

Mapping Sustainable Municipal Infrastructure in the Western Balkans and Eastern Neighbourhood



Belgrade Green Boulevard, October 2019

Photo: Emily Gray

For more information

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CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

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EXECUTIVE SUMMARY

The latest research on climate change indicates that changes to urban life have the potential to make a substantial contribution to reducing emissions, consumption, and land use. International financial institutions have addressed this by providing much-needed funding for the implementation, upgrade, and expansion of infrastructure in municipalities. However, the real impact of the investments on sustainability, especially in terms of the environment and human rights, is still not clear. This study investigates the impact that such investments have had on local communities in the Western Balkans and Eastern Neighbourhood by looking at the perceptions of CSOs in these regions.

Two prominent IFIs, the EBRD and the EIB, have signed a total of 74 operations, accounting for 70 discrete projects/frameworks, in these regions between 2016 and 2019 and financed EUR 919 225 650 and EUR 1 729 384 792 respectively in the sectors of water and wastewater, transportation, solid waste management, energy and energy efficiency, and general urban development. Countries which received the most money for such infrastructure are Ukraine (EUR 786 500 000 from both banks), Serbia (EUR 490 500 000), and Georgia (EUR 375 970 000). However, this financing has not always gone towards sustainable technology. In particular, some transport funding has gone to fossil fuel-dependent modes of transport, like CNG or diesel buses, and some solid waste funding has gone towards waste-to-energy projects. In addition, the banks' records on transparency and accountability for municipal infrastructure projects are not promising: key information necessary for public awareness is not posted on their websites for a majority of projects, and out of ten total complaints filed against the EBRD and EIB in these projects, none, to public knowledge, have been successfully resolved in favour of the complainant.

Because municipal projects tend to have only minor impacts on their surroundings, according to IFI assessments, they are subject to less stringent conditions and monitoring. However, this study finds that CSOs perceive that this leaves most elements of planning and project implementation to local authorities, and that IFIs are not able to hold local authorities accountable for ensuring public participation, strategically-guided development, the implementation of the most sustainable technology, and in some cases local laws or the terms of the projects. As a result, authorities misuse IFI funding, failing to adequately plan and implement projects which are environmentally-friendly and support human rights.

Both the EBRD and EIB have made a commitment to sustainable infrastructure and to democratic and participatory practices in their lending. Nevertheless, this study's key findings show that thus far, in the eyes of CSOs, this commitment has yet to be realized in the two regions of focus. First, local authorities do not provide sufficient opportunities for public information and consultation, effectively blocking meaningful citizen participation in municipal infrastructure projects. Second, local authorities often use strategic plans to support their own interests rather than pursue integrated development in their municipality, and they may already be using the EBRD-supported Green City Action Plan (GCAP) in the same way. The GCAPs reviewed for this study have thus far failed to adequately include citizens in their development, risking the outcome that the final plans will not match the real needs of the cities, and the IFIs have funded initial trigger projects that are seriously questionable from a sustainability standpoint. In Tbilisi, for example, where one of the first GCAPs was finished in 2017, the plan has had little impact on the strategic, integrated development of the city. In addition, Skopje's experience with the GCAP development shows that the failure to include civil society may result in a final plan that ignores the actual realities facing the city.

Third, IFI involvement has not ensured that the technology implemented has met the highest sustainability standards, but has instead allowed projects that either result in little to no contribution to sustainability and/or violate human rights to go forward. The Belgrade Green Boulevard, for example, continues a string of problematic EBRD investments in Belgrade roads with a project that will do no more than upgrade the existing infrastructure, repave the street with concrete and add new lanes for cars—a far cry from the promise of a green boulevard for the citizens. Finally, communities have been unsuccessful in most attempts to use IFI or local mechanisms to hold local authorities accountable for violations of the law and key democratic principles.

TABLE OF CONTENTS

Section I: Introduction	5
Section II: Mapping Sustainable Municipal Infrastructure Investments	12
Section III: Results	19
Section IV: Recommendations	37

Section I: Introduction

Numerous reports agree: **improved sustainable municipal infrastructure may be one of the best ways to combat climate change and its negative effects.**¹

Why? Over the past five years, countries around the world have committed to limiting average global temperature increases to less than two degrees Celsius (at a minimum), decreasing consumption and waste, and increasing protections for biodiversity in order to address climate change.² The EU, for its part, has aimed to go climate-neutral, putting forth plans for decarbonisation and circular economy. Such ambitious goals will require significant changes to human behaviour, changes that will have increased impact if they are undertaken in urban areas, or if the structure of urban life is changed substantially.

Cities are the greatest polluters, and at the highest risk for the effects climate change may bring, but they also represent one of the greatest opportunities to maximise the efficient use of resources through increasing returns from economies of scale. Improvements to infrastructure in urban and municipal areas which make the provision of services like energy, water, waste, transportation and housing more efficient, sustainable and environmentally-friendly have the potential to make a significant impact on the world's total emissions, consumption and land use.

Cities have already demonstrated their unique capability to develop and implement strategic plans, attract talent and innovation and affect change in other cities, and many adaptation and mitigation efforts can only be undertaken at the local level.³ With the right interventions, municipalities can make the patterns of urban behaviour more efficient, as well as more conducive to satisfactory lifestyles, by providing sustainable services to more individuals through new infrastructure.⁴

Sustainable municipal infrastructure is the basic physical and organizational structures and facilities required for the delivery of services in municipal and urban areas in a manner that is environmentally and socially sustainable and that guarantees basic

- ¹ Some recent influential reports: “The New Urban Agenda,” United Nations Human Settlements Programme (UN-Habitat), last modified 2016, <http://habitat3.org/the-new-urban-agenda/>; “Global Environmental Outlook (2019),” UNEP, Cambridge University Press, 2019, <https://content.yudu.com/web/2y3n2/0A2y3n3/GEO6/html/index.html?refUrl=https%253A%252F%252Fwww.unenvironment.org%252Fresources%252Fglobal-environment-outlook-6/>; “Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times,” The Global Commission on the Economy and Climate, 2018, <https://newclimateeconomy.report/>; “Creating Livable Cities: Regional Perspectives,” African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, 2019, <https://www.adb.org/sites/default/files/publication/531126/livable-cities-main-report.pdf>; “Reinventing the City: Three Prerequisites for Greening Urban Infrastructure,” World Wide Fund For Nature (WWF), 2012, <https://urbantransitions.global/en/publication/climate-emergency-urban-opportunity/>.
- ² For more on limiting global temperatures, see UN Sustainable Development Goal 13 and the Paris Agreement, signed in 2016: [Sustainable Development Goals - Climate Action](#). For more on limiting consumption and production, see UN Sustainable Development Goal 12: [Goal 12: Ensure sustainable consumption and production patterns](#). For more on increasing protections for biodiversity, see Goals 14 and 15: [Goal 14: Conserve and sustainably use the oceans, seas and marine resources](#); [Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss](#). Note that the UN Sustainable Development goals also encompass Affordable and Clean Energy - Goal 7 and Sustainable Cities and Communities - Goal 11. “Goal 13: Climate Action,” UN Sustainable Development Goals, accessed 20 October, 2019, <https://www.un.org/sustainabledevelopment/climate-change/>; “Special Report: Global Warming of 1.5°C,” IPCC, 2018, <https://www.ipcc.ch/sr15/>.
- ³ McCormick, Kes, Lena Neij, and Stefan Anderberg, “Sustainable Urban Transformation and the Green Urban Economy,” in *The Economy of Green Cities: A World Compendium on the Green Urban Economy*, ed. R. Simpson and M. Zimmerman (Berlin: Springer, 2012).
- ⁴ Chester, Mikhail, Stephanie Pincetl, Zoe Elizabeth, William Eisenstein, and Juan Matute, “Infrastructure and Automobile Shifts: Positioning Transit to Reduce Life-Cycle Environmental Impacts for Urban Sustainability Goals,” *Environmental Research Letters* 8, no. 1 (2013), <https://doi.org/10.1088/1748-9326/8/1/015041>; Jonsson, Daniel K, and Jessica Johansson, “Indirect Effects to Include in Strategic Environmental Assessments of Transport Infrastructure Investments,” *Transport Reviews* 26, no. 2 (2006): 151–66, <https://doi.org/10.1080/01441640500332406>; “Data speak louder than words: Findings from an initial stocktake of climate change adaptation and urban resilience efforts,” ICLEI, C40, 2018, <https://resilientcities2019.iclei.org/wp-content/uploads/Data-speak-report-web-final.pdf>.

human rights to those individuals and communities that use them.⁵ It is often referred to by a variety of different terms, some more or less specific in scope, such as urban environmental infrastructure (UEI), green infrastructure, sustainable urban development, urban ecosystem services, climate-proofing cities, or smart or green cities. No matter the term used, it has been identified as a make-or-break for human efforts to adapt to, mitigate, and enhance resilience to climate change.

The ideal way to change cities to better contribute to climate change goals is through **sustainable urban transformation**, which refers to structural processes that are broad, multidimensional, and have the capacity for radical change which make cities high quality places to live without using massive amounts of energy and resources, and **integrated urban development**, which implements multi-purpose solutions to several stakeholders and urban systems at the same time with fewer resources and greater returns. This will mean focusing not only on the technology, but also on the process by which new systems and structures are designed and integrated into the life of the municipality.⁶

The Western Balkans and Eastern Neighbourhood, regions with several small, growing cities and pressing urban challenges, are not immune to climate-related risks.⁷ Municipalities in these parts of the world have inherited a legacy of environmental degradation, inefficient energy use and over-reliance on pollution-creating fossil fuels, and a reliance on outdated infrastructure which may not only contribute to emissions levels and energy use at a high rate, but which may also be especially vulnerable to the effects of climate change.⁸

Additionally, issues stemming directly from the transition to new economic and governance systems pose serious challenges for the urban development of these regions with respect to various problems, including climate change. For example, although urban centres are growing, secondary cities are shrinking, and overall population growth is slow and sometimes negative in both urban and rural areas of the region.⁹

In the growing centres, urban sprawl, suburbanisation and poor planning plague efforts to improve conditions for inhabitants. The following issues persist: centralised decision making at all levels of government, discrepancies within the legal framework and lack of coherence between policy and implementation, lack of cooperation between municipalities, poor spatial planning,

⁵ This study has chosen to use the term “sustainable municipal infrastructure” due to its relevance for the types of projects captured in this paper. This definition was developed from the work of researchers at Lund University (see McCormick, Neij, and Anderberg, “Sustainable Urban Transformation and the Green Urban Economy,” and McCormick, Neij, Coenen and Anderberg, “Advancing Sustainable Urban Transformation,” from the EBRD and EIB’s own understanding of the projects as described in their online resources, and the [UNEP’s Human Rights Guidance Tool for the Financial Sector](#)).

⁶ Maes, Joachim et al., “More Green Infrastructure Is Required to Maintain Ecosystem Services under Current Trends in Land-Use Change in Europe,” *Landscape Ecology* 30, no. 3 (2015): 517–34, <https://doi.org/10.1007/s10980-014-0083-2>; Nicholas Stern, “Understanding Climate Finance in Paris December 2015 in the Context of Financing for Sustainable Development in Addis Ababa July 2015,” 2015, <http://eprints.lse.ac.uk/64533/1/Stern-policy-paper-March-2015.pdf>; McCormick, Neij, and Anderberg, “Sustainable Urban Transformation and the Green Urban Economy”; Neij, Lena, Harriet Bulkeley, and Kes McCormick, “Cities and Climate Change: The Great Decarbonisation Challenge,” *Climate in Focus* (2015): 1-4, <https://lup.lub.lu.se/search/ws/files/6410449/8194692.pdf>; United Nations Human Settlements Programme (UN-Habitat), “World Cities Report 2016: Urbanization and Development: Emerging Futures”, 2016, 94, <https://new.unhabitat.org/sites/default/files/download-manager-files/WCR-2016-WEB.pdf>; Lovell, S.T., and J.R. Taylor, “Supplying Urban Ecosystem Services through Multifunctional Green Infrastructure in the United States,” *Landscape Ecology in Review* 28, no. 8 (2013): 1447–1463, <https://doi.org/https://doi.org/10.1007/s10980-013-9912-y>; McCormick, K., S. Anderberg, L. Coenen, and L. Neij, “Advancing Sustainable Urban Transformation,” *Journal of Cleaner Production* 50 (2013): 1-11, <https://doi.org/10.1016/j.jclepro.2013.01.003>; Cafasso, Sarah, “A practical guide to planning and achieving green growth,” Stanford Earth, 2019, <https://earth.stanford.edu/news/practical-guide-planning-and-achieving-green-growth#gs.kmfxgu>; Mandle, Lisa Ann, Zhiyun Ouyang, James Edwin Salzman, and Gretchen Cara Daily, *Green Growth that Works: Natural Capital Policy and Finance Mechanisms Around the World* (Island Press, 2019); ICLEI, “Data speak louder than words.”

⁷ UNEP, *Global Environment Outlook*, 33; ICLEI, C40, *Data speak louder than words*.

⁸ Stefan Buzar, “Energy, Environment and International Financial Institutions,” *Geografiska Annaler: Series B, Human Geography* 90, no. 4 (2008): 409-431, <https://doi.org/10.1111/j.1468-0467.2008.00301.x>; “EBRD Green Cities,” EBRD, <https://www.ebrdgreencities.com/>; Garschagen, M., Hagenlocher, M., Kloos, J., Pardoe, J., Lanzendörfer, M., Mucke, P. et al., “World Risk Report 2015,” *Bündnis Entwicklung Hilft (Alliance Development Works) and United Nations University Institute for Environment and Human Security (UNU-EHS)*, 2015, https://collections.unu.edu/eserv/UNU:3303/WRR_2015_engL_online.pdf. Cited in UNEP, *Global Environmental Outlook 2019*.

⁹ African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter American Development Bank, “Creating Livable Cities,” xiii.

problems with affordability and lack of maintenance of housing resulting from privatization, inefficient and inadequate service provision, and the need for upgrading, expanding and rehabilitating transport infrastructure.¹⁰ Furthermore, many of these cities are experiencing heavy development and may be susceptible to problematic investments.¹¹

To address issues such as these, which are likely to be exacerbated by climate change, the 2018 report of the Global Commission on the Economy and Climate recommended ‘accelerating investment in sustainable infrastructure, supported by clear national and sub-national strategies and programs’ and ‘ensuring a people-centred approach, such that the gains are shared equitably and the transition is just’ as two of its major findings (in addition to taking action in the next two to three years, carbon pricing and disclosure of climate-related financial risks, and mobilization of the private sector).¹²

Accordingly, financing for sustainable municipal infrastructure has become an increasingly prominent component of the portfolios of international development agencies, private donors, national government development agencies and financial institutions. This financing is starting to overcome some of the traditional challenges to funding sustainable projects in municipalities, where local governments have small budgets and limited capacities, and the projects proposed may lack expert capacity, be considered too small in scale, or may be ineligible for financing from banks.¹³

Where past investments have been made in municipalities, there have been concerns that the projects they support have not been linked to strategic plans or the citizens’ needs, that citizens have not been included in a participatory decision-making process, and that the needs of various stakeholder groups, such as vulnerable citizens (minorities, IDPs, refugees, etc.) have not been taken into full consideration.¹⁴ However, today’s financiers plan to overcome these issues.

