July 2020, assigned PCM expert Andrea Saldarriaga presented the findings of the compliance review of the Nenskra HPP to the EBRD Board. In response to the findings of non-compliance, the Bank developed a MAP to address the expert's findings and recommendations, which was approved by the EBRD Board of Directors and published on 11 August 2020.

IPAM initiated monitoring of the approved MAP under the Project Accountability Policy, developing and publishing a monitoring plan. In December 2020, as part of its activities for the first monitoring period, IPAM engaged with the complainants and EBRD Management to follow up on the implementation status of the relevant action items and any complainant concerns in this regard.



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2018/08**

GEORGIA

CASE 2019/01

SHUAKHEVI HPP (REQUEST NO.2)

CASE STATUS: OPEN

THE COMPLAINT

Location: Georgia
Complainant(s): Green Alternative and CEE Bankwatch Network
Confidentiality: No
Date of receipt: 16 July 2018
Functions: Compliance

The complainants, CSOs Green Alternative and CEE Bankwatch Network, raised concerns in relation to the Shuakhevi hydropower project, particularly in relation to the robustness of the ESIA, due diligence, project implementation and project monitoring. The complaint cited concerns over the adequacy of stakeholder engagement, measures for safeguarding women as a vulnerable group and the sufficiency of biodiversity offset measures. The complainants asked for a compliance review.

THE PROJECT

Name: Shuakhevi HPP (45335)
Client: Adjaristsqali Georgia LLC
Approval date: 30 April 2014
Status: Repaying
Environmental category: A

The Shuakhevi HPP project involves an EBRD senior loan to Adjaristsqali Georgia LLC of up to US\$ 86.5 million (€63.7 million) to finance the development, construction and operation of the Shuakhevi hydroelectric power plant (HPP) located on the Adjaristsqali River in south-western Georgia. The Shuakhevi HPP has an installed capacity of 185 MW, with an expected electricity output of 452 GWh. The plant was designed as a run-of-the-river plant with capacity for diurnal storage in two reservoirs, enabling the project to store water for up to 12 hours and then sell electricity at times of peak demand. The ADB and IFC are co-financing the project.

The Client, Adjaristsqali Georgia LLC, is a special purpose vehicle established for the sole purpose of constructing a cascade of three hydroelectric power plants on the Adjaristsqali River, the first of which is the Shuakhevi HPP. Clean Energy Invest AS (40 per cent), Tata Power (40 per cent) and IFC Infraventures (20 per cent) own Adjaristsqali Georgia LLC.

On 30 April 2014, the EBRD Board of Directors approved the Category A Project under the 2008 ESP. The transaction is currently in the process of repayment.



IPAM PROCESSING IN 2020

The complaint was received in July 2018 and a compliance review was initiated in August 2019 after Board approval of the appointment of PCM expert Neil Popovic. Upon transfer to IPAM, the Chief Accountability Officer decided that as the PCM expert had already made some compliance determinations, the case should continue to be processed under the 2014 PCM Rules of Procedure. The team had monthly check-ins with the complainants, Bank Management and the PCM experts throughout the investigation with plans to finalise the process in 2021.



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2019/01**

GEORGIA

CASE 2020/01

NORTH-SOUTH CORRIDOR (KVESHETI-KOBI) ROAD PROJECT

CASE STATUS: OPEN

THE COMPLAINT

Location: Georgia
Complainant(s): National Trust of Georgia
Confidentiality: No
Date of receipt: 16 January 2020
Functions: Compliance

The complainant, the National Trust of Georgia CSO, alleges that the chosen route of the North-South Corridor (Kvesheti-Kobi) road project through the Khada Valley is profoundly damaging. The complainant alleges that the Bank lacked due diligence on the project, with limited research leading to a misguided choice of routes and poor environmental impact analysis. The complainant believes the current route will permanently affect cultural sites and limit the tourism sector. The complainant has asked for the project to be put on hold while a new due diligence process takes place, including an independent assessment in line with good international practices. The complainant was amenable to both a compliance review and problem-solving initiative.

