



Problem Solving Summary

Corridor Vc 2 (Request #3)

EBRD Project Number 47372

Case 2023/08

March 2025

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 noncompliance 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

Contact information The Independent Project Accountability Mechanism European Bank for Reconstruction and Development Five Bank Street London E14 4BG Telephone: +44 (0)20 7338 6000 Email: ipam@ebrd.com	How to submit a complaint to the IPAM Concerns about the environmental and social performance of an EBRD Project can be submitted by email or via the online form at: https://www.ebrd.com/project-finance/ipam.html
---	--

TABLE OF CONTENTS

LIST OF ABBREVIATIONS.....	4
Executive Summary	5
1. Background.....	6
1.1. The Request.....	6
1.2. The Project and its Current Status	6
1.3. Case Processing: Registration and Assessment	7
2. THE PROBLEM-SOLVING INITIATIVE.....	8
2.1. Background and Scope	8
2.2. The Parties	8
2.3. The Problem Solving Activities	9
2.4. The Problem Solving Agreement.....	10
3. Conclusion and Next Steps.....	11
Annex 1. Terms of Reference for Problem Solving.....	12

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

LIST OF ABBREVIATIONS

Abbreviation	Long Form
Board	the Board of Directors of the European Bank for Reconstruction and Development
Case	the consideration of a Request under the Project Accountability Policy following its registration
CAO	the Chief Accountability Officer of the EBRD, and IPAM head
Case Registry	the registry of Cases created in accordance with Section III, Paragraph 3.1 of the Project Accountability Policy, which can be found on the IPAM Webpage
Client	the Motorways of the Federation of Bosnia and Herzegovina.
Compliance	the IPAM function which determines whether EBRD has complied with its Environmental and Social Policy or the Project-specific provisions of its Access to Information Policy in respect of a Project
EBRD (or Bank)	the European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
ESP	the EBRD's Environmental and Social Policy in force at the time of Project approval
IPAM	the Independent Project Accountability Mechanism of the EBRD established as per the 2019 Project Accountability Policy
IPAM Head	the EBRD managing director responsible for the running of IPAM, the implementation of the Project Accountability Policy and for making the decisions that are the responsibility of IPAM under said Policy
PAP	the 2019 Project Accountability Policy
Parties	the individuals, entities, and/or organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requesters; their Representatives, if any; the relevant Bank department, team, or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project
Problem Solving	the IPAM function which supports voluntary dispute resolution engagement between Requesters and Clients to resolve the environmental, social, and public disclosure issues raised in a Request, without attributing blame or fault.
PSD	Project Summary Document
President	the President of the EBRD

Executive Summary

The Request¹

On 13 July 2023 the [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) from a resident of Zenica, in Bosnia and Herzegovina. The Requester raised allegations of structural damage to his property, vibration and dust pollution caused by the continuous traffic of heavy vehicles involved in the construction of the Corridor Vc motorway section between Donja Gracanica and Zenica Tunnel. He contacted the Client and Euroasfalt Contractor (Contractor) but none of them provided a solution to the problem. The Requester sought to have the impacts on his property assessed and remediated and expressed interest in Problem Solving and Compliance.

The Project²

The [Corridor Vc 2 Project](#) (OP ID 47372) is a sovereign loan to Bosnia and Herzegovina of up to EUR 80 million for on-lending to the Federation of Bosnia and Herzegovina and further to the Motorways of the Federation of Bosnia and Herzegovina (Client). According to the Project Summary Document, the objective of the loan is to finance the construction of four 4-lane motorway sections to international standards, one of which is approximately 3.9 km between Donja Gracanica and Zenica Tunnel. The Project was approved on 28 October 2015 as category A under the EBRD's 2014 Environmental and Social Policy.

IPAM Process

The Request was registered by IPAM on 24 August 2023 under [Case 2023/08](#), initiating the Assessment stage that was conducted until January 2024. The Problem Solving was conducted by IPAM from February 2024 to February 2025 with the participation of the Requester, the Client, the Contractor, and Bank management. As part of the design of the Problem-Solving Initiative, in March 2024 Parties agreed on Ground Rules for the process, developed terms of reference for a structural engineer to assess impacts on the Requester's property, determine any connection with the construction of the motorway and propose remediation measures. The engineer was identified jointly by Parties as a trusted professional who concluded that increased traffic on the local road during the motorway construction as well as repair works on the road and other indirect factors may have contributed to impacts on the Requester's property.