Multilateral and development banks are already key players in infrastructure investment, contributing USD 35-40 billion of the USD 2 trillion annual infrastructure investment (not all of it for sustainable or urban infrastructure).¹⁵ Relatively safe lending institutions, these banks can provide sufficient leverage for co-financing of otherwise risky projects, strengthen project development and local capacities, support smaller enterprises through lending programmes for less creditworthy individuals, and set sustainability standards.¹⁶

Their support for sustainable municipal infrastructure is irreplaceable: the Global Commission on the Economy and Climate’s 2018 report demanded that MDBs and DFIs should double their investments in sustainable infrastructure and better leverage other sources of financing.¹⁷ In scaling up their operations, however, they will need to ensure that environmental safeguards are effective (without being too burdensome that they drive municipalities to less environmentally conscious lenders), possess

¹⁰ UN Habitat, “The State of European Cities in Transition 2013,” 2013, 15-18, https://unhabitat.org/sites/default/files/download-manager-files/State_of_European_Cities_English_Version.pdf.

¹¹ For more see UN Habitat, “The State of European Cities in Transition 2013.”

¹² “Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times,” The Global Commission on the Economy and Climate.

¹³ ICLEI, C40, *Data speak louder than words*, 39-40.

¹⁴ Valerie Vandermeulen et al., “The Use of Economic Valuation to Create Public Support for Green Infrastructure Investments in Urban Areas.” *Landscape and Urban Planning* 103, no. 2 (2011): 198–206, <https://doi.org/10.1016/j.landurbplan.2011.07.010>; Mell, Ian, John Henneberry, Sigrid Hehl-Lange, and Berna Keskin, “Promoting Urban Greening: Valuing the Development of Green Infrastructure Investments in the Urban Core of Manchester, UK,” *Urban Forestry & Urban Greening* 12, no.3 (December 2013): 296–306, <https://doi.org/10.1016/j.ufug.2013.04.006>; Schäffler, Alexis, and Mark Swilling, “Valuing Green Infrastructure in an Urban Environment under Pressure — The Johannesburg Case”, *Ecological Economics* 86, (February 2013): 246–57, <https://doi.org/10.1016/J.ECOLECON.2012.05.008>.

¹⁵ Bhattacharya, Amar, Jeremy Oppenheim, and Nicholas Stern, “Driving Sustainable Development Through Better Infrastructure: Key Elements of a Transformation Program,” 2015, <https://www.brookings.edu/wp-content/uploads/2016/07/07-sustainable-development-infrastructure-v2.pdf>.

¹⁶ Ibid.

¹⁷ “Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times,” The Global Commission on the Economy and Climate.

sufficient staff capacity, overcome the risks inherent in lending to municipalities and think creatively about catalysing different sources of funding to enter this area.¹⁸

The European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB) have both developed a focus on this sector in Europe and the European neighbourhood. The **EU Urban Agenda**, first put forth in 2016, has helped to lead the charge on this and has directed EU funds through a variety of different financial instruments.

Whereas the EBRD invests in what it terms **municipal environmental infrastructure (MEI)**, the EIB, guided by EU policy, places such projects across its various portfolios as part of its **urban agenda**.¹⁹ As part of the EBRD's broader Green Economy Transition (GET) approach to increase green investments to 40% of its total portfolio by 2020, it invests in sectors such as water and wastewater (including irrigation), public transport, urban roads and lighting, solid waste management, district heating, and energy efficiency.²⁰ The EIB provides loans for sectors including social housing, smart cities, transportation, and water and wastewater management, focusing on urban regeneration in the Western Balkans and Eastern Neighbourhood.²¹

The EBRD, in particular, has developed a specialized programme for sustainable municipal infrastructure, the **Green Cities** initiative (see Box 1), which seeks to involve cities in strategic planning and implementation around sustainable infrastructure.²²

Box 1: EBRD Green Cities

The EBRD Green Cities programme has recently secured over EUR 1 billion for sustainable development in more than 30 urban areas. The EBRD has placed a great deal of importance on this initiative, and sees it as the potential cornerstone of its role in the forthcoming redefined European financial architecture.²³ The Green Climate Fund (GCF), established by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, is one of the co-financiers, committing USD 72.2 million in loans and USD 24.4 million in grants to enable cities to become more sustainable through the EBRD's initiative.²⁴

Green Cities seeks to provide tangible support to cities in its region of operation, and ultimately improve their quality of life, by connecting a city's identified environmental challenges with sustainable infrastructure investment and/or policy solutions. Since it launched as a pilot programme in 2016, Green Cities has already found investments for EUR 250 million of its funds, in sectors such as the conservation and sustainable use of environmental assets, mitigation and adaptation to the risks of climate change, and the improved social and economic well-being of city residents. It is expanding to new cities across the Western Balkans, Eastern Europe, the Caucuses, Central Asia and the Southeast Mediterranean regions. The three main environmental goals of Green Cities are: the conservation and sustainable use of environmental assets, mitigation and adaptation to the risks of climate change, and the improved social and economic well-being of city residents.

Cities that join this initiative are responsible for creating a Green City Action Plan (GCAP), which outlines the most important environmental challenges facing the city and lays out a set of concrete long- and short-term goals for addressing these challenges, primarily through infrastructure investment and policy change. GCAPs are developed according to a specific methodology

¹⁸ Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times," The Global Commission on the Economy and Climate.

¹⁹ EBRD, "Municipal and environmental Infrastructure," *EBRD*, <https://www.ebrd.com/municipal-and-environmental-infrastructure.html>; EIB, "Urban Development," *EBRD*, <https://www.eib.org/en/projects/sectors/urban-development/index.htm>.

²⁰ EBRD, "What is the EBRD's Green Economy Transition approach?," <https://www.ebrd.com/what-we-do/get.html>.

²¹ African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter American Development Bank, "Creating Livable Cities," Xiii.

²² EBRD, "EBRD Green Cities.

²³ Private communication.

²⁴ Green Climate Fund, "Who We Are: About the Fund," Green Climate Fund, 2019, <https://www.greenclimate.fund/who-we-are/about-the-fund>; Green Climate Fund, "Projects and Programmes: Project FP086," Green Climate Fund, 2019, <https://www.greenclimate.fund/projects/fp086>.

produced for the EBRD by the OECD and ICLEI. The local city administration is responsible for running the process, with the help of consultants (international, local, or both). Although most of the responsibility for drafting and implementing the GCAPs lies with cities, the EBRD is available to support when requested. Input from public institutions, as well as local civil society and the private sector, is intended to be included in the GCAPs through a series of workshops. GCAPs are typically funded through grants for technical assistance, administered by the EBRD and provided by other shareholders' governments. The GCAP consists primarily of an assessment of baseline environmental data and a list of prioritised policy actions for the city to undertake (including infrastructure projects). As part of the GCAP development, cities must commit to an investment trigger project (typically launched simultaneously with the action plan development), and to implementing their action plans as foreseen.²⁵

After GCAPs are developed, the EBRD's methodology envisions that they will be formally adopted by a city council; in the end, however, the city is expected to take ownership of the document, and the ultimate decision on how it will be treated lies with the city. (The EBRD in-country office, as well as GCAP donors, can play a role in ensuring it gets adopted and utilised).²⁶ Despite the fact that GCAPs take existing strategic documents into consideration as part of the drafting process, in actual decision-making, their status with respect to other city plans, such as urban planning documents, may not always be clear. This means that whereas some city councils may adopt their GCAPs and choose to follow their plans closely, others may adopt them and not follow them at all, some may not even adopt the GCAPs—and some may find it more convenient to follow less ambitious existing city plans instead.

Despite the EBRD and EIB's commitment to sustainable development, there is no existing evidence that their current municipal infrastructure investment is working to achieve this goal. In particular, there are concerns that operations funded by these institutions have tended to lack broad participation and inclusion, as well as concerns about the environmental and human rights outcomes of the resulting projects.

One of the reasons for this concern is that most municipal infrastructure projects are considered to be small and to have limited impacts on their surroundings. Thus, the majority of projects in this sector are categorised by the EBRD as 'category B' projects and by the EIB as not needing a full EIA, or as needing an EIA on an ad hoc basis. These designations mean that according to the banks' environmental and social policies, there are few specific safeguards that apply to these projects and that appraisal and mitigation measures are determined on a case-by-case basis. Thus, the EBRD tends to give responsibility for key elements of their performance requirements in these projects to the local authorities.

Bankwatch is generally in favour of climate investment and climate-proofing urban areas, but believes, in accordance with the literature above, that sustainable municipal infrastructure is not truly sustainable unless it is held to the highest standards – both in the structures which are built and the process by which those structures are built, which should result in both environmental and social benefits to local communities. This study identifies the scope of IFI investments (focusing on the EBRD and EIB) in the Western Balkans and Eastern Neighbourhood and analyses the impact these operations have had on local communities.

²⁵ EBRD Press Office, "Habitat III: MDBs from around the world collaborate to support "New Urban Agenda", EBRD, 2016, <https://www.ebrd.com/news/2016/habitat-iii-mdb-from-around-the-world-collaborate-to-support-new-urban-agenda.html>; Orna Rosenfeld, "EU Urban Agenda Housing Partnership Links with international commitments," European Commission, 2018, https://ec.europa.eu/futurium/en/system/files/ged/2018.10.22_analytical_paper_2017_links_to_international_commitments.pdf; Josue Tanaka, "How the EBRD Plans to Turn Thriving Cities Green," New Cities, 2019, <https://newcities.org/perspective-how-the-ebrd-plans-to-turn-thriving-cities-green/>; Vanora Bennett, "EBRD green financing hits 36 percent of total investments in 2018," EBRD, 2019, <https://www.ebrd.com/news/2019/ebrd-green-financing-hits-36-percent-of-total-investments-in-2018.html>; EBRD, "EU: EBRD shareholder profile," EBRD, 2019, <https://www.ebrd.com/who-we-are/structure-and-management/shareholders/european-union.html>; EBRD, "What we do in Municipal and Environmental Infrastructure," EBRD, 2019, <https://www.ebrd.com/what-we-do/sectors-and-topics/municipal-and-environmental-infrastructure/mei-overview.html>; EBRD, "Municipal and Environmental Infrastructure," EBRD, 2018, <https://www.ebrd.com/cs/Satellite?c=Content&cid=1395237307185&d=&pagename=EBRD%2FContent%2FDownloadDocument>.

²⁶ OECD and ICLEI, "Green Cities Programme Methodology," EBRD, <https://www.ebrdgreencities.com/assets/Uploads/PDF/436b87ef46/Green-City-Action-Plan-Methodology-English.pdf>.

Methodology

Data Collection and Analysis. Data was collected from October to December 2019 by a small team of researchers who are employees of Bankwatch, with support from Bankwatch’s member groups and partners. Research plans and results were peer reviewed at various stages in the process.

Two primary methodologies were used to collect data. First, documentary analysis of EBRD project files and EIB project files (as well as press releases as necessary) was undertaken to map the European IFI-financed sustainable municipal infrastructure projects and their stakeholders in the Western Balkans and Eastern Neighbourhood.²⁷ 74 signed operations from 2016-2019 were identified and included in this database, including four known projects that were co-financed by both the EBRD and the EIB.²⁸ This provided basic information on the scope and expansion of investment in such projects, as well as on the banks’ performance on transparency and accountability as relates to information disclosure. This was supplemented by additional desk research on stakeholders.

Second, structured interview surveys, developed by Bankwatch, were administered to representatives from environmental CSOs working in municipalities that have been the site of these investments. These CSOs were identified through Bankwatch’s contacts and in some cases the recommendations of survey participants, and all had some contact with the projects identified in the mapping exercise. 20 surveys were sent to respondents 1-2 weeks prior to the interview, and interviews were conducted for 1-2 hours over videoconferencing, in person when possible, and in written form when necessary and recorded when permission was given. The survey asked respondents to answer approximately 25 questions about IFI-funded projects in their municipality and the outcomes and impacts. In total, 16 surveys were completed. Surveys were transcribed word-for-word with the help of transcription software and blocks of text were analysed using a coding software programme, based on pre-identified themes of interest. Additional codes were created based on the data itself as needed. The study’s key findings were identified through the frequency, salience, and co-occurrence of codes that emerge.

Case studies of three cities (Belgrade, Skopje and Tbilisi), based on desk research, interviews, and participant observation, were written to supplement these data, providing a more detailed picture of how sustainable municipal infrastructure projects and planning have proceeded in the study region.

Scope. The countries covered include: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, Montenegro, the Republic of North Macedonia, Serbia, and Ukraine.^{29 30} These countries were selected because they represent the core of Bankwatch’s work outside of the European Union. By focusing on this region, this study provides results that are, in turn, explanatory for this region, and therefore will be the most indicative for Bankwatch’s opportunity for future work in this region.

²⁷ EBRD, “Project Summary Document Database,” EBRD, <https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?c0=on&c1=on&c2=on&c3=on&c4=on&c10=on&c15=on&c20=on&c22=on&c24=on&c26=on&c29=on&c36=on&s9=on&d0=on&d6=on&d12=on&d18=on&keywordSearch=>; EIB, “Projects Database,” EIB, <https://www.eib.org/en/projects/loans/index.htm>.

²⁸ Investments made by EU funds and the IFC were not included in the database because there were so few of them; however, they are mentioned in the text of the report. With respect to co-financed projects, it is likely that there are others which fall specifically under the EBRD’s framework loan Ukraine Public Transport Framework (the EIB’s Ukraine Urban Public Transport FL), but for the first framework loan of this project no summary documents are available from the EBRD. For the second framework loan related to this project, however, the EBRD has started to provide summary documents for each sub-project (see UPTF2 - Poltava Trolleybus). This is a welcome improvement; however, more is needed.

²⁹ European Parliament, “Fact Sheets on the European Union - The Union’s enlargement and neighbourhood,” Fact Sheets on the European Union, <https://www.europarl.europa.eu/factsheets/en/section/207/the-union-s-enlargement-and-neighbourhood>.

³⁰ The designation of “Kosovo” is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

The study covers the period 2016-2019. The rationale behind this timeline is that the EU (and subsequently European public financial institutions) made a conscious policy shift towards supporting green infrastructure in urban areas in 2016. All projects signed during this period (prior to the cut-off date of 31 December 2019, when the database was closed for further inputs) are included in this study.

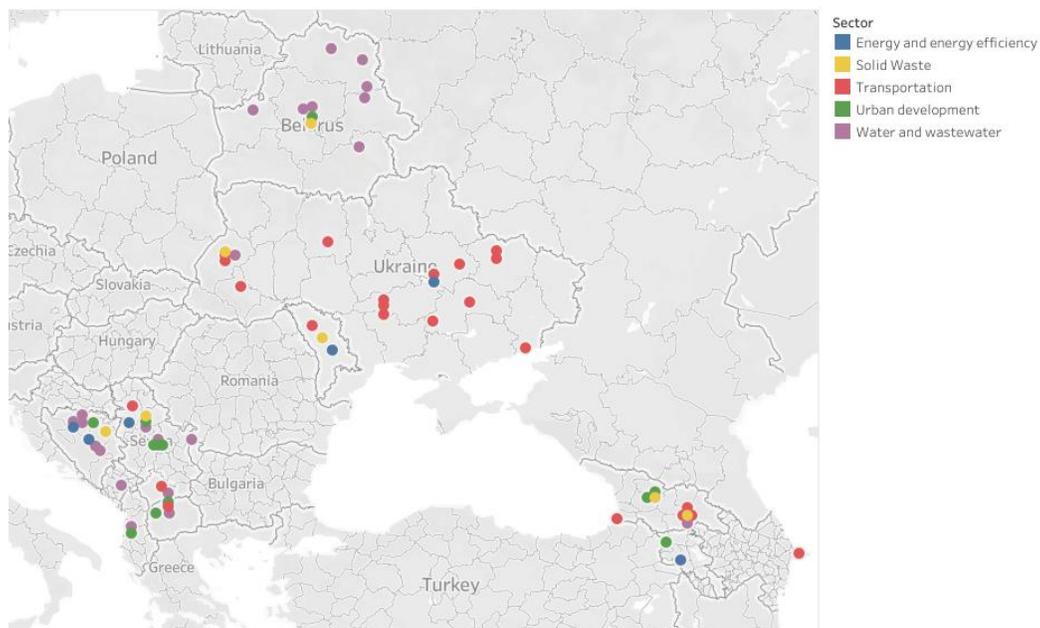
Considerations. The research team attempted to account for any biases that may have emerged in the survey portion of the study through the development of a standardised set of neutral questions. Any information obtained from the survey represents only the experiences of those surveyed, and does not attempt to represent those of other CSOs or geographic locations. The research team has also taken efforts to ensure the privacy and anonymity of respondents both in the data collection and in the final text.