THE PROJECT

Name: North-South Corridor (Kvesheti-Kobi) Road Project (50271)
Client: Government of Georgia
Approval date: 2 October 2019
Status: Disbursing
Environmental category: A

On 2 October 2019, the Board approved a sovereign loan of €53.4 million to the government of Georgia for the construction of the Tskere-Kobi tunnel, which forms part of the Kvesheti-Kobi road realignment. The project is part of a comprehensive road rehabilitation programme, which aims to transform Georgia into a transport, logistics and trade hub connecting Europe and Asia, as well as providing better transit links in the Caucasus region.

Components of the project include a new 23 km bypass road from Kvesheti to Kobi, which will be built to allow: (a) larger volumes of traffic to travel safely and (b) the road to remain fully operational year round. It will also provide 5 km of 'all-weather' rural roads that will serve nearby villages. The project will include five tunnels with a combined length of 11.6 km (the longest of which is about 9 km) and six bridges with a combined length of about 1.6 km.

The ADB is co-financing this project.



IPAM PROCESSING IN 2020

The National Trust of Georgia first approached the PCM on 27 September 2019, expressing a hope that the Kobi road would be re-routed to avoid the Khada Valley. The PCM decided to suspend registration of the case, as the project had not yet been approved. On 16 January 2020, it proceeded with its eligibility assessment under the PCM Rules of Procedure.

In July, no decision had been made on its eligibility, so IPAM undertook a compliance assessment and determined that the case met the criteria of the Project Accountability Policy for a compliance review, which it initiated in August 2020.



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2020/01**

KOSOVO

CASE 2017/05**SOUTHEAST EUROPE EQUITY FUND II**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Kosovo**Complainant(s):** Former worker at the American Hospital of Kosovo**Confidentiality:** No**Date of receipt:** 18 August 2017**Functions:** Compliance

The complainant alleges that Bedminster Capital Management, the company managing the fund, has treated him and other employees unfairly. He claims that the human and work rights of those hired for project were gravely violated.

THE PROJECT**Name:** Southeast Europe Equity Fund II (34894)**Client:** Southeast Europe Equity Fund (B) II LP**Approval date:** 6 September 2005**Status:** Repaying**Environmental category:** FI

The EBRD is a limited partner in the Southeast Europe Equity Fund II (B) L.P. The EBRD Board approved the Bank's investment in the fund on 6 September 2005. The Fund is a "private regional equity fund seeking long-term capital appreciation through privately negotiated transactions in the equity of companies operating in Southeast Europe and neighbouring countries". In 2006, the fund invested in the American Hospital of Albania, the first private hospital in the region. In 2012, the American Hospital established a subsidiary – the American Hospital Kosovo – in Pristina, Kosovo, where the complainant was working.



IPAM PROCESSING IN 2020

A compliance review was conducted under the 2014 PCM Rules of Procedure, which made a series of recommendations at a systemic and project level. The Bank took the recommendations on board under a MAP that included two actions, one containing a sub-action.

In July 2020, after reviewing the case and the outstanding action points, IPAM determined that:

- Actions 1 and 2.i had been completed
- Action 2.ii remained outstanding for further monitoring over the next monitoring period, ending June 2021.

IPAM noted that there had been a significant delay in the completion of Action 2.ii, which involved the preparation of the ESP PR9 guidance note, and will continue to monitor the case until its completion.



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ACCESS CASE REGISTRY
2017/05**

RUSSIA

CASE 2020/03**SAINT GOBAIN CONSTRUCTION
PRODUCTS RUSSIA**

CASE STATUS: CLOSED

THE COMPLAINT**Location:** Russia**Complainant(s):** Leonid Vilnits of Ecofarm Rodnik**Confidentiality:** No**Date of receipt:** 7 August 2020**Functions:** Problem solving and compliance

Leonid Vilnits and his family, owners of the Ecofarm Rodnik in Russia, alleged that the Saint Gobain Construction Products Russia (42659) project was adversely affecting their health and livelihood by undertaking gypsum mining activities on lands near their farm, allegedly not observing the sanitary protection zone established by local legislation. Mr Vilnits claimed that the negative environmental and agricultural impacts threatened the lives and health of the owners of and workers on the farm. He believes that mining activities in the area should be suspended and compensation granted.