Conclusion and Next Steps

On 11 February 2025 the Parties reached agreement on the concerns raised with IPAM. The Contractor accepted partial responsibility for the damage, however, they committed to undertake all repair works as per the findings of the structural engineer, setting March 2025 as the tentative timeframe for completion. As per Paragraph 2.5 of the Project Accountability Policy, IPAM will monitor the implementation of the Problem-Solving Agreement until all commitments made by the Parties are fully implemented.

This document provides a high-level summary of the initiative as the Parties agreed that the Problem Solving process and the Agreements would be confidential. A draft version of this Report was shared with Parties and their comments were considered by IPAM in finalising it. The final version of this Report is circulated to the Parties and is being disclosed in the virtual case file for [Case 2023/08](#), in both English and Bosnian after it is submitted to the Board and the President for information. The Case will then be transferred to the Problem-Solving Monitoring stage.

¹ The Request is available in the case summary at [Case 2023/08](#).

² EBRD's Project Summary Document is available [here](#)

1. Background

1.1. The Request³

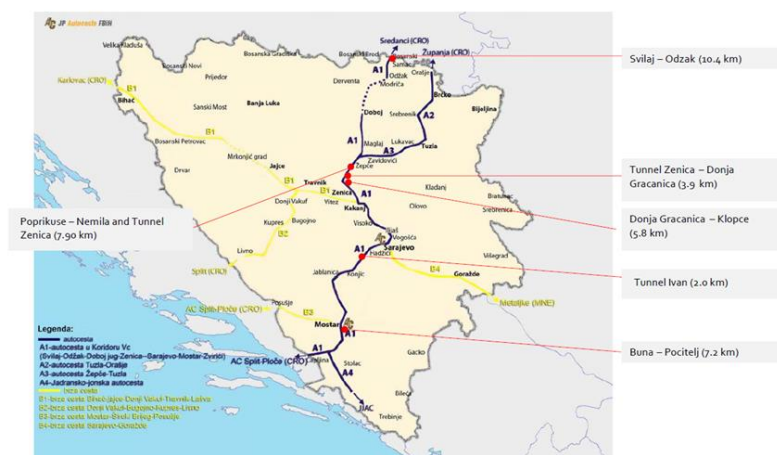
On 13 July 2023 the [Independent Project Accountability Mechanism](#) (IPAM) received a [Request](#) from a resident of Zenica, in Bosnia and Herzegovina in relation with the Corridor Vc 2 Project (OP ID 47372) funded by the EBRD. The Requester raised allegations of structural damage to his property caused by the Project Contractor Euroasfalt d.o.o. who used the local road next to his property to access their construction site in Ričice, Zenica for the construction of the motorway section between Donja Gracanica and Zenica Tunnel. The Requester expressed that the local road wasn't designed to support the continuous heavy traffic which has caused vibration and dust pollution and has led to cracks and sinking of his property. The Requester further explained that in 2020 he has commissioned a federal inspection audit which confirmed damage to the house's auxiliary buildings, the yard, the access road, and the supporting walls. He also added that he shared the outcomes of the audit with Contractor but got no response. In addition, he raised his concerns with the Municipality and the Client but none of them provided a solution to his problem. The Requester sought to have the impacts on his property assessed and remediated and expressed interest in Problem Solving and Compliance.

1.2. The Project and its Current Status⁴

The Corridor Vc 2 Project (OP ID 47372) is a sovereign loan to Bosnia and Herzegovina of up to EUR 80 million for on-lending to the Federation of Bosnia and Herzegovina and further to the Motorways of the Federation of Bosnia and Herzegovina. The main Contractor under the Project is Euroasfalt d.o.o. in charge of the construction of the motorway section between Donja Gracanica and Zenica Tunnel. The Project was approved on 28 October 2015 as category A under the EBRD's 2014 Environmental and Social Policy. The loan is currently being repaid by the Client.

According to the [Project Summary Document](#), the proceeds of the loan will be used for the construction of four 4-lane motorway sections to international standards, one of which is approximately 3.9 km between Donja Gracanica and Zenica Tunnel. As regards to environmental and social impact, during construction, the Project was expected to cause traffic noise due to use of local roads. Also, air emissions and visual effects were expected that could potentially cause significant nuisance to the residents. In addition, nuisances from tunnelling were expected during tunnel works at Zenica Bypass sections. However, these impacts were expected to be temporary.