Section II: Mapping Sustainable Municipal Infrastructure Investments

The data from IFIs show that sustainable municipal infrastructure has become an increasingly important sector over the last several years. Municipal infrastructure financing is a space with many stakeholders who have various relationships to each other within the flow of funding and support. Public banks, funds, organizations, bilateral country donors, private investors, international NGOs and initiatives, and researchers and consultants provide funding and support for municipalities. Local actors at the municipal level, such as mayors, administrators, city councils and public utilities workers are in turn influenced by the state, private investors and implementers at the local level, CSOs, citizen movements and communities when making decisions about municipal planning and infrastructure.³¹ A table containing more information about each stakeholder (their activities, goals, influence, funding, and website) can be found in *Annex 1: Stakeholder Table*.

Mapping Operations - EBRD and EIB, 2016-2019

The following section provides descriptive statistics on the operations signed by the EBRD and EIB during the period 2016-2019. This report uses two terms to refer to the loans and projects discussed. **Operation** refers to ‘any equity, loan, guarantee or borrowing transaction’ of the EBRD or EIB. **Project** refers to a specific infrastructure undertaking. So, for example, the construction of a wastewater plant in Skopje is considered a project, but the two separate loans signed by the EBRD and the EIB to finance this project are operations. Map 1 shows all projects, color-coded by sector, across the study’s two regions of focus.



Map 1: EBRD and EIB Municipal Infrastructure Projects in the Western Balkans and Eastern Neighbourhood, 2016-2019 *Source: EBRD Project Summary Document Database, EIB Projects Database*³²

³¹ This list is not intended to be exhaustive, but rather aims to present some of the most salient actors working on the issue of sustainable urban development. This chart was developed from desk research and from the results of the interviews.

³² Interactive map can be found on [Tableau](#).

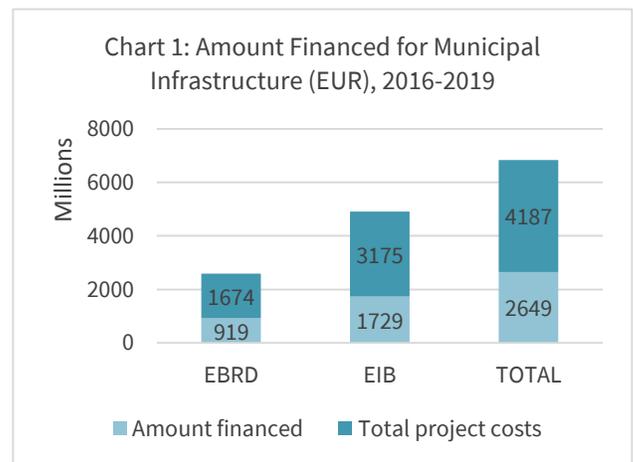
A complete database of all operations signed with additional information on each individual operation can be found in *Annex 2: Sustainable Municipal Infrastructure Operations Signed by the EBRD and EIB, 2016-2019*.³³

Total operations signed. Between 2016 and 2019, according to data reported by the banks, the EBRD signed 50 different operations and the EIB signed 24. However, this is not an accurate picture of how invested the banks are relative to one another, because whereas the EBRD reports all operations, including those underneath framework loans, the EIB does not report individual projects underneath framework loans. Therefore, approximately half of its 24 operations are actually framework loans that have gone to support several distinct projects in a given country. Four projects in the database are co-financed by both the EBRD and the EIB (GrCF2 W2 - Skopje Wastewater Project/Skopje WWTP; GrCF 2: Minsk VK/Minsk Wastewater Treatment Plant Reconstruction; Green City Framework: Chisinau buildings/Chisinau Energy Efficiency; and Kharkiv Metro Extension).³⁴ Thus, the database covers a total of 74 operations and 70 discrete projects/frameworks signed in the last four years.

Framework loans are a popular way for the banks to implement funding in this sector. The EBRD and EIB respectively approved 10 and 14 separate framework loans covering the focus region during the period of analysis. Within the EBRD's framework loans, 33 distinct projects were signed. Such information is not available for the EIB's framework loans. One of the EBRD's largest framework loans, which accounts for almost half of its projects signed under framework loans, is Green Cities.

Perhaps a better measure of involvement is the amount financed for operations in the sustainable municipal infrastructure sector (see Chart 1).³⁵

Over the past four years, the banks in focus in this study have signed more operations in the two regions of focus, signing the most projects in Ukraine (18), Belarus (11) and Serbia (10) and providing the most financing for Ukraine (EUR 786.5 million), Serbia (490.5 million) and Georgia (375.97 million). Each bank has increased the number of projects signed per year from 2016-2019; however, the trend lines' increases are moderated by the fact that in total, both banks also signed fewer operations in 2017 than they did in 2016 and the EBRD signed the same number of operations in 2018 as it did in 2016, whereas the EIB signed fewer. Nevertheless, this



Source: Author's calculations and chart; EBRD Project Summary Document Database, EIB Projects Database

³³ EBRD operations included in this database are all projects taking place within the two regions of focus that were signed between 2016 and 2019 that are categorised by the EBRD as part of the Municipal and Environmental Infrastructure (MEI) sector. EIB operations included in this database are all projects taking place within the two regions of focus that were signed between 2016 and 2019. However, the EIB does not have a sectoral categorisation equivalent to the EBRD. In addition to Urban Development, the EIB's operations that fall into the category of municipal infrastructure can be found in other sectoral categories, such as Solid Waste and Water, sewage. Thus, EIB operations were selected and categorised manually by the author of this report based on its more general sectoral categorisation and the project descriptions available on the EIB's website.

³⁴ As mentioned in an earlier footnote, there are additional projects which are likely to have been co-financed by the EBRD and EIB within the framework loans for public transportation in Ukraine (Ukraine Public Transport Framework - EBRD / Ukraine Urban Public Transport FL - EIB). Because project summary documents are not available for the sub-projects under the first of these loans, there is no way to guarantee based on our existing resources whether these projects were co-financed by the EIB or by some other financier. However, the EBRD has made some documents available for a sub-project made under the second of these loans (UPTF2 - Poltava Trolleybus). This is a welcome improvement in document disclosure; however, more is needed. Two other projects, which are also co-financed by both the EBRD and the EIB, are not included here. The first is Belgrade Public Transport and Traffic Infrastructure, which is not included in the database because the EBRD's initial loan was signed in 2011. The second is Gijlan Wastewater Development Project, which the EBRD has signed but the EIB, according to their website, has not. Thus, only the EBRD's loan is included in the database.

³⁵ Duplicates were subtracted from the total cost of all projects to address double counting. In cases where there was a discrepancy between the total cost of the project as listed by the Banks documentation, the amount which equaled (or was closest to) the sum of the EBRD and EIB's contributions was left in the database and the amount which differed from this sum was removed.

demonstrates a modest increase in the amount of operations signed by the banks over time. The amount of financing provided on an annual basis by both banks combined has only slightly increased over time, from EUR 742 614 792 in 2016 to EUR 802 480 000 in 2019. However, this seems to be driven by the EIB, which provided significantly higher financing for operations in 2016 than it did any other year. The EBRD has increased its financing between 2016 and 2019, particularly from 2016 to 2017 and from 2018 to 2019.

Clients. Financing has been provided primarily to the public sector (see Chart 2). Clients, beneficiaries, and implementing partners are usually state sovereigns, municipalities, or public utilities/public service companies. In a few cases, financing has been given to special purpose vehicles (Belgrade Solid Waste) or private investors (KF Baku Bus); in a few other cases, the loan is classified as public, but a private company is intended to emerge from the process (Banja Luka District Heating).

Sectors. The banks' operations were categorised into five sectors based on objective descriptions of what those sectors consist of and further divided into sub-sectors to determine how much of the banks' money was going for what type of technology, and whether those technologies were sustainable. The sector of **water and wastewater** includes: wastewater treatment (including construction and rehabilitation of facilities); water supply (including water treatment); and climate-resilient infrastructure (flood protection facilities, irrigation systems). **Solid waste** includes: landfills construction and rehabilitation (with and without waste decrease measures, sorting and recycling); waste-to-energy facility; and solid waste collection. **Energy and energy-efficiency** (including replacement of gas-fired boilers with biomass, grid modernisation, etc.) includes: energy efficiency measures in residential buildings and energy efficiency measures in public buildings. **Transportation** includes: fossil-based public transport (CNG buses, diesel buses); electric public transport (trolleybuses, metro); and other (automated fare collectors, unspecified bus technology). **Urban development** includes: road safety infrastructure; road reconstruction; public infrastructure upgrades (including direct loans for public buildings and other infrastructure and loans to financial intermediaries for this purpose); and other projects (i.e. riverfront development). Most of the banks' financing in municipalities goes towards transportation and water and wastewater (see Chart 4).

Chart 2: Public/Private Status of Loan Recipients, 2016-2019

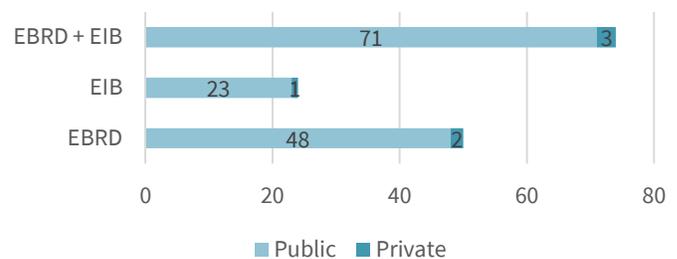


Chart 3: Funding per Sector (EUR), 2016-2019

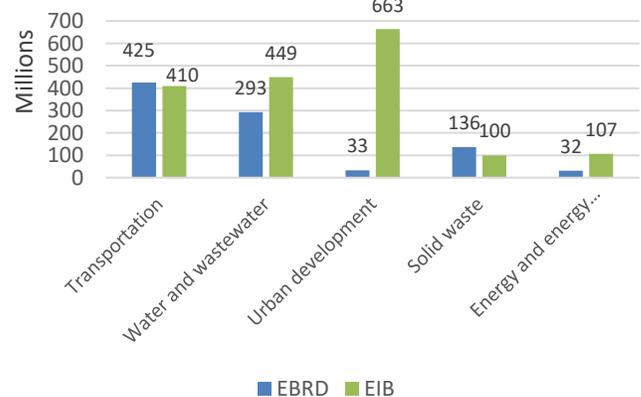
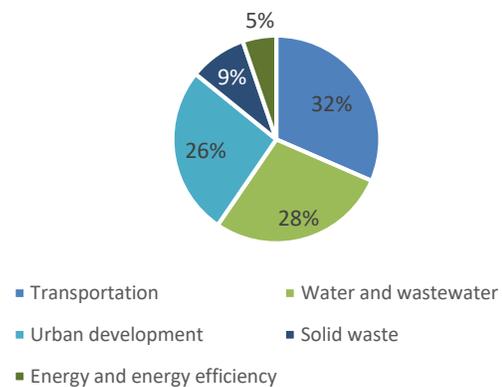
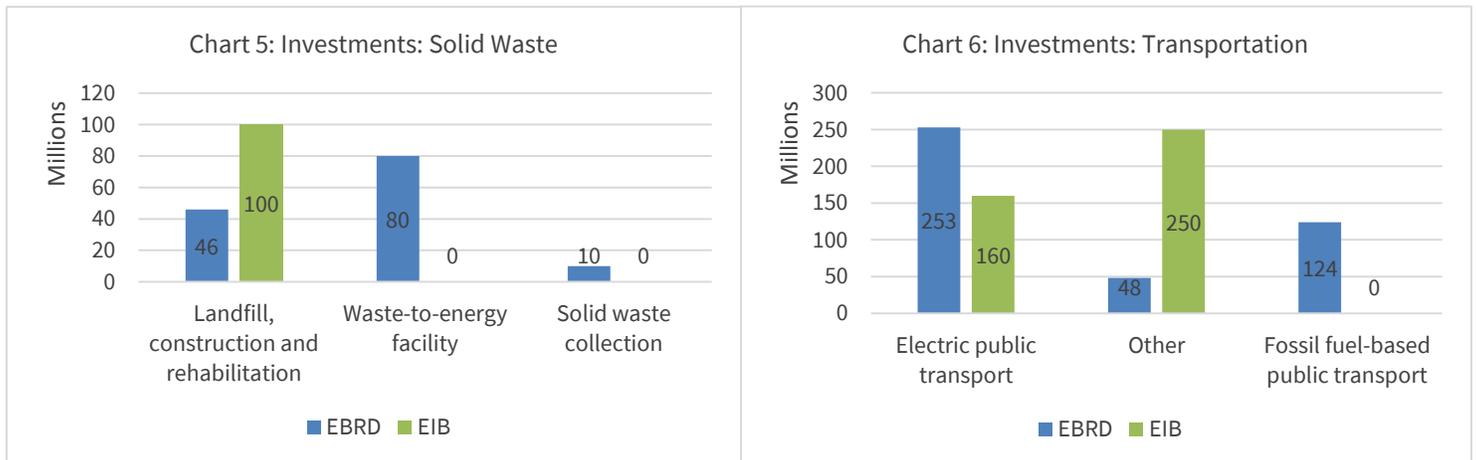


Chart 4: Percentage of Total Funding per Sector, 2016-2019



Source: Author's calculations and chart; EBRD Project Summary Document Database, EIB Projects Database

Within the above categories, transportation and solid waste emerge as potentially problematic, with substantial portions of the funding going towards projects that do not align with the goals of the Paris Agreement and EU Circular Economy Action Plan.³⁶ Of particular concern is the financing for fossil fuel-based transportation, such as CNG and diesel buses; waste-to-energy facilities, which often involve unsustainable methods that occupy a low place in the EU's waste hierarchy; and landfills, which require the disposal of waste rather than its reuse, recycling or composting—the lowest rank in the EU's waste hierarchy.³⁷ The overwhelming amount of financing for solid waste is therefore going towards solutions that are not consistent with the European and global goals set for future climate action. (See charts below for financing information). More details about projects that appear sustainable but in reality have had serious environmental and/or social impacts can be found in Section III.