THE PROJECT**Name:** Saint Gobain Construction Products Russia (42659)**Client:** Saint Gobain Construction Products RUS**Approval date:** 12 November 2013**Status:** Disbursing**Environmental category:** B

On 12 November 2013, the EBRD Board approved an equity investment in the Saint Gobain Construction Products RUS limited liability company, increasing the EBRD's shareholding in the company from 11.19 per cent to 20 per cent. The Saint Gobain Construction Products Russia project investment programme includes, among other things, the greenfield development of a gypsum quarry and a plasterboard plant in the Ufa region, as well as the construction of new facilities and the expansion and modernisation of existing facilities for the production of dry mixes, mortars and insulation materials. The project, consisting of new investments in the Nizhny Novgorod and Ufa regions, as well as smaller investments in the operating plants, has been classified as Category B.

The quarry is to supply raw materials to the planned gypsum plasterboard plant, located 4 km away. Construction activities were initiated in the fourth quarter of 2012 and, in 2014, the company started production of gypsum plasterboard at its plant in Gomzovo (Nizhny Novgorod).



IPAM PROCESSING IN 2020

IPAM received the complaint on 16 July 2020 and engaged in one-on-one communications with the complainant to better understand his concerns. During this exchange, Mr Rodnik also raised concerns about the level of environmental protection during project construction and operation, as well as the quality of public consultation with project-affected communities during the ESIA approval process.

The complaint was registered on 7 August 2020, initiating the assessment stage of the process. During the assessment, IPAM engaged with the complainant, the client and EBRD Management to understand better their positions on the allegations made. Following this assessment, it was determined that the complaint would be referred to compliance assessment, as the parties were not amenable to a problem-solving initiative based on past experience. The complainant, in particular, expressed interest in having the complaint referred to compliance assessment.



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ACCESS CASE REGISTRY
2020/03**

SERBIA

CASE 2019/02**BELGRADE SOLID WASTE PPP**

CASE STATUS: CLOSED

THE COMPLAINT**Location:** Serbia**Complainant(s):** Neo davimo Beograd and CEE Bankwatch Network**Confidentiality:** No**Date of receipt:** 11 October 2019**Functions:** Compliance

The complainants, CSOs Neo davimo Beograd and CEE Bankwatch Network, alleged that the project would increase air pollution and prevent the development of sustainable waste management in the city. In particular, they questioned the decision to adopt incineration technologies as part of the waste management facility.

THE PROJECT**Name:** Belgrade Solid Waste PPP (46758)**Client:** Beo Cista Energija d.o.o Beograd**Approval date:** 18 September 2019**Status:** Disbursing**Environmental category:** A

On 18 September 2019, the EBRD Board approved a loan of up to €70 million to Beo Cista Energija d.o.o Beograd, a limited liability company, to finance the Belgrade Solid Waste public-private partnership project under a design, build, finance, operate, transfer (DBFOT) scheme, owned by a consortium of Suez, Itochu and the Marguerite Fund.

The project will construct and operate landfill and facilities for the treatment and disposal of about 510,000 tonnes per year of residual municipal waste and around 200,000 tonnes a year of construction and demolition waste (CDW) in 13 municipalities of the City of Belgrade.

The project envisions the construction of an energy-from-waste facility, CDW facility, remediation, the closure and aftercare of the existing landfill and the construction of a new landfill. It has a total investment size of an estimated €345.7 million, to be financed by equity and non-recourse debt from the EBRD and other lenders, including the IFC.



IPAM PROCESSING IN 2020

Ne Davimo Beograd (Serbia) and CEE Bankwatch first contacted the PCM on 12 September 2019 with a series of concerns they felt should be reviewed as part of a compliance review process to establish whether the Bank had acted in accordance with its policies.