Figure 1: Road Corridor Vc 2 in Federation of Bosnia and Herzegovina



Source: Non-technical Summary, available [here](#)

³ The Request is available in the web case summary at [Case 2023/08](#)

⁴ The information is sourced from the EBRD's Project Summary Document available [here](#) and the Non-Technical Summary available [here](#)

1.3. Case Processing: Registration and Assessment

IPAM registered the Request on 24 August 2023 as [Case 2023/07](#) and conducted the Assessment stage until January 2024. As part of the Assessment, on 19 September 2023 IPAM visited the Project site in Zenica and engaged in-person with the Client, the Requester, and the Contractor, to get a better understanding of the Project and the issues raised in the Request and undertook a visit to the Requester's house impacted by the Project. IPAM also met with the EBRD Project team in Sarajevo to get a better understanding of the Project and hear their views on the issues raised in the Request.

Photographs from the IPAM site visit during Assessment, Zenica, BiH, 19 September 2023. Source: IPAM



At the end of Assessment stage, IPAM confirmed that the Case will proceed to Problem Solving as all relevant Parties (the Requester, the Client, the Contractor, and Bank management) have expressed their willingness to engage in IPAM's Problem Solving function. In addition, the Client was already working with the Contractor in finding a suitable solution to the concerns raised. Based on this, the Case was moved to the Problem-Solving stage. The [Assessment Report](#) was issued on 2 February 2024 and it included preliminary Terms of Reference for Problem Solving whereby the proposed scope, methods, the timeframe, the type of expertise required were presented (available in Annex 1).

2. THE PROBLEM-SOLVING INITIATIVE

2.1. Background and Scope

The Problem-Solving function facilitates dialogue between Requesters and Clients to resolve the environmental, social, and public disclosure issues raised in a Request, without attributing blame or fault. IPAM engages with all relevant stakeholders as a neutral third party, to help find mutually satisfactory resolutions through flexible, voluntary, consensus-based alternative resolution approaches.

The 2019 PAP establishes that the purpose of Problem Solving is to facilitate dialogue between the Parties; pursue resolutions acceptable to all Parties⁵, which resolve the issues raised in the Request and facilitate the conclusion of agreements between the Parties.

The [2019 PAP](#) provides the framework for adapting the Problem-Solving methodology and approach as required by any specific Case. Specifically, it states that “IPAM will take into account all circumstances of the Case (including the nature of the issues raised, their urgency, and the reasonable likelihood of success), with a view of identifying the most appropriate approach to Problem Solving”⁶.

As part of the design of the Problem-Solving Initiative IPAM supported Parties agree on Ground Rules for the process and develop terms of reference for a structural engineer who would assess impacts on the Requester’s property. The engineer had to be trusted by all Parties that is the reason why they have jointly identified the person. Based on the jointly developed terms of reference, the engineer had to determine if impacts on the Requester’s property were caused by activities undertaken under the EBRD Project and if so, propose remediation measures. These actions were the key elements to design mitigation measures that would be fit for purpose and be agreed by all Parties.

2.2. The Parties

The Parties involved in the Problem Solving are:

The Requester: A resident of Zenica, in Bosnia and Herzegovina, who lives with his family in a house adjacent to a local road that has been used by the Contractor during construction works for the Corridor Vc motorway section between Donja Gracanica and Zenica Tunnel funded by the EBRD.

The Client: The Motorways of the Federation of Bosnia and Herzegovina responsible for the construction of Corridor Vc 4-lane motorway sections to international standards, one of which is approximately 3.9 km between Donja Gracanica and Zenica Tunnel.

The Contractor: Euroasfalt d.o.o. in charge of the construction of the motorway section between Donja Gracanica and Zenica Tunnel.

Other Actors

In addition to the main Parties, the following actors were fundamental to the effective resolution of the concerns.

The Certified Structural Engineer who assessed Project impacts on the Requester’s property and proposed mitigation measures.

EBRD Management: although not considered as an active party in the Problem Solving, the EBRD Project team worked closely with the Client and the Contractor in ensuring their commitment to finding

⁵ The PAP defines Parties as “the individuals, entities, and organisations with a direct interest in a Case. Parties may include (but are not limited to): the Requesters, their Representative, if any; the relevant Bank department, team, or unit; the Client; and other Project financiers or other entities responsible for the implementation of a Project”.

⁶ 2019 Project Accountability Policy, Section 2.4, (b) I.

a suitable solution to address the Requester's concerns. IPAM maintained regular information meetings with the Project team through the process, to ensure alignment and collaboration and invited them as observers to Problem Solving meetings when relevant.