Source: Author's calculations and chart; EBRD Project Summary Document Database, EIB Projects Database

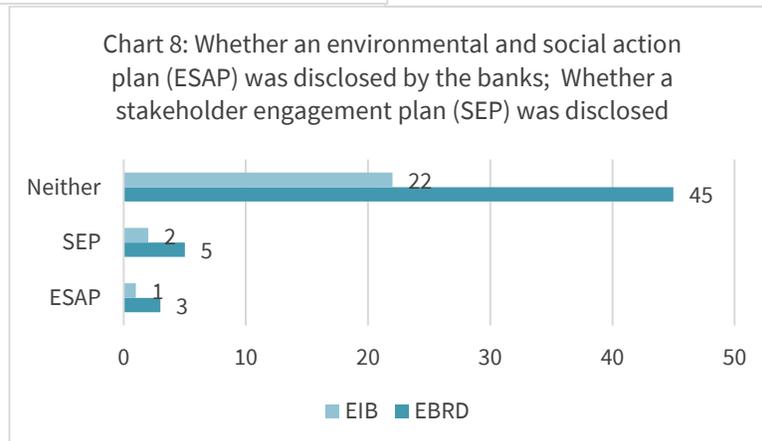
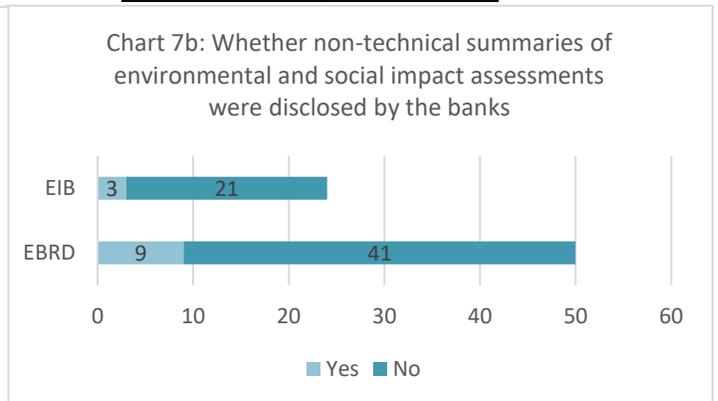
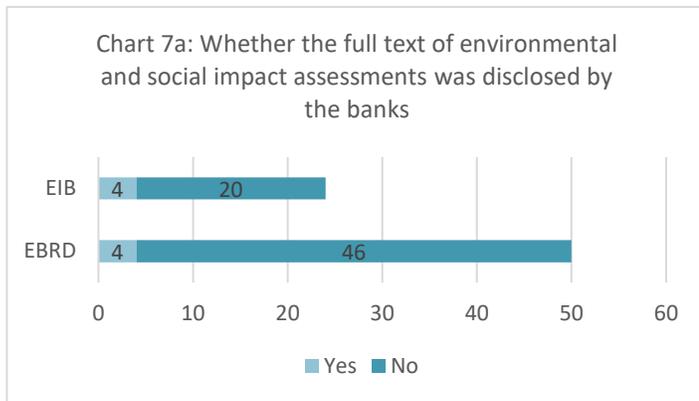
Transparency and accountability. The IFIs have a mixed record on transparency and accountability concerning information disclosure for the projects in the database. Part of the reason for this may be that most municipal infrastructure projects are considered to be small and to have limited impacts on their surroundings. Thus, many are categorised by the EBRD as 'category B' projects and by the EIB as not needing an EIA, or as needing an EIA on a case-by-case basis. These designations tend to mean that according to the banks' policies, they are not required to disclose full information about the projects. We looked into which documents the banks are disclosing on their websites as part of their public project documentation for municipal infrastructure investments. Obviously, in most of these projects, Environmental Impact Assessments (EIAs), non-technical summaries of the EIAs, Environmental and Social Action Plans (ESAPs) and Stakeholder Engagement Plans (SEPs) are not produced, and thus not disclosed; yet even some projects which were considered category A or required an EIA did not have these documents published online.

³⁶ European Commission, "Circular Economy: Implementation of the Circular Economy Action Plan", 29 January 2020, <https://ec.europa.eu/environment/circular-economy/>.

³⁷ Although some of the landfill projects include waste reduction, separation and recycling measures, landfill construction and rehabilitation is their main goal.

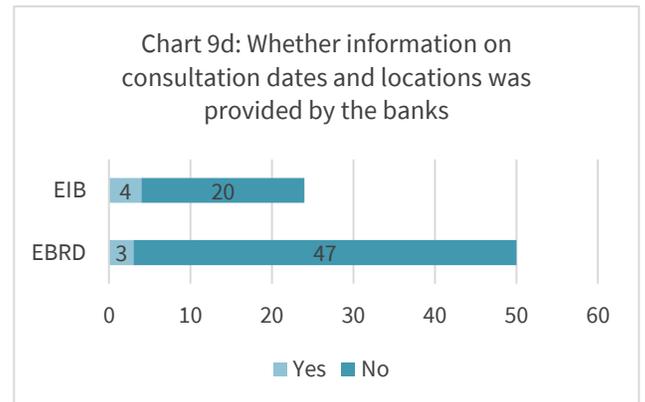
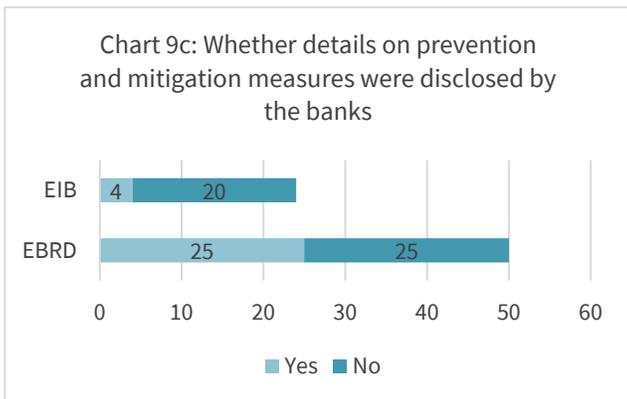
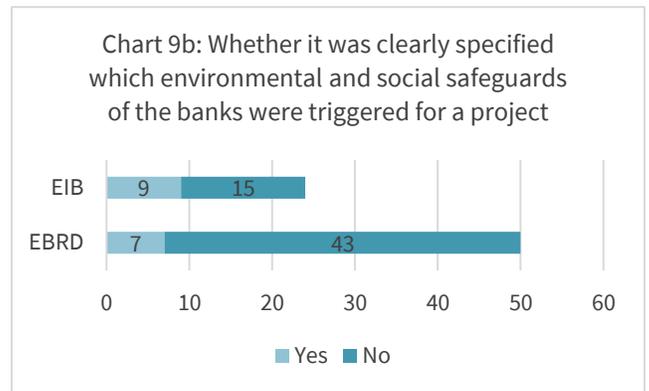
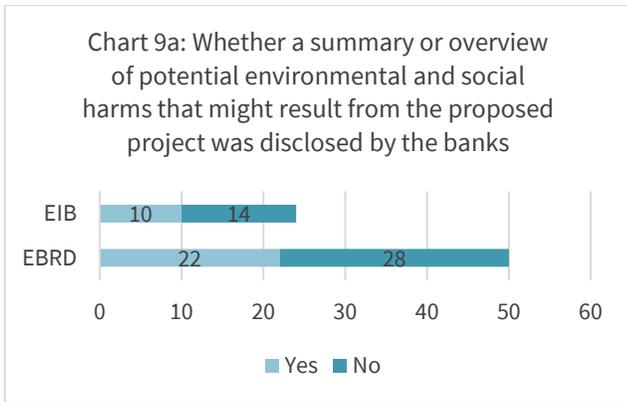
EBRD	
Risk Category	# of Projects
A	4
B ³⁸	44
FI	2

EIB	
Risk Category	# of Projects
EIA required	7
EIA TBD	7
No EIA required	6
n/a	4



We also found that in a majority of cases, a summary or overview of potential environmental and social harms that might result from the proposed project was not disclosed by the banks, and that in most cases it was not clearly specified which environmental and social safeguards of the banks were triggered for a project. In addition, we found that in a majority of cases, details on prevention and mitigation measures that could be taken in the projects were not disclosed by the banks. Information on consultation dates and locations was only present in seven out of 74 cases (see charts below).

³⁸ This category includes, in addition to 33 projects that were categorised as B, 11 projects which were under the framework loan Ukraine Public Transport Framework. They were not assigned to any category in the EBRD's project documentation, as frameworks are not typically subject to categorisation. In the case that these projects were categorised as A, they would likely have their own project documentation; in addition, they are similar to other Category B projects in the database. Thus, we have included them here as Category B projects.



For a full brief on the banks’ records on transparency and accountability, see *Appendix 4: Information Disclosure on Municipal Infrastructure Projects at the EBRD and EIB*.

Complaints filed. Ten complaints have been filed against eight different projects in our municipal infrastructure database (see Table 1). More than half of these complaints were made against projects taking place in Belgrade, Serbia. Although the EBRD provides several reports throughout the stages of a complaint process, the EIB does not provide such reports. According to publicly available information, none of the cases have resulted in action taken in favour of the complainant.

Table 1: Complaints Filed for Sustainable Municipal Infrastructure Projects, 2016-2019

Date (Signed)	Municipality	Project Title	Bank	Complaints Filed	Outcome
11 Jul 2017	Belgrade, Serbia	GrCF - Belgrade Green Boulevard	EBRD	1	Closed – not eligible for Problem Solving Initiative or Compliance Review
13 Nov 2017	Banja Luka, Bosnia and Herzegovina	GrCF - Banja Luka District Heating	EBRD	1	Closed – not eligible for Problem Solving Initiative or Compliance Review
20 Mar 2018	Belgrade, Serbia	Belgrade Solid Waste PPP	EBRD	1	Found eligible
5 Jul 2019	Tirana, Albania	Lana River Front - Urban Redevelopment	EIB	1	Assessment ongoing
11 Dec 2017	Kharkiv, Ukraine	Kharkiv Metro Extension	EIB	1	Investigation ongoing
12 Jul 2017	Multiple locations, Serbia	Clinical Centres	EIB	2	Both complaints closed – no recommendations made
28 Nov 2016	Multiple locations, Serbia	Upgrading of Judiciary Buildings	EIB	2	Investigation ongoing for one, complaint closed for the other – no recommendations made
11 Feb 2016	Multiple locations, Georgia	Georgia Urban Reconstruction and Development FL	EIB	1	Closed – No grounds

Source: Author's calculations and table; EBRD Complaints Database, EIB Complaints Database

For more detailed information about all operations signed by the EBRD and EIB from 2016-2019, please see *Appendix 2*.

Section III: Results

We asked 16 survey respondents from CSOs in the two regions of focus (the ‘sample population’) about their experiences with EBRD- and EIB-funded projects in their municipalities on these very topics, and investigated the banks’ own track records on disclosure of public information and sustainability in this sector.³⁹ Both the EBRD and EIB have made a commitment to sustainable infrastructure and to democratic and participatory practices in their lending.⁴⁰ However, the major problem with IFI funding for municipal infrastructure, according to our respondents, is that IFIs are not able to hold local authorities accountable for ensuring transparency, public participation, strategically-guided development, the implementation of the most sustainable technology, and in some cases local laws or the terms of the projects. As a result, authorities may misuse IFI funding, failing to adequately plan and implement projects that are environmentally-friendly and support human rights. A key reason for this is that municipal infrastructure projects are frequently categorised within the banks’ systems as projects that have limited risks and impacts on their surroundings (as were 63 out of the 74 projects analysed for this study), and thus are subject to less stringent requirements and monitoring. Our analysis raised the following issues.

1) Local authorities do not provide sufficient opportunities for public information and consultation, effectively blocking meaningful citizen participation in municipal infrastructure projects.

Informed public participation in project development is essential for ensuring projects meet the needs of the community, including the needs of vulnerable groups. However, neither the banks nor the local authorities have consistently given the public an opportunity to engage with these processes for municipal infrastructure projects, according to our respondents. Project sponsors are not always required to carry out assessments and to develop public documents such as EIAs, ESAPs, and SEPs for such projects, and where they are, the banks do not always adequately ensure their quality. However, as our analysis above shows, they have also failed to provide less formal forms of information that are crucial for the public’s awareness.

The banks’ expectation is that local authorities should provide this information. According to our respondents, in most cases, they are not doing so. Although every respondent mentioned the central role of local authorities in connection with the projects that had been implemented in their municipality, in most cases this role was one that led to the obstruction of democratic practices. Although these leaders often lead the public relations charge on sustainable municipal development, making public claims for green development and social benefits, they frequently do not follow through with such promises, and in some cases even contradict them in their actions.

This is the case with allowing for meaningful public participation in project development and implementation. Although our respondents agreed that basic information about projects is typically available, in at least ten separate projects respondents claimed that there was no further information available about the terms of the loan, contracts, environmental or social assessments, or project plans provided by local actors, that this information is sometimes available only once the project has been completed. In at least three cases (Belgrade Solid Waste, Mariupol public transport projects, and Banja Luka District

³⁹ One-fourth of the respondents were from the Eastern Neighbourhood region and the rest were from the Western Balkans. This disparity in regions was due to the fact that Bankwatch has more contacts working on municipal infrastructure in the Western Balkans, and contacts in the Eastern Neighbourhood were therefore obtained through recommendations. The results from this analysis are representative of the experiences, perspectives, and knowledge of the target population and do not claim to represent those of any other group, nor a complete and definitive picture of this sector.

⁴⁰ The EBRD’s Green Economy Transition is the Bank’s framework for financing climate change resilience, sustainability, and low carbon technology. Sustainable municipal infrastructure projects are financed through various ways according to this framework, including through the Green Cities programme. It has an Environmental and Social Policy that is designed to help ensure its investments promote sustainable development. The EIB also proclaims a commitment to sustainability in all of its sectors, and follows its Environmental and Social Standards to help translate this commitment into its operations.

Heating), there was a lack of public information about increases in taxes, fees or prices which citizens would have to pay for services. Twelve respondents also noted that available information was difficult to access, whether that meant it was buried on an obscure webpage or available only via information request (which can go unanswered with no form of redress), and often difficult for citizens to understand. One respondent described his experience trying to find the city’s action plan for the Belgrade Solid Waste PPP at the city’s Secretariat for Social Affairs office:

[...] We just couldn't find the action plan, the action plan was not really in the building where it was supposed to be in a time when it was supposed to be there. So we had to actually go around the building [...] to find someone who was responsible to show us that the document itself. And then it was actually the security guard at the end who just kept this kind of notebook in his desk and he just showed us that for like 15 minutes and said 'Okay [...], you just saw the plan'.

A variety of indirect and direct interference tactics were used to suppress meaningful public participation in consultations: consultations were not promoted to the public; key interested populations were not included; poor dates and times were selected (i.e. near holidays, during the work day); not enough space was provided for participants; the selected location was inconvenient, particularly for the key interested population; technical information was not simplified; presenters did not leave any time for public participation; and no clear information was provided about how to submit comments and suggestions.

Following the consultation processes, four respondents noted that comments and suggestions were ignored, and that there was no way to actually have an impact on a contract that had already been agreed upon. One respondent noted: ‘[W]hen [it] comes to effective involvement of the interested citizens, i.e. public participation, in most cases, [...] legal form is actually used as a tool to discourage or limit the number of people involved during the decision making, all which is not in accordance with the international standards and laws such as the Aarhus Convention’. In Tirana, a respondent noted that the lack of results has seemed to keep people out of participation: ‘Most of the time we don't have follow up of the [...] public consultation[s] that are happening, so, which suggestions are taken into consideration, which are not taken into consideration and why not. So this follow up process is missing most of the time to make the people to stay still on [...] track, let's say, and to be active in continuity’. One respondent reported that they had attempted to work with a community who did not receive a public consultation, as they should have according to law, to file a lawsuit, but that the community pulled out of the process due to fear of pressure.