The complaint was registered on 11 October 2019 and found eligible for a compliance review in April 2020. A PCM compliance review expert was appointed in June 2020 and the ad hoc PCM expert and PCM staff jointly conducted the investigation.

The compliance review report was finalised in December 2020 and the Bank was found to be compliant with the 2014 ESP. The case was closed following publication.

SERBIA

CASE 2021/01**BELGRADE SOLID WASTE PPP REQUEST NO.2**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Serbia**Complainant(s):** Roma waste pickers represented by the A11 initiative**Confidentiality:** Yes**Date of receipt:** 24 November 2020**Functions:** Problem solving

The complainants, represented by the A11 Initiative, allege that their livelihoods have been threatened by the physical and economic displacement of the project. The complaints raise concerns over the compensation received, the inadequacy of the housing provided and their inability to pay utility costs. They also claim that they cannot access the Vinca landfill, a source of livelihood. They further allege that the resettlement process did not comply with local legislation and that the complainants had their contracts with the public utility company unilaterally terminated. CEE Bankwatch is supporting the complainants and A11.

THE PROJECT**Name:** Belgrade Solid Waste PPP (46758)**Client:** Beo Cista Energija d.o.o Beograd**Approval date:** 18 September 2019**Status:** Disbursing**Environmental category:** A

On 18 September 2019, the EBRD Board approved a loan of up to €70 million to Beo Cista Energija d.o.o Beograd, a limited liability company, to finance the Belgrade Solid Waste public-private partnership project under a DBFOT scheme, owned by a consortium of Suez, Itochu and the Marguerite Fund.

The project will construct and operate landfill and facilities for the treatment and disposal of about 510,000 tonnes per year of residual municipal waste and around 200,000 tonnes a year of construction and demolition waste (CDW) in 13 municipalities of the City of Belgrade.

The project envisions the construction of an energy-from-waste facility, CDW facility, remediation, the closure and aftercare of the existing landfill and the construction of a new landfill. It has a total investment size of an estimated €345.7 million, to be financed by equity and non-recourse debt from the EBRD and other lenders, including the IFC.



IPAM PROCESSING IN 2020

The complaint was received in both Serbian and English on 24 November 2020. During the registration process, IPAM held a virtual meeting with the representatives, where they were informed of an incident of intimidation by public officials towards one of the complainants. Per the process established by the Bank, the Office of the Chief Compliance Officer was informed and IPAM updated its risk assessment. If the request is registered, engagement with the complainants will be required to establish a mitigation plan.



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ACCESS CASE REGISTRY
2021/01**

TURKEY

CASE 2015/03

TURK TRAKTOR

CASE STATUS: CLOSED

THE COMPLAINT

Location: Turkey

Complainant(s): DİSK - Birleşik Metal İşçileri Sendikası (United Metalworkers' Union)

Confidentiality: No

Date of receipt: 11 September 2015

Functions: Problem solving and compliance

The complainant, DİSK - Birleşik Metal İşçileri Sendikası (United Metalworkers' Union), alleged employee rights violations in relation to the Türk Traktör (44173) project. DİSK wanted a mechanism to be established in the workplace to ensure that workers could freely choose their representatives.

THE PROJECT

Name: Türk Traktör (44173)

Client: Ziraat Makinaları A.S. (Türk Traktör)

Approval date: 12 March 2013

Status: Complete

Environmental category: B

The EBRD provided a €75 million long-term loan to Türk Traktör ve Ziraat Makineleri A.S. in March 2013 to finance the construction of a tractor assembly plant in Sakarya, investments in research and development and engine and transmission projects in its existing facilities in Ankara.

On 29 May 2014, the EBRD's Board of Directors approved an additional loan facility of up to €20 million for further investment in the project's Erenler components.



