



Independent
Project
Accountability
Mechanism

REQUEST: CORRIDOR VC 2 BOSNIA AND HERZEGOVINA PROJECT No. 47372

CASE NUMBER: 2020/04

ASSESSMENT REPORT – November 2020

17 NOVEMBER 2020

The Independent Project Accountability Mechanism (IPAM) is the accountability mechanism of the EBRD. It receives and reviews concerns raised by Project-affected people and civil society organisations about Bank-financed Projects, which are believed to have caused harm. IPAM may address Requests through two functions: Compliance Review, which seeks to determine whether or not the EBRD has complied with its Environmental and Social Policy and/or the Project-specific provisions of the Public Information Policy; and Problem-Solving, which has the objective of restoring dialogue between the Requester and the Client to resolve the issue(s) underlying a Request without attributing blame or fault. Affected Parties can request one or both of these functions.

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

Contact information:

The Independent Project Accountability Mechanism (IPAM)
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: ipam@ebrd.com

 <https://www.ebrd.com/project-finance/ipam.html>

How can IPAM address my concerns?

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

 <https://www.ebrd.com/project-finance/independent-project-accountability-mechanism/how-ipam-works.html>

EXECUTIVE SUMMARY

The [Independent Project Accountability Mechanism](#) (IPAM) received on 13 July 2020 a [Request](#) sent by Mr. Šaban Durmiš, Association President of the MZ Gornje Crkvice Community (the Requester), with reference to [Corridor Vc 2 in FBH](#) Project (47372). The Project focuses on the construction of four 4-lane motorway sections as follows:

- (i) an approximately 7.2 km motorway section between Buna and Pocitelj, and
- (ii) an approximately 3.9 km motorway section between Donja Gracanica and Zenica Tunnel;
- (iii) an approximately 5.8 km motorway section between Donja Gracanica and Klopce; and
- (iv) an approximately 10.4 km motorway section between Svilaj and Odzak.

The Bank has provided a sovereign-guaranteed loan of up to EUR 156 million to the Motorways of the Federation of Bosnia and Herzegovina for the development of four new key sections of Corridor Vc as part of the Western Balkans Core Road Network and the greater Pan-European transport corridor. As such the Project was categorised A as per EBRD 2014 ESP and involves the construction of road and tunnel sections of the Corridor Vc.

The Requester asserts that EBRD has failed to comply with its Environmental and Social Policy by not implementing noise barriers on the highway bridges crossing the communities of Pehare, Gornje Crkvice, Talami contrary to the main design and the obligations set in the [Environmental and Social Action Plan](#) for this Project.

The Requester asked for the Problem Solving function of IPAM.

The Request was registered on 23 September 2020 and during the Assessment stage (held between 24 September 2020 and 17 November 2020) in accordance with the [2019 Project Accountability Policy \(PAP\)](#) the IPAM team conducted an in-depth analysis to better understand the issues raised in the Request, discussed with the Requester, the Client and EBRD Management both IPAM functions - Problem Solving and Compliance, and assessed the Parties' willingness and capacity to engage in each of the functions.

Based on the Assessment findings and confirmation of all Parties that the issues raised in the Request have been addressed since its filing with the Mechanism, IPAM recommends to the Board the closing of the Request pursuant to para. 2.3.c) (ii) of the PAP.

As per the PAP, this Assessment Report shall be submitted to the Board for approval to close the Case on a no objection basis. The Report will be made available to Requester, Bank Management and the Client and will be published on the [IPAM Case Registry](#) in English and Bosnian.

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Unless otherwise indicated capitalised terms used in this report are those as set forth in the April 2019 IPAM Project Accountability Policy.

Acronyms/List of Definitions

Client/Company/ FBHM	Motorways of the Federation of Bosnia and Herzegovina (FBHM)
CSO	Civil Society Organization
EBRD	European Bank for Reconstruction and Development
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESP	Environmental and Social Policy
FBiH	Federation of Bosnia and Herzegovina
IPAM	Independent Project Accountability Mechanism
PAP	2019 Project Accountability Policy that governs IPAM functioning
Project	Corridor Vc 2 Project No. 47372 for the development of 4-lane motorway sections as part of Trans-European Corridor Vc highway, which connects Port of Ploce in Croatia with Budapest and is part of Route 2 of the South-East Europe Transport Observatory's (SEETO) Comprehensive Network

I. BACKGROUND

1. THE PROJECT AND ITS CURRENT STATUS

On 28 October 2015 the EBRD Board approved sovereign-guaranteed loan of up to EUR 156 (one hundred and fifty six) million to the Motorways of the Federation of Bosnia and Herzegovina (**the Client**”, **the Company**” or the **"FBHM"**) to construct four new key sections of [Corridor Vc 2 in FBH](#) Project (47372) (the **"Project"**). The Project was categorised A as per the 2014 ESP and includes the construction of four 4-lane motorway sections as follows:

- (i) an approximately 7.2 km motorway section between Buna and Pocitelj, and
- (ii) an approximately 3.9 km motorway section between Donja Gračanica and Zenica Tunnel;
- (iii) an approximately 5.8 km motorway section between Donja Gračanica - Klopče; and
- (iv) an approximately 10.4 km motorway section between Svilaj and Odzak.

It is part of Trans-European Corridor Vc, which connects Port of Ploče in Croatia with Budapest and is part of Route 2 of the South-East Europe Transport Observatory's (SEETO) Comprehensive Network. Corridor Vc is considered FBiH's key transport route, running north-south and connecting Budapest (Hungary) to Adriatic port Ploče (Croatia). The main aim of the Project is to improve transport connections between FBiH and the surrounding countries and to promote economic development.