Respondents doubted that there was public consultation at all in the EBRD’s UPTF: Mariupol Trolleybus; the EBRD’s UPTF: Zhytomyr Trolleybus; and the EBRD’s Belgrade Public Transport and Traffic Infrastructure (2011).⁴¹ In Mariupol, the local government’s failure to hold public consultation and provide information on transportation projects that would add new energy-efficient trolleybuses and buses to the fleet and improve existing infrastructure led to protests⁴² and subsequent intimidation and charges pressed against protesters.⁴³ Our respondent from Mariupol noted that they

personally tried to make pressure on [the] mayor to make public appearance, to make project consulting with people, because most of the problems and conflicts we have as a result of no [consulting] with people. [...] With the transport loan, if we understand from the first that we need to [increase] the price and it [is] spoken, it will be easy to have coherence with people. But when people know about this afterwards, it's not working. So, yes, we need to use it maximally, but in our case it's very rare... It's not often practice. So we [had] some hearings on water treatment and it was [a] positive situation, when

⁴¹ UPTF Mariupol Trolleybus and UPTF Zhytomyr Trolleybus may also have been funded by the EIB’s Ukraine Urban Public Transport FL, but due to lack of publicly available information about what was funded under this project this is not confirmed by this study.

⁴² “У Маріуполі подорожчав проїзд; містяни протестують, перевізники пропонують альтернативу.”, Channel 5, 5 March 2020, <https://www.5.ua/regiony/u-mariupoli-podorozhchav-proizd-mistiany-protestiut-pereviznyky-proponuiut-alternatyvu-187865.html>; “У Маріуполі обурені містяни перекрыли центральний проспект – чому мітингують?” Channel 5, 3 March 2020, <https://www.5.ua/regiony/u-mariupoli-obureni-mistiany-perekryly-tsentralnyi-prospekt-chomu-mitynhuiut-187723.html>

⁴³ “У Маріуполі протести проти підвищення тарифів обернулися у кримінальну справу”, I-UA TV, 14 March 2019, <https://i-ua.tv/society/14991-u-mariupoli-protesty-proty-pidvyshchennia-taryfiv-obemulyisia-u-kriminalnu-spravu>

people know about the project, people know how it will be. And it's very positive. But in most situations the mayor decides himself what he wants. Even not speaking with deputies.

Including citizens' needs as an integral part of the planning process through better public information and consultation would help citizens to better understand the projects and make it more likely that they support changes, such as tariff increases. In addition, project promoters would better understand the needs of service users, so they can improve the quality of the services.

2) Local authorities use strategic plans to support their own interests rather than pursue integrated development in their municipality, and they may already be using the EBRD-supported Green City Action Plan (GCAP) in the same way.

Strategic planning is essential to the sustainability of municipal development – plans can ensure the various parts of the city work together to form an integrated network of sustainable, complementary systems, rather than isolated, piecemeal projects that fail to consider how the city is functioning holistically. Strategic plans in respondents' municipalities were plentiful, but that they were frequently ignored or used as a method of interference. The main concern (stated by eight respondents) was that strategic plans were 'just a piece of paper' that could not compel authorities to do anything. Instead, planning typically proceeds in an ad hoc way, with the plans being used primarily to justify the favoured projects of local authorities. Local authorities can change urban plans and action plans or interpret holes or discrepancies in legal frameworks and standards to match contracts rather than the city's needs (Belgrade Solid Waste). Respondents expressed an overall lack of trust in strategic plans as a step towards achieving sustainable development.

The EBRD's Green City Action Plans (GCAPs), risk the same fate. According to the GCAP methodology, other existing strategic documents should be taken into account when drafting the plans, and municipalities are encouraged to officially adopt them upon their conclusion. However, this does not necessarily ensure that the GCAP becomes part of the legally set planning framework in the countries, or that there are any special conditions imposed on the plans to ensure they are used in conjunction with other resources to contribute to the holistic development of the municipality. The EBRD has signed 13 different operations thus far in the focus region under Green Cities Frameworks 1 and 2. They have secured, partially through these operations, the technical cooperation funding for 19 Green City Action Plans (GCAPs) thus far. Only three plans have been completed and adopted by city councils. For the complete chart, see *Annex 3: Green Cities Action Plans in the Western Balkans and Eastern Neighbourhood*.

The GCAPs have too often failed to include citizens and vulnerable groups in their development, to the detriment of the GCAPs' contents, and the EBRD has funded trigger projects that are seriously questionable from a sustainability, accessibility and safety standpoint (such as the Belgrade Green Boulevard). Eight respondents expressed that citizens were not involved enough in the GCAP consultation workshops and should be more thoughtfully included. One respondent noted that the GCAP process in Zenica had not had sufficient participation from the NGO sector, and another said that the city authorities and public administration representatives in attendance at the Banja Luka GCAP workshops were not those with influence or knowledge, so they could not contribute to a meaningful discussion that would have any relevance for the ultimate implementation of such a plan—as a result the debates at these workshops were very poor. As a result, respondents expressed concern that the proposed policy actions in the plan were not meaningfully sustainable or appropriate for the city's needs, and another alleged that the estimated costs for policy actions were inflated with no justification. See 'Case Study: Green City Action Plan for Tbilisi – A Mere Formality?' and 'Case Study: Skopje: Public Participation for a Better GCAP', for more.

Respondents largely expressed scepticism that their city was or was close to becoming a 'green city' and doubted that a GCAP could get them closer to such an outcome in the way it was being implemented. This was largely related to the reality on the ground in most of these cities, where cars were being prioritized over pedestrians and public transport, trees were being cut, and

no real effort was being made to implement sustainable practices (such as in waste management). The sample group on the whole did not express strong interest in being involved in these processes, as they did not see them as well-publicised, well-organized, or constructive enough for them to be important in practice. Rather, these were viewed as a missed opportunity, both in the cases where they had already started or in cases where there was not much information available yet. One respondent commented,

Green City for Tirana is really big deal, let's say. [...] We find these projects, financed by EBRD, [...] in principle very good. But we are critical [...] from the implementation point of view. [...] I mean it's a kind of [abuse of] this concept of the Green City of Tirana which is promoted actually as a, I mean, big challenge and, you know, also [with] some certificates in some cities, some other municipalities. You know, putting Tirana in such that form of [...] close to Green City, but actually, [...] it's not [...] going the right way.

Respondents accused city authorities of using the Green Cities concept as a ‘PR stunt’, or as a way to address problems in a superficial or small-scale way rather than in a comprehensive, integrated plan for a green city – something respondents believed was necessary to actually address sustainability. Unless IFIs ensure that the projects they finance are part of the municipality’s drive towards integrated and inclusive development, which has citizens at its heart, their funds are likely to be continually wasted on projects that do not substantially contribute to their sustainability goals.

CASE STUDY

Green City Action Plan for Tbilisi – A Mere Formality?

By Manana Kochladze

State of the Environment in Tbilisi

Tbilisi is a city of more than 1.2 million people,⁴⁴ characterized by serious environmental challenges in terms of air, water, soil pollution, urban planning and mobility. For three decades, there were almost no regulations for urban planning, which led to the uncontrolled and irregular development of the city, where illegal construction flourished and investments in buildings, new suburbs and roads were prioritized over sustainability, green spaces and the safety of the city, diminishing the historical city centre and promoting gentrification practices.

Since 2015, nationwide public opinion polls have shown that environmental pollution is one of the most problematic topics for the country and Tbilisi citizens, as problems with traffic, public transportation, parking, parks and green areas are increasing annually.⁴⁵ In the 2019 public opinion poll, 57% of Georgian citizens consider air pollution as the most acute environmental problem for the citizens’ life and health, while in Tbilisi the number reached 76%.⁴⁶ Urban activism groups arose in response to this in order to fight for green areas, clean air and proper urban planning regulations.⁴⁷

To address these issues, a number of conflicting and overlapping programs have been implemented with no cohesive strategic plan. Tbilisi has been involved in several different international groups dedicated to improving the sustainable urban

⁴⁴ Tbilisi City Hall, “Tbilisi population by year and Estimated increase of Tbilisi population in years,” 2015, <https://bit.ly/3aURps8>.

⁴⁵ Laura Thornton and Koba Turmanidze, “Public Attitudes in Georgia: Results of December 2017 survey carried out for NDI by CRRC Georgia,” National Democratic Institute, 2017, https://www.ndi.org/sites/default/files/NDI%20poll_December%202017_ISSUES_ENG_vf.pdf.

⁴⁶ “NDI: Air pollution top environmental concern in Georgia,” OC Media, 2019, <https://oc-media.org/ndi-air-pollution-top-environmental-concern-in-georgia/>.

⁴⁷ Prathap Nair, “Tbilisi comes up for air,” CityLab, 2018, <https://www.citylab.com/environment/2018/06/tbilisi-comes-up-for-air/561227/>.

development and quality of life in the city, such as the Covenant of Mayors for Climate and Energy and 100 Resilient Cities. In these forums, the city has been required to develop numerous plans to address the problems it faces.

Although it may seem like more attention being paid to Tbilisi's urban planning and development is a good thing, in practice, it has failed to turn the city into a greener, more sustainable place to live, despite the millions of dollars being poured in and overabundance of ideas about how it should be done. This case study focuses on the recent attempts IFIs have made to provide Tbilisi with solutions, particularly in the area of urban transport and mobility.

Tbilisi's Green City Action Plan (GCAP)

The EBRD-supported Green City Action Plan (GCAP) entered the crowded space of Tbilisi urban planning in the autumn of 2017. By that time the EBRD had financed one unsuccessful project in the Tbilisi public transport sector from 2005⁴⁸ and the Asian Development Bank (ADB) had supported another failed road project that caused four complaints to be sent to its Compliance Review Panel (CRP)⁴⁹ and to the Special Project Facilitator's office (OSPF),⁵⁰ resulting in findings of non-compliance and recommendations for additional research and the development of a project grievance mechanism.

Approved by Tbilisi's Sakrebulo (city council), and developed with the support of the EBRD and Czech Ministry of International Affairs, the GCAP itself should be considered a step forward towards sustainability and the integration of the various issues that city experiences into solutions. The comprehensive plan includes activities for improved water and wastewater services, solid waste management, the climate resilience of buildings, urban mobility, and other energy efficiency measures, with the aim to reduce annual carbon dioxide (CO₂) emissions by around 450 000 tons as well as to save around 55 million cubic metres of water per year by 2030.

In the area of urban transport, the action plan aims to reduce at least 85 per cent of the current air pollution through the introduction of new electric and compressed-natural-gas buses. The EBRD plans to finance two loans for the introduction of these energy efficient, reduced emissions buses.⁵¹

In 2016, the EBRD provided funds for the first phase of the project— an EUR 27 million sovereign loan to Georgia for on-lending to the city of Tbilisi, and an EUR 7 million capital grant from the E5P (Eastern Europe Energy Efficiency and Environment Partnership) to purchase 143 new buses in Tbilisi. The total project costs were EUR 39 million and included grant funding for technical cooperation, such as a bus route restructuring study, gender advisory services, corporate development and stakeholders participation.⁵² This project is Tbilisi's first low-emission public transport.⁵³

The second phase of the EBRD's Tbilisi Bus project started in 2019. This project will provide EUR 80 million for 'clean vehicles and the continued improvement of public transport services as a viable alternative to car based transportation in Tbilisi' with the goal of achieving green transition objectives and significant environmental benefits. The financing provided to the Ministry of

⁴⁸ CEE Bankwatch Network, "Tbilisi Public Transport Project: Bankwatch Issue Paper, EBRD AGM 2007, Kazan, Russian Federation," Green Alternative, 2007, http://www.greenalt.org/webmill/data/file/Tbilisi_Transport_IP.pdf.

⁴⁹ Asian Development Bank Compliance Review Panel, "Georgia: Sustainable Urban Transport Investment Program - Tranche 3: Request number 2016/1," Asian Development Bank Compliance Review Panel, 2016, <http://compliance.adb.org/dir0035p.nsf/alldocs/JABM-A848U5?OpenDocument>; Asian Development Bank Compliance Review Panel, "Georgia: Sustainable Urban Transport Investment Program - Tranche 3: Request number 2016/3," Asian Development Bank Compliance Review Panel, 2016, <http://compliance.adb.org/dir0035p.nsf/alldocs/JABM-AFR657?OpenDocument>.

⁵⁰ Asian Development Bank, "Complaints Registry by Year," Asian Development Bank, <https://www.adb.org/site/accountability-mechanism/problem-solving-function/complaint-registry-year>.

⁵¹ Kasia Kukula, "Green buses on the streets of green city Tbilisi," EBRD, 2017, <https://www.ebrd.com/news/2017/green-buses-on-the-streets-of-green-city-tbilisi.html>.

⁵² EBRD, "Tbilisi Bus Project," EBRD, <https://www.ebrd.com/work-with-us/projects/psd/tbilisi-bus-project.html>.

⁵³ Agenda.ge, "Tbilisi Mayor receives top sustainability award at annual EBRD meeting," Agenda.ge, 2017. <https://agenda.ge/en/news/2017/923>.

Finance of Georgia will allow for the purchase of at least 200 additional CNG buses for the Tbilisi. Through technical cooperation, the EBRD will additionally help with technical due diligence for the bus depot, Bus Service Reform Support and Project Implementation Support, as well as to support for Gender Equality and Inclusion Urban Transport Policies.⁵⁴

The GCAP stipulates that all bus fleets should be CNG and/or electric. However, in 2018 Tbilisi City Hall purchased with its own funds 90 MAN Lion's city A47 model 10 metre buses and 220 ISUZU Novocity life eight metre buses for Tbilisi Transport Company that run on diesel Euro 6. Tbilisi City Hall claims that small buses, needed for some streets and districts in Tbilisi, cannot run on CNG. This is a clear deviation from the goal set forth in the GCAP. The explanation given by Tbilisi City hall is that small buses were needed for some streets and districts in Tbilisi, and these buses are not produced to use CNG.

The ADB has also financed projects that contribute to the transportation goals of the GCAP, as reported by the City Hall. The ADB's SUTIP 1 financed a new metro station at a cost of GEL 84 million, which was completed in October 2017. Under the SUTIP 5, the Georgian Municipal Development Fund started in 2018 the rehabilitation of the Tbilisi Metro electricity lines and ventilation systems. The total cost of this works is up to USD 16 million, and the repairs are expected to be finalized by June 2020.

The ADB provided USD 1.5 million for the preparation of a Sustainable Urban Mobility Plan (SUMP) for Tbilisi under SUTIP 5. Work on the SUMP, which will define the city's transportation action plan for the next 15 years,⁵⁵ started in September 2019 and will be finalised in July 2020.

Problems of Integration

Despite its promises, the GCAP has both failed to launch an integrated approach to urban development in Tbilisi and to become integrated into the city's urban planning more broadly. During our research for this case study, we asked Tbilisi City Hall to provide an update on the implementation of the GCAP.

The Tbilisi Municipal legal department answered in detail to our questions regarding the implementation of the Action Plan but only in relation to the urban mobility part.⁵⁶ Although activities in other areas such as waste, water and energy efficiency are included in the plan, these were ignored in City Hall's response. This may lead us to the problem that Tbilisi Green City Action Plan has been turned into an urban mobility improvement plan, rather than becoming a comprehensive plan for Tbilisi's green development.

Public Participation

One of the main reasons Tbilisi's urban planning has failed thus far has been the lack of public participation. Public participation represents one of the weakest points in all processes and projects since 2005. Meaningful public participation was missing in the preparation of GCAP. There was only a meeting held between City Hall, experts and NGOs in the premises of the Czech Embassy. Public participation was also missing during the preparation of the ADB's SUMP and other documents, as well as during the decision-making on specific actions, such as what type of buses to purchase.

The Tbilisi City Municipal legal department acknowledged these issues and underlined that the citizens' involvement in the implementation of different components of the GCAP was restricted to participation in quantitative and qualitative surveys, focus groups, and public opinion polls. However, this needed to be followed by public hearings and presentations, both on the GCAP itself and on the terms of references for studies, draft strategies and plans for projects in the GCAP when they are implemented, as well as providing a period for commenting on the GCAP and on the projects specified within it. City Hall also

⁵⁴ EBRD, "GrCF W2 – Tbilisi Bus Extension," EBRD, <https://www.ebrd.com/work-with-us/projects/psd/51207.html>.