IPAM PROCESSING IN 2020

The PCM completed a compliance review of the Türk Traktör project in January 2017, identifying non-compliance with the EBRD's 2008 ESP in relation to the appraisal, due diligence and routine monitoring of the project's compliance with labour and occupational health and safety aspects of Performance Requirement 2. In addition, the project failed to establish an external grievance mechanism. The independent PCM expert responsible for the compliance review made 28 recommendations to Bank Management.

Monitoring by PCM started immediately after approval of the corresponding MAP in February 2017 and, by July 2020, two monitoring reports had been published, detailing the completion of all but two actions.

On 14 June 2018, the client repaid the EBRD loan, effectively terminating its relationship with EBRD Management on this project. Management did not complete the two outstanding actions prior to the repayment of the loan and IPAM believed it would be unable to do so in future. For this reason, IPAM decided to terminate the monitoring of this case, with two actions reported as not completed.



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ACCESS CASE REGISTRY
2015/03**

TURKEY

CASE 2020/07

TUMAD GOLD MINES DEVELOPMENT

CASE STATUS: OPEN

THE COMPLAINT

Location: Turkey

Complainant(s): 372 villagers represented by Halit Alkol, Mustafa Çetin, Mustafa Eren and Mehmet Karakuş

Confidentiality: Not for representatives, but villagers are to remain unnamed

Date of receipt: 23 August 2020

Functions: Problem solving and compliance

The complainants, around 372 villagers in Değirmenbaşı, Turkey, allege that mining activities in the area are adversely impacting the livelihoods of the community. Residents can no longer depend on livestock breeding, as grazing lands have been taken over by mining activities. They also claim that no alternative employment opportunities have been offered and that vocational training programmes have not been executed. From their perspective, women and young people who wish to work have been most affected. Lastly, they allege that there has been limited or no information shared with the community in question.

THE PROJECT

Name: Tumad Gold Mines Development Loan (49041)

Client: Tumad Madencilik Sanayi ve Ticaret A.S.

Approval date: 29 November 2017

Status: Disbursing

Environmental category: A

The EBRD approved a US\$ 40 million senior project finance loan to Tumad for the construction of the Lapseki and Irvindi mines. The Irvindi Gold and Silver Mine and Processing Project (the subject of the complaint) is located in the Balıkesir province, 4.9 km from the village of Değirmenbaşı. The mine includes four pits. Metals are extracted using explosives, with a heap leaching enrichment process to obtain the final product. The key impacts and risks include those on land users and livelihoods (in particular, livestock breeding), biodiversity, water use, cyanide risk, surface and groundwater, emissions (including dust), noise, worker and community health and safety, traffic, labour and contractor issues, and site closure and rehabilitation planning.



IPAM PROCESSING IN 2020

IPAM received the first communication in relation to this case on 23 August 2020. One of the complainants (also a representative) noted that there had been major disagreements between the client and villagers, as grazing lands used to feed animals had been taken over by the mine. This, he wrote, presented a challenge for the village, as its livelihood depended on animal husbandry.

The team engaged with the complainant early on. In practice, this meant translating communications and documents into Turkish and identifying a virtual platform accessible to the community. The virtual meetings held included a diverse array of complainants from Değirmenbaşı: women, young men and a group of mine employees.

All required information was sent on 4 November 2020 and the request was registered on 21 December 2020.

The connectivity challenges faced by the complainants, in addition to the time required for translation of documents and communications into Turkish, meant the registration stage took longer than usual.



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ACCESS CASE REGISTRY
2020/07**

TURKMENISTAN

CASE 2017/10

CMI OFFSHORE

CASE STATUS: OPEN

THE COMPLAINT

Location: Turkmenistan

Complainant(s): Turkmenistan Working Group of the Civic Solidarity Platform (comprising the Centre for the Development of Democracy and Human Rights (Russia), Crude Accountability (United States of America), Freedom Files (Russia) and local civic activists)

Confidentiality: No

Date of receipt: 19 October 2017

Functions: Compliance

The complainants allege that the Bank incorrectly gave the project a B environmental categorisation and that, under the EBRD's 2014 ESP, several factors show it should have received an A classification. The complaint alleges that the project was wrongfully labelled a transportation project when it should have been identified as an energy project.