2.3. The Problem Solving Activities

The Problem-Solving initiative started in February 2024 and was facilitated directly by IPAM.

First Joint Meeting. On 14 March 2024 IPAM facilitated a joint meeting of Parties in Zenica with the following outcomes:

- Parties agreed and signed the Ground Rules for Problem Solving and the Terms of Reference for the Structural Engineer to assess impacts on the Requester's property.
- Parties identified a trusted structural engineer and agreed to accept his opinion.
- The Contractor committed to cover costs of the structural engineer and remediate impacts on the Requester's property through repair works if the engineer would conclude that impacts may have been caused by the Project activities, such as increased traffic on the local road during the motorway construction.
- The Requester committed to accept remediation to be limited to the findings of the engineer and the recommendations made by him.
- Parties have jointly visited the Requester's property in Zenica and noted impacts on the property supporting wall in the yard, shed, stairway, boiler room, front house plateau and garage.

Photos of Parties first joint meeting and site inspection, Zenica BiH, 14 March 2024. Source: IPAM



Second Joint Meeting. On Wednesday 6 November 2024, IPAM facilitated a second joint meeting of the Parties in Zenica where the structural engineer presented the outcomes of his assessment and recommendations, as described below:

- The structural integrity of the residential building is not compromised, the damage to the auxiliary buildings can be considered partial and can be repaired.
- The damage most likely occurred during the period of construction works on the EBRD project (from May 2016 to June 2018), based on the property inspection before and after the completion of the works.
- The activities related to the construction of the Klopče-Donja Gračanica motorway subsection (the EBRD Project), cannot be excluded as a cause of the damage due to increased traffic volume and frequency near the affected property, combined with the involvement of other indirect impacts.
- Additionally, the works on repairing the local road could have influenced the occurrence of damage, as these works involved the use of construction machinery to remove the damaged layer of asphalt and the underlying gravel buffer.

Photo of Parties second joint meeting, Zenica BiH, 6 November 2024. Source: IPAM



All through this process, IPAM monitored progress virtually and maintained all Parties informed of the status of the Problem-Solving process, timeframe and expected outcomes. In parallel, IPAM engaged with Bank management to ensure that the Client and Contractor decision on the Requester's claim was in line with the requirements of the EBRD's Environmental and Social Policy.

2.4. The Problem-Solving Agreement

Third Joint Meeting. On 16 January 2025 IPAM received a proposal from the Contractor to remediate the impacts on the Requester's property and engaged afterward with the Contractor and the Client for clarifications. To allow for the review and discussion of the proposal on 11 February 2025, IPAM facilitated a third joint meeting of the Parties in Zenica where Parties reached agreement on the concerns raised with IPAM.

The Contractor accepted partial responsibility for the damage to the Requester's property, however, they committed to undertake all repair works as per the findings of the independent structural engineer and the proposed remediation measures, setting March 2025 as the tentative timeframe for completion subject to weather conditions and access to the property.

Parties agreed that before initiating construction works, a site inspection at the Requester's property will be conducted with the presence of the Requester, the independent structural engineer, and the Contractor to agree on the methodology for repair works.

As per Paragraph 2.5 of the Project Accountability Policy, the Parties agreed for IPAM to monitor the implementation of the Agreement and ensure that Parties deliver the solution agreed within the set timeline and certifies that the works have been done at the standards required. In that regard, IPAM committed to hire the same structural engineer who conducted the property assessment to undertake an inspection of the works and certify their adequate completion.

Parties also decided that IPAM would disclose a summary of the Problem Solving as they decided that the Problem Solving process and the Agreement would be confidential.

Photos of Parties third join meeting and Agreement signing, Zenica, BiH, 11 February 2025. Source: IPAM



3. Conclusion and Next Steps

This Problem Solving Summary was circulated to the Parties and was disclosed in the virtual case file for [Case 2023/08](#) in both English and Bosnian after its submission to the Board and the President for information. The Case was transferred to the Problem-Solving Monitoring stage for IPAM to monitor the Agreement implementation until all commitments made by the Parties are fully implemented.

Annex 1. Terms of Reference for Problem Solving

I. About the IPAM Problem Solving Process

The Project Accountability Policy in section 2.4 establishes general guidance to be observed in IPAM-facilitated Problem Solving initiatives in general:

Guiding Principles for Problem Solving

The Problem Solving initiatives led by IPAM are based on the following guiding principles:

Co-design: the design of Problem Solving processes should be based on the methods, format and preferences of the Parties.