⁵⁵ "Meeting of the Government of the Capital", <http://kaladze.com/new/1250-dedaqalaqis-mtavrobis-skhdoma>.

⁵⁶ From Tbilisi City Hall to Green Alternative, 19 December 2019; From Tbilisi Transport Company to Green Alternative, 26 December 2019.

explains, “The municipality has no experience of involvement of local inhabitants in participatory planning but that issue will be addressed during the preparation of the sustainable urban mobility action plan.”

Gender Integration in Urban Mobility

Although the Tbilisi’s GCAP may be perceived by the government mainly as a possibility for the development of public transport in Tbilisi, on the positive side, the EBRD’s efforts to establish equal opportunities for men and women to be employed as drivers should be underlined. It has helped to establish training courses specifically for women drivers and 25 women have already participated in the program, some of whom are already working as drivers.

However, the major concern concerns the lack of public participation, including of women, in the research and design of new modes and routes for public transport. The ADB’s assessment in 2015 showed that up to 45 per cent of women report that they have experienced sexual harassment, felt harassed or uncomfortable on public transport in the previous 6 months, while 62.5 per cent of respondents consider sexual harassment in public transport and its environs a matter of concern. Although a new bill was introduced in 2019 to make sexual harassment a punishable offence in Georgia, numerous activities need to be implemented by city planners and IFIs to ‘include women participants in transport planning and design of future upgrade programs’, as was recommended by the ADB study.

Recommendations

We recommend the following steps be taken by local authorities to address Tbilisi’s urban planning challenges:

- The city should provide citizens, including those who are most vulnerable and disadvantaged, with more substantial information around the GCAP and other strategic documents, communicating clearly with citizens about the need for climate action and safety, and describing the ways they can result in improved quality of life. Effective communication between scientists, planners, managers and the public is essential in order to achieve the aim of making Tbilisi a ‘green city’.
- A dedicated policy of open public participation for the involvement of the people in city development issues is necessary for the success of urban planning and development.
- Because the city has numerous different plans under different national or international processes (Resilient Cities Initiative, Green Cities, Covenant of Mayors for Climate and Energy, etc.), it is important to have a unit within the City Hall that will integrate the different action plans and ensure the involvement of all stakeholders in decision making.
- IFIs should seriously consider their involvement in municipal development, and should only invest in plans and projects that are well integrated in the city’s broader urban planning, and that contribute to the holistic development of the city and social well-being. Funding for municipal projects should be dependent on the city making reforms to the way they conduct public participation and planning.

CASE STUDY

Skopje: Public Participation for a Better GCAP

By Davor Pehchevski and Emily Gray

We found out about the kick-off workshop for Skopje’s Green City Action Plan (GCAP) more than a month and a half after it happened, during the EBRD’s annual meeting in Sarajevo (May 8-9 2019).⁵⁷ The GCAP development process in each participating municipality follows a strict methodology, and therefore highly similar sequences of events and workflows. In contrast with the principles of community participation as set forth in the EBRD’s GCAP methodology, in Skopje the process was invite-only for a limited number of stakeholders, and excluded many of the key citizens and interest groups active on the topic.⁵⁸ The kick-off workshop should formally announce the city’s commitment to become a Green City, present the GCAP development process and timeline, and launch the first stage of collecting baseline environmental data on the city.⁵⁹ We approached Nigel Jollands, Associate Director for the EBRD’s Green Cities initiative, following the meeting to inform him that not all civil society groups had been invited to participate. He expressed concern about this, and agreed to put us in touch with the consultants developing the GCAP in Skopje in the upcoming weeks. On June 7, we followed up with Jollands to remind him to connect us with the consultant. Three days later, we received an email from David Lennox, one of the consultants at Atkins Acuity, which had been hired to lead the GCAP process in Skopje, informing us that the second workshop would be held on 24 June 2019 and that we should expect an invitation during the following days. This workshop was intended for a presentation of the collected baseline data and the Technical Assessment derived from that data, but also for collecting initial feedback on the Technical Assessment.

We never received an invitation, yet found out the workshop had been held as planned. Although the result of an email error, this demonstrates a key issue in the outreach and communication surrounding the GCAP, in large part due to the complex structure behind the implementation of the Green Cities programme. There are many layers of actors involved, and as a result many opportunities for miscommunication.

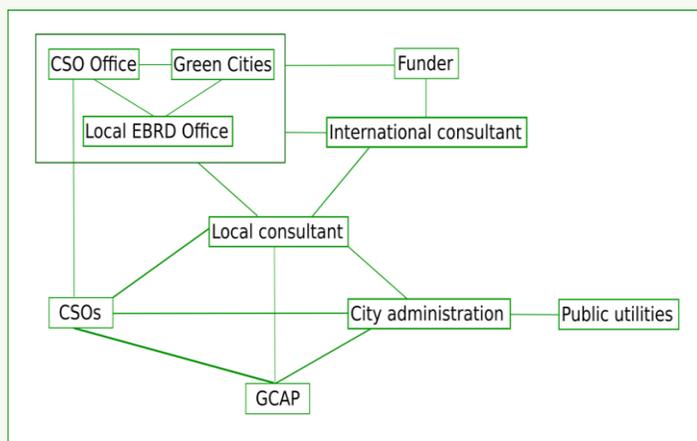


Figure 1: Map of EBRD Green Cities Action Plan Participants

It is hard to determine, both due to this complex structure and the lack of information available about the actors involved, who is responsible for different pieces of the implementation of the project and who to approach if we have a problem. A short period

⁵⁷ EBRD Green Cities, “Skopje Joins EBRD’s Green Cities Programme,” 2019, <https://www.ebrdgreencities.com/skopje-joins-ebdgs-green-cities-programme>.

⁵⁸ OECD and ICLEI, “Green Cities Programme Methodology.”

⁵⁹ OECD and ICLEI, “Green Cities Programme Methodology.”

was provided for comments on the Technical Assessment presented at the second workshop, as a result of which we were not able to provide comments. On July 25, we reacted publicly, in a blog post on Bankwatch's website, as well as directly in an email to both the consultant and the Green Cities programme.⁶⁰ We followed this up with a press release issued to local media in Skopje on 1 August in which we outlined the city's failure to engage CSOs in the second GCAP workshop, and requesting the city take a different, more inclusive approach in the rest of the process. Although we had also requested from all parties that they extend the deadline for commenting on the Technical Assessment through the end of August, it took three phone calls with the EBRD's CSO Unit (Luisa Balbi) in addition to our email communication in order to arrange this additional time for the CSOs. We, along with two other CSOs, provided comments to the Technical Assessment by the end of August, which were accepted by the EBRD and Atkins. On 25 September, we met with the consultants in Skopje to share our criticisms and suggestions and discuss our feedback on the Technical Assessment and how it will be incorporated into the next steps. One of the conclusions of this meeting was that we were told our comments had benefited the process and have influenced the list of possible actions that would be considered for the GCAP.

All relevant CSOs were invited to the third GCAP workshop, held on 8 September 2019. The third workshop is envisaged to obtain collective feedback from present stakeholders on the comprehensive list of potential projects which could be included in the GCAP listed projects— how relevant and feasible they are for Skopje, as well as estimates for the cost of the initial investments and operating costs.

Our participation in the third GCAP workshop had obvious benefits. From the long list of project presented at this workshop, it was clear that some of our written feedback from the Technical Assessment had been taken into account and addressed with specific measures. After the initial presentation of their expectations for the workshop, the participants were split into groups in which they were supposed to give their feedback on the list of options for their sector of expertise (transportation, solid waste, land use, the way the workshop was set up, not everyone could give feedback on all subjects. Public utilities employees give feedback on their topic every day, but they are also citizens, and they could have been pushed to give feedback from this perspective as well. The GCAP workshop format, however, did not give them the incentive to step out of their role as a professional and step into their role as a citizen because it did not provide the space for intersectoral debate or dialogue. Every person there could have provided good feedback if they had the opportunity to change groups. This may result in a failure to create an integrated urban plan.

We decided to take part in the transportation group because it was led by one of the local consultants, and because it is one of the most disregarded, mismanaged, and controversial topics in Skopje's city planning. The job the consultant had at the beginning of the breakout session should have been to give an introduction— how all actions could work together to create some changes in the city. Instead of setting the tone of the session as taking a holistic approach to reforming the transportation sector, the consultant instead addressed each project as a standalone item. Thus, throughout the conversation most participants were detached from the concept of sustainability. Although it arose from a few as part of specific technical solutions, it was seldom referred to as an overarching framework.

⁶⁰ Davor Pehchevski, "The Skopje Green City Action Plan – developing a city for citizens or for decision makers?," Bankwatch, July 29, 2019, <https://bankwatch.org/blog/the-skopje-green-city-action-plan-developing-a-city-for-citizens-or-for-decision-makers>.

The subsequent conversation exposed that having transport sector stakeholders discussing transport solutions is necessary, but should be only the first step in a consultation process. While discussing each discrete project on the list, it was obvious that the stakeholders present have their own interests, and they will always support the options that go in their favour. For example, whenever subsidies for certain sectors were mentioned, stakeholders from that sector were instantly supportive without considering possible consequences in different areas of urban living (such as how subsidies for electric vehicles will influence other aspects of the transportation system like parking and traffic). Having people from the same sector, but at the same time with unresolved issues from that sector, resulted in a defensive, opinionated tone of discussion. Furthermore, the group wasted a lot of time off topic in debating these issues.

In the second session of the day, participants were asked to work on their own to prioritise the projects and provide capital and operational investment estimates on a worksheet. Some of them finished quickly and left early, skipping the closing session. We took more time than the rest to fill in the sheet, giving us the opportunity to have a thoughtful conversation and to group the actions into stages of implementation. However, the process of collecting data was a blunt numeric ranking of projects. Those who filled out the worksheet individually might not have provided the best data on what should be the real priorities for the city. In the feedback they will get the personal opinions of the participants and not actual priorities, especially if we consider the range of stakeholders and the mobility needs of disadvantaged groups. If you do not have a balanced group, you won't get an indication of actual priorities. This could have been mitigated by grouping participants in pairs.

At the closing of the workshop, the facilitators from each breakout group presented the results of the prioritisation (including the highest priority projects, those projects recommended to be dropped from the list, and possible new projects to be included). In many of the groups, different perspectives and critical feedback were not presented. This is because the institutions were considered the primary stakeholders. The list of actions was made based on the information provided by them, and then they reviewed the actions and agreed to all of them without anything to add.

Other than this, two of the facilitators included some additional results from the discussions in the groups that were not directly related to specific actions. The facilitators of the Transport and Land use groups, both of which had CSO representatives in the discussion, came out with similar conclusions that measures were lacking the synchronicity of sectors and coordination and complementarity between sectors. Both representatives also highlighted the importance of actions being inclusive and for the benefit of everyone.

In the case of transportation, it was clear that our presence in the group and the strong, well-evidenced arguments we raised had influenced the overall results and expectations from the process, but also how the facilitator was thinking in regards to the overarching issues. Partially, this was due to the personal connection established with the facilitator. It was clear that our persistent, effective communication and demonstrated expertise on the topic cultivated respect from the facilitator and the group and created a relationship that will benefit our involvement in the rest of the process.

In general, the process has relied too heavily on the opinions of representatives from public utilities— but this result shows that CSOs are essential to contribute the feedback necessary to write a proper plan and to keep the goal of integrated urban development at the heart of the GCAP.

Code	Title	Options	Decision	Feasibility	Affordability	Acceptability	Evaluation
TR-1	Low emission zones	Establish measures to restrict non-polluting vehicles from entering the City Centre (parking regulations e.g. zone or charging zone)					
TR-2	Car-pooling incentives	Establish measures for car-pooling (e.g. special parking spaces for car-pooling, extra parking, left or priority parking space)					
TR-3	Parking regulations	Increase parking fees within certain zones and set new fee periods in certain zones					
TR-4	Emission-based grant (PT)	Expand procurement of low emission buses					
TR-5	Emission-based grant (Taxis)	Provide subsidies for private sector/taxi operators to purchase low emission taxis/cabriolets					
TR-6	Emission-based grant (Private)	Provide subsidies based on lower fuel consumption to switch to gas and low emission private cars (LPG/CNG, hybrid and electric)					
TR-7	Low emission bus	Subsidize EV charging points by increasing existing state funding for charging points					
TR-8	Rate incentives	Establish incentives for the selling and purchase of bio-fuels					
TR-9	New engagement extension	Extend Skopje team to build a comprehensive engineering network based on current contacts and evaluate impact that will extend further actions					

Figure 2 Worksheet from the third GCAP workshop, Skopje

Conclusions

The GCAP development is heavily dependent on the input of public utilities to develop its conclusions. Our experience in Skopje shows that the involvement of civil society is necessary to balance the interests of city authorities with the voices, needs and priorities of citizens. But it also shows that the involvement of CSOs must happen in the earliest stage of the GCAP development. Unfortunately, we were not given the chance to be involved in the collection of baseline data, which is the very foundation of the whole GCAP. If the baseline data does not reflect the problems in the city, then the GCAP will not be able to properly address those problems. Even with our limited involvement in the process, it is obvious that we have improved the quality of the technical assessment and the long list of options, so it is safe to say that wider, more meaningful public participation in the earliest stage would have resulted in a much better GCAP.

Instead of creating community champions from the local civil society groups, the GCAP process in Skopje forced those champions into conflict with the city authorities and consultants.⁶¹

Considering that Green Cities is becoming the EBRD's flagship program, and it is reasonable to assume that it will continue to spread throughout EBRD's countries of operation, it is important for local groups to follow the developments in this program so that they can react on time and get involved in the process at the earliest stages. The local authorities are the primary actors to engage on this topic, but the CSO Unit at the EBRD should be included in every communication sent. It is additionally important to learn who the consultant is that will be running the GCAP development, because it is important to create a personal relationship with them. Consider scheduling in-person meetings with them outside of the GCAP workshops in order to do so. In the actual participation in the process it is important to always use well-supported arguments and to show a good level of professionalism in order to be recognised as an invaluable contributor. If any problems arise throughout the process, the EBRD's CSO Unit should be contacted, and if this brings no results, taking the story public may produce some action.

3) IFI involvement has not ensured that the technology implemented has met the highest sustainability standards, but has instead allowed projects that either result in little to no contribution to sustainability and/or violate human rights to go forward.

If IFIs make a commitment to finance sustainable infrastructure, they need to ensure these projects meet the highest standards—both with respect to the technology used and to human well-being. Respondents provided eight examples of projects that claimed to be sustainable, but did not have a sustainable procedure and/or outcome with respect to local, national and international environmental goals, including the following:

- In Mariupol, the EBRD provided funds for the purchase of new trolleybuses. Although the project's affordability analysis determined the project would provide services in line with affordability constraints, citizens were surprised when the city raised the cost of public transport, quoting running costs. They claimed the decision did not take into account the affordability concerns of the public. Moreover, people complained that the cost increase was not related to improvement of the quality of the public transport services.
- In two cases of EBRD-funded district heating projects (both in BiH), respondents raised concerns over emissions - both those from the plants⁶² and those from citizens using more coal because allegedly the price of wood has risen due to

⁶¹ OECD and ICLEI, "Green Cities Programme Methodology," 108.