Figure 1: Road Corridor Vc 2 in FBiH and Locations of the Project Sections



Source: Bosnia and Herzegovina Corridor VC 2 Project, Non-technical Summary, Updated July 2017

Currently, the construction of the relevant tranche of the motorway continues with 11 new kilometres to be completed and starting operation before the end of November 2020.

2. THE REQUEST

On 13 July 2020, a [Request](#) was received related to [Corridor Vc 2 in FBH](#) Project (47372) and the highway section Donja Gračanica - Klopče, developed as part of it. The Request was submitted by Mr. Durmiš Šaban, acting as President and registered legal representative of MZ Gornje Crkvice Community. It asserted that EBRD has failed to comply with its Environmental and Social Policy, specifically by FBHM not constructing noise barriers on the bridges crossing the communities of Pehare, Gornje Crkvice, Talami and through this – causing potential harm to the health of the residents of the community.

On 20 July 2020 IPAM team suspended the processing of the Request for 45 (forty-five) Business Days (i.e. until 23 September 2020) as per para. 2.2. f) (ii) (a) of the PAP to allow EBRD Management and Requester to engage and address the issues raised in the Request. By the end of the suspension period, EBRD Management informed IPAM that the Client and the Requester had held meetings to look into solutions related to the noise impact. IPAM sought the Requester at the end of the suspension so as to confirm whether his concerns had been addressed during said period, but was unable to reach him.

3. REGISTRATION OF THE REQUEST

The Request was registered on 23 September 2020 after the expiration of the suspension as the Request met the Registration criteria under para. 2.2.b of the [2019 Project Accountability Policy](#) and the Requester had not provided confirmation that the concerns had been addressed through engagement with the Client.

Registration of a request represents an administrative step, acknowledging that the request meets the registration criteria, namely that:

- i. All mandatory information had been provided;
- ii. The Request raises issues related to specific obligations of the Bank under the Environmental and Social Policy;
- iii. The Request relates to a Project that has been approved and the Request was submitted within 24 months of the date that the Bank ceases to have a financial interest in the Project;
- iv. None of the exclusions that prevent registration are met;
- v. The Request does not duplicate or interfere with or be impeded by other processes.

Registration does not involve a judgement on the merits, truthfulness or correctness of its content. Once registration has taken place, the Assessment process initiates.

4. IPAM ASSESSMENT

As established in par. 2.3 of the 2019 PAP, the Assessment Stage purpose is to:

- develop a clear understanding of the issues raised in the Request;

- discuss the Problem Solving and Compliance Review functions with the Parties, their scope and possible outcomes with the Parties;
- assess the Parties' willingness to engage in each function, while taking Requester's preference among functions into account;
- consider the updated status of other grievance resolution efforts, if applicable; and
- make a final determination with three alternatives open to IPAM:
 - a. the Case will proceed to Problem Solving, based on the agreement of the Requester and the Client; or
 - b. the Case will be transferred to Compliance Assessment, if no agreement to pursue Problem Solving is reached and Requester has expressly asked for this; or
 - c. the Case will be closed.

The Assessment stage has a duration of 40 business days from the date of registration (i.e. from 23 September 2020 in this case) and as a result of it IPAM issues the Assessment Report describing the outcome of the assessment made. If IPAM determines that the Case is to be closed, the Assessment Report is submitted to the Board for their consideration under the non-objection procedure.

Once a decision has been made, the Report is made available to Requesters, Bank Management and the Client and is publicly disclosed on the [IPAM Case Registry](#).

II. ASSESSMENT PROCESS

Upon case registration and further to para. 2.3. of the Policy, IPAM undertook a desk review of relevant Project documentation, the Request and supporting information provided by the Requester, Bank management and the Client.

Due to the prevailing COVID-19 health crisis and the moratorium on EBRD staff travel, a site visit to the Project area was not possible. In its place, virtual meetings were held with the Requester, the Client and Bank management during the month of October 2020 with the following objectives:

- Gather information on the context of the Project, the due diligence process and its current status.
- Understand better the issues and actions undertaken to date in relation to the allegations made by the Requester;
- Explore, in general terms, the underlying interests of each of the Parties and their amenability to engage in a Problem Solving process in relation to the concerns raised in the Request; and
- Provide information on the Problem Solving and Compliance Review functions, their scope and potential outcomes.

In the course of IPAM assessment, the Requester continued his engagement with EBRD Management and the Client discussing potential solutions. During these discussions, the Company commissioned an independent analysis on the impact from the expected noise levels on the local Community as there had been slight changes to the route. The result of this study recommended

that passive noise mitigation measures would be appropriate to address the noise impact on two households.

The Requester and the Client signed an agreement on 26 October 2020. The agreement established that the Client would implement the passive noise protection measures proposed in the study and that it would monitor the noise levels once operation of the motorway begins. IPAM engagement with the Client further confirmed that these mitigating measures were being implemented and that regular monitoring of noise levels would take place once the motorway opened to traffic.

IPAM was informed by the Requester on 12 November 2020 that his concerns had been adequately addressed and wished to withdraw his complaint with IPAM

III. ASSESSMENT DETERMINATION

As per paragraph 2.3. of the PAP, given that the Requester is satisfied with the proposed solution offered by the Client and decided to withdraw his Request, IPAM recommends to the Board the closing of the Case

IV. CONCLUSIONS AND NEXT STEPS

Based on the Assessment findings and pursuant to para. 2.3.c.(ii) of the [2019 Project Accountability Policy](#), IPAM recommends to the Board approving the closing of the Request under a non-objection basis.

If the IPAM recommendation is approved and as per the 2019 PAP, the closing of the case will take place. Before that, this Assessment Report shall be sent to the Requester, Bank Management and the Client, and published on the IPAM Case Registry in English and Bosnian.