Good Faith: the success of Problem Solving processes requires that all Parties are willing to participate in good faith, effectively seeking to find mutually agreeable solutions.

Rules-based: Problem Solving processes require that the Parties define from the start the ground rules that will guide the process and that they commit to abiding by them.

Voluntary Nature: The Parties have the right to enter, as well as withdraw from a Problem Solving process.

II. Objective

The objective of the Problem Solving is to:

- Facilitate the dialogue between the Requester, EBRD Client and Contractor (together as Parties) to ensure common understanding and support them find solutions to the concerns raised.
- Formalize the agreements reached and accompany the implementation of these agreements until fully executed.

For the Problem Solving, these Terms of Reference apply to all actions undertaken as part of the EBRD financed components of the Corridor Vc 2 Project (OP ID 47372). Activities carried out under this Problem Solving Terms of Reference may be subject to modification, provided that the IPAM Head expressly agrees to the change(s), and as long as such changes do not prejudice the interests of any Party.

III. Approach

IPAM serves as a third-party impartial facilitator that provides guidance and seeks to promote trust building between the Parties and ensure that the engagement is equitable and accessible. To achieve the objective of finding mutually acceptable resolution to the issues presented in the Request, IPAM will:

- i. take into account all circumstances of the Case (including the nature of the issues raised, their urgency, and the reasonable likelihood of success), with a view to identifying the most appropriate approach to Problem Solving. Approaches will be chosen in consultation with the Parties, and may include information gathering and sharing, shuttled diplomacy, joint fact-finding or supported negotiation;
- ii. engage an external consultant to support and facilitate the dialogue process in accordance with the Procurement Rules and Paragraph 3.1 i) of PAP, if deemed necessary by IPAM; and
- iii. not support agreements that would be contrary to EBRD policies or in breach of any applicable law.

IV. Termination.

The Problem Solving process may be terminated at any time:

- by IPAM, if in IPAM's view, following consultation with the Parties, the Problem Solving is no longer likely to lead to a positive outcome, and/or if the Problem Solving process has ceased to constitute an efficient use of resources, in which case IPAM will notify all Parties in writing; or
- by any Party; Problem Solving is a voluntary process, and Requesters and Clients may withdraw from it at any time.

V. Scope of the initiative

The scope of the initiative is limited to the issues raised in the Request in relation to the Corridor Vc 2 Project (OP ID 47372) and further elaborated in the Assessment Report. In particular, the Parties have preliminarily expressed their agreement that IPAM would serve as a third-party independent facilitator to assist them in identifying solutions to the concerns raised, reach Agreement, and assist during the implementation of the proposed solutions. In addition, IPAM's role would be to facilitate the flow of information and ensure Parties' common understanding to ensure a successful outcome.

VI. Proposed Methodology

As per the Assessment findings, and subject to confirmation as the initiative advances, the methods utilised in this Case would include:

- Information gathering and sharing in culturally appropriate formats
- Fact finding on the issues raised in the Request
- Shuttled diplomacy
- Facilitated bilateral and joint discussions with Parties
- Supported negotiation

VII. Resources Required

Independent External Facilitator

In line with the provisions of the 2019 PAP, the Problem Solving process will be led by IPAM's Problem Solving Lead with the possibility of identifying a local external facilitator to assist the Parties in their engagement. The intensity of the engagement will be dependent on the property assessment results and the position of the Parties regarding mitigation measures.

The facilitator will engage with Parties as a neutral 'third party', in an independent and impartial manner and should have no conflicting interests in relation with the Project or any of the Parties involved in Problem Solving. It is not the role of the facilitator to decide whether Parties' actions, opinions or perceptions are right or wrong or to arbitrate in favour of one of the Parties.

Interpretation and translation

Interpretation and translation services will be required during the initiative to facilitate IPAM's communication with local Parties.

Site Visits

Site visits by the external facilitator and the IPAM team will be required during the process. Any travel will require prior approval by the IPAM Head.

VIII. Problem Solving Timeframe

A preliminary schedule of the main milestones and deliverables is presented below and may vary depending on the availability of Parties and other external factors beyond the control of IPAM.

Proposed Milestones and timeline

Activity	Estimated timeline
Parties to agree on an independent assessment of the Requester's property (identification of certified structural engineer and terms of reference)	February 2024
Conduct the independent assessment of the Requester's property	March 2024
Joint meeting of Parties to review the outcomes of the assessment. Based on this, discussion, and agreement on next steps	April 2024