⁶² One of these projects is Banja Luka District Heating, and the other is Toplana Zenica d.o.o.. Toplana Zenica d.o.o. is not classified by the EBRD as a Municipal Environmental Infrastructure project (and thus not part of the database for this study), but was mentioned by one respondent and included in the study's findings because it will transfer the production of steam and blast air from ArcelorMittal Zenica's steelworks towards district heating and water heating.

the plant's use of domestic biomass from wood.⁶³ In a third energy-from-waste project (Belgrade Solid Waste PPP), there is similarly a concern about the emissions likely to be released from burning the city's waste.

- In the EBRD-, OeEB- and IFC-financed Belgrade Solid Waste PPP, concerns that the planned incinerator will crowd out recycling and waste prevention have not been adequately addressed by the banks.
- In Tirana, the heavy construction required to construct new water pipes for the city, funded by an EBRD loan, has contributed to the city's already intense construction, adding dust, noise pollution, safety risks and traffic to the streets. The EBRD-funded Belgrade Green Boulevard has been reported to have similar construction impacts, and in addition is not expected to reduce air pollution or increase green spaces in the city. See 'Case Study: Belgrade: When Will the EBRD Learn its Lesson on Urban Roads?' for more on the Belgrade Green Boulevard.

The database of EBRD and EIB operations in municipal infrastructure from 2016-2019 supports this conclusion, as described in the previous section. For example, landfills, biomass and waste-to-energy feature in solid waste projects of both banks, as do compressed natural gas and diesel buses in the transportation projects of the EBRD. Both banks also tend to refer in their public documents to infrastructure upgrades (to public buildings, transportation, etc.) in general terms or with limited information about emissions reductions, not specifying how the project will contribute to wider sustainability goals.

Projects have also had negative human rights or social impacts. Construction and traffic in the EBRD's Belgrade Green Boulevard and GrCF: UKT Tirana Water Company cases put pressure on urban spaces and have extremely adverse impacts on local businesses and communities, and especially on vulnerable groups living where construction is taking place.

Increased service prices (heating, public transportation, waste management) put financial pressure on already struggling households, and if projects are not done without public consultation, citizens can feel negatively about paying taxes, fees, and price increases (an issue in UPTF: Mariupol Trolleybus and Banja Luka District Heating, for example). Affordability for poor and vulnerable households needs separate attention, as does the quality of services and increased safety (for women and girls) and accessibility (for those with disabilities).

Involuntary resettlement in such processes can also result in the lack of rights being afforded to relocated persons, and the impact of needing to find a new home. This exacerbates the current problem of evictions and uncertain property rights in many former socialist countries (Belgrade Solid Waste).

CASE STUDY

Belgrade: When Will the EBRD Learn its Lesson on Urban Roads?

By Emily Gray

In 2011, the EBRD signed an EUR 57 million loan for urban roads in the city of Belgrade, Serbia under the name 'Belgrade Public Transport and Traffic Infrastructure'. According to publicly available documents from the EBRD, the loan was extended twice, for EUR 30 million in 2013 and again for EUR 15 million in 2015, for a total of EUR 102 million to renovate tram tracks, purchase new

⁶³ "Veća potražnja povećala cijene ogrevnog drveta", *BL Portal*, 15 September 2019, <https://www.bl-portal.com/drustvo/veca-potraznja-povecala-cijene-ogrevnog-drveta/>; "Rast cijene drva za ogrjev, do zime cijena će nastaviti rasti", *Dnevnik*, 4 June 2018, <https://www.dnevnik.ba/vijesti/rast-cijene-drva-za-ogrev-do-zime-cijena-ce-nastaviti-rasti>"; Banja Luka District Heating complaint, EBRD, 6 May 2018, <https://www.ebrd.com/documents/occo/banja-luka-district-heating-complaint.pdf?blobnocache=true>. In the case of Banja Luka District Heating, it is worth noting that both issues are contested: citizens have challenged that the regular monitoring of the project, which has found the heating projects are in line with EU norms, is not done with regularity or conducted when the plant is operational. The EBRD maintains that the increase in the price of wood is due to demand from Italy.

trams, and modernise and extend roads in the city.⁶⁴ Although it was hoped this project would bring a much needed upgrade to roads in the city, it was fraught with complications. In particular, the use of EBRD funds to reconstruct Slavija Square, a main roundabout in the city centre, was deemed a disaster by local groups. In the planning process, no public consultations were held—such consultations are done for urban plans and strategies but not for individual road projects—and very little information about the project was made publicly available. The EBRD received two complaints in 2017 from citizens’ organizations (Pravo na Grad and Ulice za Bicikliste) alleging that the plan for the reconstruction of Slavija Square prioritised automobile traffic at the expense of pedestrian traffic, moving crosswalks for pedestrians in such a way to make crossing from one side of the traffic circle to the other unnecessarily long. In addition, the plan had significant potential to worsen traffic congestion through the Square. Furthermore, they maintained that the project was not in line with modern traffic planning standards and was not the result of a participatory planning process.

Ultimately, the complaint review found that both complaints were eligible for a Problem-solving Initiative and an Expert was assigned to handle the case.⁶⁵ However, Belgrade city authorities attended only one joint meeting in which they promised to release some public information about the plan. Only the presentation of the plan was ultimately made available, whereas a limited amount of additional relevant analysis was shared only with the mediation team and complainants. Furthermore, following this meeting, Belgrade city authorities failed to respond to five official letters, as well as several emails and phone calls, and did not attend three additional in-country meetings organized by the process. Because the process had been suspended for approximately eight months, it was concluded no further progress could be made and the Problem-solving Initiative was formally considered complete.⁶⁶

Local stakeholders in the complaint process stated that their initial intention was to get the Belgrade authorities to release the documentation which proved that the plan for the roundabout would improve traffic flow, assuming this would be the first thing they would need in order to undertake reconstruction. Their failure to do so led them to contact the EBRD and to ultimately file the complaint. But when even the EBRD’s expert could not get the documentation released, stakeholders expressed their frustration with the length of the process – from beginning to end lasting well over a year – and the fact that it was ultimately useless, given the lack of engagement from the city authorities:

At the end it was like...useless, because city authorities didn't answer our questions, didn't provide the data we ask[ed] for... It was like, just losing of ours and theirs and PCM's times. At the end we we didn't get to anything, they just did it the way they wanted to do it and didn't show any... I don't know, any evidence that new construction solution will bring better traffic, better security for pedestrians, better flow of traffic, less pollution and that stuff. [...] It looks like [the] EBRD will finance any project which the city, Belgrade City government, wants to do without any, you know, before or after analysis.⁶⁷

However, yet again, in 2017, the EBRD provided a loan for the reconstruction of urban roads in Belgrade. This time, it provided EUR 20 million⁶⁸ for the reconstruction of a single road, a main thoroughfare through the city centre. Touting it as Belgrade’s ‘Green Boulevard’, the project’s main goal was again to update the tram tracks and replace the pavement.⁶⁹ This time, public

⁶⁴ EBRD, “Belgrade Public Transport and Traffic Infrastructure, Project Summary Documents,” EBRD, <https://www.ebrd.com/work-with-us/projects/psd/belgrade-public-transport-and-traffic-infrastructure.html>.

⁶⁵ EBRD, “COMPLAINTS: Belgrade Public Transport and Traffic Infrastructure Project,” EBRD, 2017, <https://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>.

⁶⁶ EBRD, “COMPLAINTS: Belgrade Public Transport and Traffic Infrastructure Project,” EBRD, 2018, <https://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>.

⁶⁷ Zoran Bukvić, Interview, 2019.

⁶⁸ At the time of publication, the loan has been only partially disbursed, in accordance with the project’s implementation schedule.

⁶⁹ EBRD, “Belgrade Green Boulevard,” EBRD, <https://www.ebrd.com/work-with-us/projects/psd/grcf-belgrade-green-boulevard.html>.

consultations were held, but only at the insistence of Ulice za Bicikliste. Despite a large turnout, generated by the active promotion of the event by Ulice za Bicikliste and Ne Davimo Beograd in the neighbourhood where the project was planned, the process seemed to have no effect on the city's plans.

Again, in 2018, this project received a complaint from citizens. The complainant (CSO Ulice za Bicikliste) alleged that bicycle lanes were initially included in the plan for the street, but were not included in the final plan – a change which would result in more car lanes, thus allowing more cars in the city accompanied by more air pollution, traffic congestion, and noise at the expense of investment in more sustainable forms of urban transport. 'I [don't] see anything green in the Green Boulevard. It's like, just, you know, Car Boulevard', said Zoran Bukvić of Ulice za Bicikliste, who filed complaints for both projects. The Bank's response concluded that there was no obligation of the city to provide cycling lanes in the EBRD's Environmental and Social Policy, and although it supports such infrastructure generally, in this particular case there was no incongruence between the project as planned and the Environmental and Social Policy Performance Requirements. Nevertheless, in an attempt to engage the city on the complaint, the EBRD's PCM attempted to contact city authorities to schedule a meeting with the complainant, sending two letters and making phone calls in an attempt to request the meeting. There was no response from the city at any point. The complaint was dismissed in October 2018 as ineligible for a Problem-solving Initiative or for a Compliance Review.⁷⁰

The loan was disbursed, and construction on the roads was begun during the summer of 2019. Citizens watched and suffered from the poorly implemented construction, which at the time of writing is still ongoing, having already surpassed its initial deadline by several months.⁷¹ During the fall of 2019, Bankwatch conducted a fact finding mission which resulted in a blog post containing evidence of the adverse social impacts of the project's construction phase and Ulice za Bicikliste sent a follow-up letter to the EBRD alleging that the disruptive impacts, noise, dust pollution and poor construction practices at the site, which stretches several blocks through the centre of Belgrade, endangered the health and safety of humans in possible violation of the bank's Environmental and Social Policy.⁷²

Despite various promises of Belgrade officials to increase the number of pedestrians and cyclists on the roads, their actions have spoken differently. The infrastructure they are most eager to provide benefits automobiles the most. The Slavija Square project made it exceedingly difficult for pedestrians to pass through the area, and the Green Boulevard plan aims to open one new lane in either direction to allow more space for automobiles on one of the city's main tram thoroughfares. Bicycle paths are nowhere to be found on either road section. The increase in automobiles on both has the additional effect of slowing down tram traffic, making one of the main means of public transportation through these areas less effective and less desirable for residents to use.

Furthermore, there seems to be no one who can be held accountable for them. One month after Ulice za Bicikliste sent the letter to the EBRD regarding the health and safety concerns present at the Green Boulevard site, EBRD representatives responded, stating that they had requested from the City that the contractor take additional measures to ensure safety at the site, and received assurances that conditions would improve. They also promised to have environmental and safety consultants perform an audit of the construction before the next phase and to advise on how to address any outstanding issues. This is a much welcome course of action which may be able to reduce some of the worst effects of the construction phase. However, it comes far too late in the process to prevent the more overarching negative effects of the project, and it does little to actually hold anyone accountable for the problems that have arisen due to the project. The EBRD's Environmental and Social Policy lacks specific safeguards related to transport and urban roads sustainability. Urban road projects tend to be category B projects, which means

⁷⁰ EBRD, "COMPLAINTS: GrCF - Belgrade Green Boulevard, Eligibility Assessment Report," EBRD, 2018, <https://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>.

⁷¹ Jelena Mirković, "Višemesečni radovi, ulice bez trotoara, pešačenje postalo ekstremni sport," Danas, 2019, http://rs.n1info.com/Vesti/a552431/Probijeni-rokovi-u-27.-marta.html?fbclid=IwAR3MsoQAVP4EMOPeJnlfA29_KRi0XjpEst7Dm54mrIVZdGiviQfpV_OeVFA.

⁷² Pippa Gallop and Emily Gray, "A walk on the wild side," Bankwatch, 2019, <https://bankwatch.org/blog/a-walk-on-the-wild-side>.

that the EBRD has determined associated ‘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’.⁷³ Thus, it tends to be the case that the EBRD gives the responsibility for key elements of its performance requirements, such as stakeholder engagement, public consultation, and compliance with the complaint mechanism, to the local authorities. In practice, the stakeholders in these Belgrade cases found that this meant there was really no way to hold the city authorities or the EBRD accountable for any violations in the planning and implementation process. Local authorities retain responsibility, and local laws govern processes. In the case of Belgrade, this is a problem because the local system lacks the effective operation of key open government mechanisms (public information, consultation, participation, etc.), and thus there are no meaningful resolution options available when issues arise in such cases.

In such cases, the EBRD’s project complaint mechanism can really only be used to obtain some additional documents or to attempt to get the authorities to do something, but the grounds upon which this can be used are really slim, as shown above: ‘They are kind of closing this space for us as well’, Ksenija Radovanović, who contributed to one of the complaints for Slavija Square, says.

Both projects in Belgrade, from the standpoint of the EBRD, aimed to improve public transportation, but in fact the local authorities used these funds to improve infrastructure for automobiles – widening the roads, easing the flow of traffic, etc. Urban traffic contributes to air pollution in Belgrade. The issue of urban road projects being deemed category B projects is concerning when given the fact that the EBRD is funding a series of roads with construction and air pollution impacts. Thus, when taken all together, such roads do have great potential for larger scale environmental impacts in the construction and operational phases, particularly when it comes to air pollution.

Because it's also very connected [...] if you see it on the Belgrade city map they would say, ‘OK this is one project, this is second project, and this is some third project’, but they would look at all of these projects individually and maybe categorize them as Category B so we don't care about this project that they don't put much effort into listening to our side because it's like small infrastructure project. But then if you connect all of them together, it's a huge project for the city of Belgrade in total. Which is not being implemented in a way that we feel that it's making something good for the city. So it's... In both of those situations it is just putting more traffic on the streets.’⁷⁴

...if you take Slavija, if you take Green Boulevard, and several projects with the public transport then you you can have really a large impact on the environment. If it's not done by the book. But I think that actually those things should be also covered by EBRD regulations and PCM regulations. And right now we have a problem only if someone wants to build [a] highway through the city... But also these small projects will bring damage to the city. But you know, if the city, if someone from the city is smart enough he will just [...] divide it into several projects and we will have the damage but we will not have the opportunity to prevent it.’⁷⁵

⁷³ EBRD, “Environmental and Social Policy,” 2014, 3, 9. Only the following road projects are considered Category A projects: “Construction of motorways, express roads and lines for long-distance railway traffic; airports with a basic runway length of 2,100 metres or more; new roads of four or more lanes, or realignment and/or widening of existing roads to provide four or more lanes, where such new roads, or realigned and/or widened sections of road would be 10 km or more in a continuous length.” Note that the 2014 policy was relevant at the time of implementation of both projects. A new policy will be available from 2020 onwards; the definition of Category B projects remains the same.

⁷⁴ Ksenija Radovanović, Interview, 2019.

⁷⁵ Bukvić, interview.

Furthermore, it was clear that Belgrade city authorities in the case of Slavija Square had breached the Environmental and Social Policy's Performance Requirement 10, in failing to engage with stakeholders and maintain a constructive relationship with them, allow for engagement with affected communities, and appropriately address grievances from stakeholders. This had all happened on the EBRD's watch.

Why, then, did the EBRD decide to go ahead with financing further transport projects in Belgrade after the obvious failures on the part of the authorities in Slavija Square to respect basic principles of democratic inclusion? The EBRD has long standing engagement with the Belgrade city authorities and has learned, through projects such as the 2010 reconstruction of Gazela Bridge, that their behaviour is irresponsible.⁷⁶ This willingness to continue reengaging with the city officials raises a lot of questions about who is benefitting from these projects and casts serious doubt about its intentions.

Since the EBRD seems not to have learned its lesson, what will be next? The EBRD's involvement in Belgrade's urban road development is an example of continuous negligence of sustainable outcomes. Authorities are able to exploit holes in the Bank's safeguards and the Bank's lack of authority over smaller projects in order to ignore important principles, such as participatory governance and human safety and wellbeing. This is a particular problem in the case of urban roads because the continuity and accumulation of projects pose significant risks and can have large impacts, but they are not overseen as if they were a large project.