THE PROJECT

Name: CMI Offshore (47096)

Client: CMI Offshore LTD

Approval date: 18 October 2017

Status: Cancelled

Environmental category: B

The EBRD considered providing a US\$ 1 million loan for five years to enable CMI Offshore Ltd to continue its growth programme in Turkmenistan and Kazakhstan. The Bank loan was supposed to support the company in balance-sheet restructuring and in acquiring new vessels, thus supporting private foreign direct investment and skills transfer and reducing environmental impact. The project was approved on 18 October 2017, but cancelled on 7 December 2017 without the loan agreement being signed.



IPAM PROCESSING IN 2020

The PCM completed a compliance review of the CMI Offshore Project (47096) in Turkmenistan in February 2019, identifying one instance of non-compliance with the EBRD's 2014 ESP. The review determined that Bank Management did not meet its obligations to consider the environmental and social risks presented by project-related associated facilities and activities.

Monitoring of the approved MAP started in February 2019 and IPAM took over the case in July 2020. As no reports had been issued to that date, IPAM issued the first monitoring report covering the period March 2019 to July 2020 in August. During the monitoring period, one out of four actions had been completed:

- *Action 1.1.* Clarify the environmental and social appraisal requirements for project-related

existing facilities, associated facilities and functionally related other projects through the revised 2019 ESP, in line with peer multilateral development banks and EU Environmental Impact Assessment Directives.

The 2019 ESP now clarifies the environmental and social appraisal requirements for project-related and associated facilities in Performance Requirement 1.



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ACCESS CASE REGISTRY
2017/10**

UKRAINE

CASE 2018/09**MHP CORPORATE SUPPORT LOAN, MHP BIOGAS**

CASE STATUS: OPEN

THE COMPLAINT**Location:** Ukraine**Complainant(s):** Community members from the villages of Olyanyatsa, Zaozerne, and Kleban in Vinnytsia Oblast**Confidentiality:** Yes**Date of receipt:** 5 June 2018**Functions:** Problem solving and compliance

The complainants allege that the increased traffic brought about by the Vinnytsia and Zernoproduct farming activities has damaged their properties. In addition, they claim there is a persistently foul odour and dust pollution, and fear that the farms are responsible for pollutants in the air, water and soil. They have also raised concerns about water availability, as they consider the project to have been responsible for the depletion of wells. The complainants alleged that community consultation has been poor and that limited information has been shared with regard to environmental and health impacts and measures to address them.

CEE Bankwatch Network, Accountability Counsel and the EcoAction Centre for Ecological Initiatives are supporting the complainants. A similar complaint was filed with the IFC's Compliance Advisor Ombudsman.

THE PROJECT**Name:** MHP Corporate Support Loan (47806), MHP Biogas (49301)**Client:** Myronivsky Hliboproduct PJSC (MHP)**Approval date:** 28 October 2015/
13 December 2017**Status:** Completed/repayment**Environmental category:** B

Two EBRD investments appeared related to the concerns raised in the complaint. One was an MHP corporate support loan worth US\$ 85 million approved on 28 October 2015 to address working-capital needs associated with MHP's cultivation of grains and oilseeds and their processing into raw material for fodder production. The capex component of the loan would support the purchase of new agricultural equipment for crop farming, as well as oilseed processing activities, after the launch of a new soy processing plant. The project was categorised B per the 2014 ESP.

The other, an MHP Biogas investment loan of €25 million, was approved by the Board on 13 December 2017 to finance the construction of a greenfield 10 MW biogas plant in the Vinnitsa region of Ukraine. The project was categorised B. It aimed to use waste from existing poultry facilities to generate biogas as an alternative energy source. The project is co-financed by the IFC.