So, you know, we have the evidence [of] that kind of planning [in] the city and then that kind of [construction] works that damage the quality of life in the city. Why would EBRD finance something like that? You know, it's totally obvious. You know, it's not some green hidden agenda: this will happen, this [will] happen, and then this [will] happen, and in a hundred years, you know, people will suffer. No! People will suffer very soon. [...] There is scientific evidence.⁷⁷

I guess it should say something about the city of Belgrade's ability to implement projects means something for the future investments, but I'm not sure if it's working in that direction. To me it feels like [the EBRD] just don't care. I mean, that they care until the point they approve the money and then afterwards, like, they... It does not count for them. And then for us, we don't have any place to address our anger about it. And for Slavija Square, for example, there was no evaluation after they finished the whole project... Officially, they did not say it's better or it's worse. I mean, that would be also a huge question. If you are to invest this amount of money in infrastructural projects that are all close to the centre [...] For me it would be an important issue to see whether these projects are working or not.⁷⁸

The EBRD's financing for urban roads in Belgrade illustrates some of the key risks with the EBRD's framework for financing sustainable municipal infrastructure projects. Lack of adequate oversight of municipal infrastructure projects can have disastrous consequences on the health and wellbeing of citizens, neighbourhoods, and entire urban areas. Furthermore, it opens the doors for the serious mismanagement of the Bank's funds, irregularities in implementation, and the failure to provide solutions which limit air pollution, protect and enhance urban green areas, increase energy efficiency, and other environmental goals for urban spaces. The combination of the EBRD and local accountability measures leads to barriers to justice and remedy.

It is further concerning that the Green Boulevard is the trigger project for the city's Green Cities programme. If projects that are financed using this framework do not meet high standards for environmental and social sustainability, can they really be

⁷⁶ EBRD, "Belgrade Highway and Bypass Project. Project Summary Documents," EBRD, <https://www.ebrd.com/work-with-us/projects/psd/belgrade-highway-and-bypass-project.html>; Bankwatch, "Gazela Bridge rehabilitation, Belgrade, Serbia," Bankwatch, <https://bankwatch.org/project/gazela-bridge-rehabilitation-belgrade-serbia>.

⁷⁷ Bukvić, interview.

⁷⁸ Radovanović, interview.

considered green? Although all projects financed under this framework must meet certain green criteria, it is not clear on what basis this criteria is measured. Furthermore, as integrated urban development is a holistic process, it needs to be the case that these projects do more than just address a small set of quantitative environmental indicators.

In order to address the Bank's financing of such projects, it may not work to rely on its remediation mechanisms. The failure of all complaints made against urban road projects in Belgrade to achieve a resolution, even when well-founded in the Bank's own safeguards, shows that it will take a very special case for such a process to succeed. Instead, it will be necessary to push for new safeguards and policies to make the requirements for local authorities more stringent in municipal infrastructure cases or in the Green Cities initiative specifically. Demonstrating that this is a widespread, continuous, and cumulative problem that it needs to address is a first step.

4) Communities have been unsuccessful in most attempts to use IFI or local mechanisms to hold local authorities accountable for alleged violations of the law and key democratic principles.

When local authorities breach IFI safeguards or national law in the implementation of a project, it is necessary that they be held accountable – whether by the IFI's mechanism or judicial mechanisms – or future funding should be conditioned upon meaningful reforms. In the case of municipal infrastructure projects, our research finds that local authorities are often the only ones that can be held accountable for legal violations. From the perspective of the public and in the actual implementation of municipal projects, IFIs like the EBRD take a backseat or are more or less eclipsed once the loan has been released to these authorities.

This is problematic, because even though the responsibility rests with the local authorities, in very few cases were our respondents or other citizen groups able to actually influence compliance with the terms of loans, IFI safeguards, local law, or national and European Union law. To public knowledge, none of the 10 complaints made to the EBRD or EIB against the projects in the database was successful (see Case Study 3 for an example).

Our respondents claimed that local authorities can violate project procedures for which there is no real way to be held accountable, because there is no national law on the topic or the judicial systems in their countries lack independence (Belgrade Solid Waste, Mariupol Public Transportation). They alleged that clients can easily design a project to be just shy of the necessary capacity so that they do not need to complete an EIA (Banja Luka District Heating). They frequently protect themselves by failing to provide full information: in the case of Banja Luka District heating, there is no transparency over the way the loan is being spent, which has resulted in allegations that the company has seriously mismanaged the loan and speculations that it cannot pay it back. Some projects are held up for months (Energy Efficient Refurbishment of Zenica Hospital) and in some cases years (Montenegro Water and Sanitation), and the public is usually not well-informed of the reason for the delay of the project.

In only two cases were local actors held accountable for their actions. In the case of Banja Luka District Heating, clients successfully sued the heating company for delivering heat and charging them for it after customers refused to sign a contract for such services – the case made it all the way to the Constitutional Court of Republika Srpska.⁷⁹ At the same time, the EBRD considered that 'the introduction of a new tariff system' is one of the signs of a positive transition impact and good governance. In Belgrade, authorities revoked the acceptance of a scoping document of the EIA for Belgrade Solid Waste PPP that CSOs pointed out had been illegally accepted before legalizing the relevant urban planning documents.

⁷⁹ "Ustavni sud: Neustavno tjeranje građana da kupe ono što ne žele! Šta dalje?," Gerila, 2019, https://www.gerila.info/naslovna/ustavni-sud-neustavno-tjeranje-gradjana-da-kupe-ono-sto-ne-zele-sta-dalje/?fbclid=IwAR2Qbj1f6WkwnXx11yL7ql83Fa2KppSukVeyES_plo2-eiDQQOcl85wxFrE.

If IFIs continue to finance local authorities who blatantly defy safeguards and standards, for example with regards to transparency and stakeholder engagement, they risk that their funds will be misused by local authorities— the record thus far shows there is no way to prevent them from doing so.

Moreover, by failing to ensure transparent and democratic planning and implementation in municipal infrastructure projects, the banks introduce significant risks that threaten their ultimate sustainability goals. Local authorities often conduct project planning and implementation in undemocratic ways, and citizens do not have any reliable accountability mechanism to turn to. This is particularly exacerbated in PPP projects with private sector clients like the Belgrade Waste PPP, where the local authorities are responsible for preparing and monitoring the projects and implementing measures like the Resettlement Action Plan, but the banks have even less leverage over them than when they are direct clients.

Section IV: Recommendations

IFIs have much work to do before their sustainable investments can be truly counted as such. This is a pressing need, due to the increasing demand for better quality municipal services, crucial for upholding human rights, and the importance of municipal development for climate change goals. We recommend the following to Bankwatch, IFIs, local authorities, and CSOs to ensure truly sustainable municipal development.

Recommendations for Bankwatch

1. *Develop a specific policy stance on municipal development and consider ways to develop internal capacity*, such as a dedicated staff person or research programme, to follow this issue. Bankwatch could develop a dedicated municipal infrastructure campaign, but could also find ways to more intentionally incorporate case work and research on municipal infrastructure into its other streams of work—such as community-based economies and fossil fuels.
2. *Build upon its current strengths and expertise (advocacy, investigation, research, publications, expert advice, facilitation) to develop a network policy and/or campaign strategy in this field*. In addition to these being the needs of the survey respondents, it would be wise to capitalize on our strengths.
3. *Increase and expand its networking in this area*. Although respondents were knowledgeable about projects they had personal experience with, many did not consider themselves to be very involved in the sector more generally. Bankwatch's potential expansion into this field should continue with more intentional networking, both at the international and local level, in order to develop the right community of interested partners and informants.
4. *Proceed immediately with casework, as funding and staff capacity allows*. This report demonstrates that there are already a few cases worth investigating. One to start with is Banja Luka District Heating, where there is already a plethora of online sources, a constitutional court case, a dismissed EBRD complaint, and stakeholders who are willing to work on the case. Such a publication could serve to highlight the issues with a project which has been widely promoted by the EBRD and serve as a caution for other municipalities.
5. *Monitor the GCAP process and facilitate information sharing and exchange between the relevant groups, the EBRD, and the consultants*. Bankwatch should inform the CSO Unit of the EBRD about the uneven participation of citizens in these processes in contradiction of its methodology, and request that the initiative provide more serious public information on its website. Bankwatch should also work to connect citizens to information about the process to avoid any further neglect of their voices in the GCAP development processes.
6. *Consider how it can support in filling the current gaps in the CSOs capacities*. This includes connecting new and interested organizations to support for working with the banks' complaint mechanisms; connecting organizations to legal expertise (seeking out additional pro bono legal aid for environmental cases, working with existing or supporting new environmental clinics at law schools); and facilitating learning among involved groups (such as a Green Cities 'shadow' network of CSOs).

Recommendations for the EBRD and EIB

1. *Invest in policy dialogue and capacity building for MEI clients* with regards to transparency, public participation, grievance handling and redress. IFIs should lead by example and should start disclosing more project information themselves, create dedicated platforms and portals for disclosure and sharing of good practice. They should invest in technical cooperation for areas of compliance risk or high public concern, for example regarding inclusion of vulnerable and marginalised groups, gender mainstreaming, affordability, social innovation.
2. *Enforce more detailed conditions at both the project and planning level to ensure public participation and sustainable outcomes.* To prevent the misuse of IFI funds, do not take for granted that clients are truly committed to sustainability and public participation. Put more detailed requirements in place for city authorities and project promoters regarding public consultation and information, especially for projects which do not require a full EIA and for GCAPs.

Consider developing and integrating detailed guidance notes, terms of references for consultants, as well as mandatory indicators for meaningful public participation which may be applied to different projects (i.e., the number and profile of people participating, number of people informed via different channels, involvement of marginalised groups, involved stakeholders receive feedback on their comments; well-argued comments are taken into account and bring significant changes to the documents being developed, etc.).

3. *Improve monitoring and oversight of MEI projects to ensure public participation, quality implementation and sustainable outcomes, and to reduce the risks of misuse or non-compliance.* Explore opportunities for community-based or participatory monitoring within projects and introduce this approach at every stage of the project cycle. If necessary, withhold funding for cities that fail to comply with policy requirements and carry out meaningful public consultations or to take public inputs into account on projects (including those that do not require an EIA) and/or Green City Action Plans. If local authorities breach standards or do not cooperate with accountability mechanisms, future funding should be conditional on adequate efforts to address these issues.
4. *Ensure that projects in municipalities contribute to integrated urban planning and the sustainable transformation of municipal spaces.* Make sure that investments are not made on an ad hoc basis, but that they are instead part of a drive towards integrated development of the city that addresses all stakeholders and multiple different aspects of urban life simultaneously. Cooperate with other IFIs operating in the same city to integrate (or unify, based on the most progressive approaches) requirements for strategic urban planning and reduce the burden on municipalities, and ensure coherence between plans and projects. Explore opportunities for community-based or participatory monitoring within projects and introduce this approach at every stage of the project cycle.
5. *Finance only sustainable infrastructure solutions.* Ensure that updates to bank environmental and social policies include requirements for sustainability on all aspects of urban infrastructure in line with EU legislation and policies, such as the EU Taxonomy for Sustainable Finance.
6. *Make a stronger commitment to human rights in your municipal infrastructure operations.* Include in all municipal infrastructure and Green Cities operations an explicit commitment to respect all human rights, including civic, gender, labour, economic, cultural, environmental and social rights. Undertake transparent and participatory human rights impact assessments of the project before and after approval, and include the findings and monitor their evolution through a review of the projects.

7. *We recommend the EBRD take specific steps related to its programming:* Update the Bank's Green Economy Transition criteria to ensure that only truly sustainable projects are financed, for example using the EU Taxonomy. Make the Green Cities website a location for actual information disclosure about the GCAPs and Green Cities' financed projects rather than a marketing site for the initiative with some information about the GCAPs, and disclose more information on a more regular basis about the GCAP development processes.

Recommendations for Municipal Authorities

1. *Improve information sharing.* Publish complete, detailed information about projects in easy to access locations (online and hard copy, in formats accessible to all community members as regards language and disabilities) and ensure that it contains both easy-to-understand summaries of important information, for the average community member, as well as technical details. Establish effective mechanisms that facilitate the share of information, particularly between affected communities and authorities. Communicate service changes to the public up front, and clearly provide a choice of services based on full information of costs associated. This work should be done before a project starts, by enhancing public involvement in urban planning and decision-making. When you make a mistake, admit it and show the public clearly how it will be fixed.
2. *Include the public in a meaningful way in the planning and implementation of projects.* In general, make use of the public's expertise and experiences at the very early stages of planning. Instead of seeing CSOs and the public as a disturbance, look at their potential to help improve the city's priorities and individual projects. Carry out public consultations for infrastructure plans and projects even when there is no formal legal requirement for it. Do not hold public consultations during holiday periods or working hours when many people cannot attend. Hold them at a venue that is accessible for the affected people. Advertise public consultations in a way that will ensure the affected people will be aware of them: do not expect that people will read small ads in obscure publications or notifications on websites - put up posters near the project site. Open meetings are an important tool for consultations, but smaller meetings or surveys with affected groups also need to be carried out. Whether in written communication or at public events, give concrete answers, which include concrete data where possible, to questions from the public. Following consultations, show - with conviction, not just as a tick-box exercise - how you have taken public comments into consideration.
3. *Pursue urban planning that is genuinely integrated.* Think holistically about the development of the city where you work and develop urban planning, and strategic urban planning documents, accordingly. Fewer high quality documents that provide a guide for the integrated development of your municipality are more important than numerous documents that are never used. Consider developing structures in your municipality that would transform the way planning happens, and seek to incorporate existing organisations who are working on the topic into your plans. This could include innovation labs, citizen working groups, alternative citizen 'ministries', etc. View the GCAP as an opportunity not just to get funding, but as a way to contribute to high quality planning, and ensure that citizen voices are included in the process to enhance joint ownership of the process as well as the relevance of the plan for addressing real problems faced by the community.
4. *Hold stricter standards for your partners.* Uphold strict standard for investors, construction companies, and consultants, as well as local authorities themselves, and strengthen local accountability mechanisms. Demand that international financial institutions have human rights policies and monitor their implementation.

Recommendations for CSOs

1. *Keep participating in public consultations and both formal and independent monitoring and evaluation related to IFI-funded projects.* In cases where city authorities do not take comments made during public consultation into account, detailed information will still be needed to convey the issues to IFIs—they will want to see that CSOs have really tried to solve their issues at the local level. Both formal and independent monitoring of projects can contribute to evidence at many levels of accountability, and your work is essential here. In formal processes, support the inclusion of members from your community. Relationships with bank employees, consultants, and other involved parties can be helpful in ensuring that your voice is heard.
2. *When communicating problems about IFI-financed projects, be as concrete as possible.* Try to make reference to specific IFI policies, and feel free to consult Bankwatch for advice about this.
3. *Communicating directly with the public can be an important tool for generating broader interest and involvement,* especially in cases where projects will impact the daily lives of specific communities. Consider how to generate this interest and play the role that the local authorities should play in terms of providing access to information and advertising public consultations.
4. *Seek to make connections with other CSOs, those within your municipality and outside of it, to enhance collaborative efforts, as well as share information, strategies and tactics.* Especially important is cooperation with those outside of the specific field in which you work— individuals from CSOs operating in other sectors, as well as private individuals (including academics and legal professionals) can help fill gaps in skills and knowledge and contribute to a well-rounded set of expertise in analysing and addressing problems in municipal infrastructure.