IPAM PROCESSING IN 2020

The PCM, in coordination with the IFC's Compliance Advisor Ombudsman, embarked on a problem-solving process in October 2018. By January 2020, more than 20 mediation meetings had been held with the parties involved, either in person or virtually, and a joint statement was issued to report on progress.

IPAM took over the case under the agenda agreed by the parties. During the year, it has been focused on identifying an independent expert to assess the damage to the properties on the route to the farms. A call for proposals to identify an expert who could assist the parties was advertised in July 2020. By the end of the year, the parties were actively engaging with the chosen expert on the scope of the assessment. Outcomes to date include the commissioning by the client of a bypass road around Olyanytsya to reduce truck traffic in the village. There has also been a project to enhance road safety for children in the Tulchyn and Trostyanets districts.



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ACCESS CASE REGISTRY
2018/09**

UKRAINE

CASE 2020/05**UPTF - MARIUPOL TROLLEYBUS PROJECT**

CASE STATUS: CLOSED

THE COMPLAINT**Location:** Ukraine**Complainant(s):** Confidential**Confidentiality:** Yes**Date of receipt:** 17 April 2020**Functions:** None identified

The complainant, who requested confidentiality due to the risk of retaliation, alleged that the UPTF - Mariupol Trolleybus Project (49557) was causing actual and potential harm related to the procurement and operation of the trolleybuses, particularly the safety of operators and travellers.

THE PROJECT**Name:** UPTF - Mariupol Trolleybus Project (49557)**Client:** Mariupolske Tramvaino-Trolleybusne Upravlinnya**Approval date:** 14 October 2015**Status:** Board approved**Environmental category:** B

On 14 October 2015, the EBRD Board approved the Ukraine Public Transport Framework (47901), which comprised municipal-guaranteed loans to public transport companies in Ukraine to facilitate critical improvements in public transport infrastructure in Odessa, Chernihiv, Chernivtsi and several other cities, with the prime focus on transport renewal and associated efficiency gains.

The UPTF - Mariupol Trolleybus Project (49557) is a subproject of the Ukraine Public Transport Framework, approved by the Board on 15 June 2018, to address key challenges in public transport infrastructure development in the city of Mariupol, relating to improving access to clean urban transport and the capacity and efficiency of public transport services. The project consists of a senior loan of €13 million to the Mariupolske Tramvaino-Trolleybusne Upravlinnya communal enterprise, a municipal public transport operator wholly owned by the city of Mariupol. The loan aims to support the company's priority investment programme to renew its aged fleet by financing the acquisition of: (i) new low-floor trolleybuses (including spare parts) and (ii) operating and maintenance vehicles and machinery, as well as (iii) the rehabilitation of the trolleybus catenary network and (iv) depot modernisation. As part of the project, new low-floor trolleybuses were acquired in 2019.



IPAM PROCESSING IN 2020

PCM received the complaint in Ukrainian on 17 April 2020 and its processing was suspended due to a lack of information on previous engagement with EBRD Management, although the requester had raised the fear of reprisal.

On 30 September 2020, IPAM registered the complaint, as the information provided was deemed sufficient and the issues raised related to specific obligations of the Bank under the ESP in a project that was still active. Following its registration, the IPAM team contacted the complainant.

No response was received during the assessment stage, so IPAM recommended in its assessment report to the Board that the case be closed.



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ACCESS CASE REGISTRY
2020/05**

1385 Independent Project Accountability Mechanism – Annual Report 2020

The Independent Project Accountability Mechanism (IPAM) of the European Bank for Reconstruction and Development (EBRD) reports directly to the Board of Directors and is independent from the Bank's Management. This independence ensures that all relevant stakeholders are certain of IPAM's fair and objective treatment of cases. This report has been prepared by IPAM under the authority of the Chief Accountability Officer as required by the provisions in the Project Accountability Policy. The views expressed herein do not necessarily reflect those of the EBRD's Management or Board of Directors. The IPAM Annual Report is submitted to the Board of Directors and the President for information, and disseminated to the public as soon as possible thereafter through the IPAM section of ebrd.com.

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