

Client: European Bank for Reconstruction and Development

Project: Karlovac District Heating Project

Document: Stakeholder Engagement Plan ("SEP")

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Table of Contents

1. INTRODUCTION	4
A. Description and Context of the Project	4
B. Objectives and Scope of the Stakeholder Engagement Plan	4
2. REGULATORY REQUIREMENTS FOR STAKEHOLDER ENGAGEMENT	5
National Legislation Requirements	5
EBRD Requirements	5
European Union/EU Commission policy	5
3. PREVIOUS STAKEHOLDER ENGAGEMENT	6
4. STAKEHOLDER ENGAGEMENT PROGRAM	6
A. Introduction	6
B. Responsibility for SEP Implementation	6
C. Available Communication Tools and Resources	6
D. Planned Information and Communication Arrangements	7
E. Identified Stakeholders and Specific Communication Requirements	8
5. GRIEVANCE MANAGEMENT	12
6. MONITORING AND REPORTING	14
7. APPENDICES	15

List of Abbreviations

DH	District heating
EBRD	European Bank for Reconstruction and Development
EU	European Union
GBVH	Gender-based violence and harassment
GT	“Gradska toplana” (DH company in Karlovac)
PIU	Project Implementation Unit
SEP	Stakeholder Engagement Plan

1. INTRODUCTION

A. Description and Context of the Project

The European Bank for Reconstruction and Development (“EBRD”) is considering providing a loan to Gradska toplana d.o.o. Karlovac (the “Company” or “GT”), a municipal company providing district heating (“DH”) services in the City of Karlovac (the “City”). The loan will support major investment in reconstruction of DH infrastructure in Karlovac (the “Project”), involving the replacement of 73% of hot water pipes and shafts, equipment on the transmission part of thermal substations, modernisation of pumping plant and chemical water treatment plant, and implementation of a SCADA (Supervisory Control and Data Acquisition) system.

The Project is the largest investment project since the establishment of the Company and the DH system in the City of Karlovac. Distribution heat losses are expected to drop by more than half after Project implementation. The entire Project value is approx. EUR 17.8 mil, of which approx. EUR 13.7 mil are EU-funded (the Project was approved by the Central Finance and Contracting Agency, and a contract was signed with the Ministry of Regional Development and EU Funds in March 2021). Additionally, an EUR 1.3 mil grant was received from the Ministry in December 2021. For the remaining amount, a mandate letter was signed with EBRD in August 2021. The Project has already received the green light by national and European Union (“EU”) authorities. It will be financed as a part of EBRD Green Cities and contribute to Green Economy Transition.

The Project will be implemented over a two-year period (2022-2023, i.e., by 31 December 2023). GT will be the Project implementor with the support of the City of Karlovac as the owner of GT. It will establish a Project Implementation Unit (PIU). It has conducted a public procurement procedure and selected three external contractors for:

- Communication with stakeholders and visibility of the Project (contract signed with Mediahint d.o.o.)
- Project management (contract signed with BIM Projekt d.o.o.)
- Supervision of construction works (contract signed with Ekenerg Institut d.o.o.)

B. Objectives and Scope of the Stakeholder Engagement Plan

This Stakeholder Engagement Plan (SEP) was developed in order to clearly communicate to all interested and affected parties the stakeholder engagement program which is to be implemented throughout the entire Project cycle.

The objective of this SEP is to improve and facilitate Project-related decision-making and create opportunities for active involvement of all stakeholders in a timely manner, and to provide possibilities for all stakeholders to voice their opinions and concerns that may influence Project decisions. The purpose of the SEP is, therefore, to enhance stakeholder engagement throughout the life cycle of the Project, and to carry out stakeholder engagement in line with the laws of Republic of Croatia, as well as the requirements of EBRD.

This SEP will be updated by GT as necessary.

2. REGULATORY REQUIREMENTS FOR STAKEHOLDER ENGAGEMENT

National Legislation Requirements

As a public company, under the requirements specified in the *Law on the Right to Access Information in Republic of Croatia*¹, the Company needs to make publicly available pertinent information regarding all projects of public interest, i.e., to provide access to information to all stakeholders. This Law regulates citizens' right of access to information possessed, used or controlled by public bodies, sets out the principles and exceptions to these rights, and the procedures for their achievement and protection. The Law is aligned with relevant EU Directives².

There are no other local legislation requirements on stakeholder engagement comparable with EBRD requirements elaborated below.

EBRD Requirements

In its EBRD's Environmental and Social Policy 2019, EBRD has defined a comprehensive set of specific Performance Requirements that projects are expected to meet. Performance Requirement 10 (Information Disclosure and Stakeholder Engagement) emphasises the importance of an open and transparent engagement between the client, its workers, worker representatives, local communities and persons affected by the project and, where appropriate, other project stakeholders as an essential element of good international practice and corporate citizenship.

Stakeholder engagement is an inclusive and on-going process which is most effective when initiated at an early stage of the project and is an integral part of the assessment, management and monitoring of environmental and social risks and impacts of the project. It must involve stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, meaningful consultation, implementation of a grievance mechanism, and ongoing reporting to relevant stakeholders.

European Union/EU Commission policy

Tranche A is 70% co-funded by the EU (ESIF - European Structural Investment Fund), and 10 % by the State Budget. For this reason, guidelines for informing public/stakeholders and mandatory project visibility will be done in accordance with the relevant EU Guidelines on communication and visibility in EU financed External Actions.

The Level 2 Implementing Body (PT2-CFCA Central Financing and Contracting Agency) is obliged to monitor the implementation of the Communication Plan and to intervene if deemed necessary.

¹ Official Gazette of RH, No. 25/13, 85/15

² Directive 2003/98/EC of the European Parliament and of the Council of 17 November 2003 on the re-use of public sector information; Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents; and Directive 2013/37/EU of the European Parliament and of the Council of 26 June 2013 amending Directive 2003/98/EC on the re-use of public sector information

3. PREVIOUS STAKEHOLDER ENGAGEMENT

The first round of Project information disclosure was carried out in 2021. In the period October-December 2021, Project information was intensively publicised through local media (articles in print and online media, as well as radio and TV broadcasts). In December 2021, the Company organised a public presentation of the Project for all interested stakeholders. Project activities, objectives and implementation arrangements were presented by GT representatives, the City Mayor and the representatives of the Ministry of Regional Development and EU Funds. 35 participants attended the presentation. The presentation was widely publicised in the local media. The second round of Project information disclosure was carried out in 2022. In the period January-March 2022, Project information was publicised again through local media. In March 2022, the Company organised a press conference.

4. STAKEHOLDER ENGAGEMENT PROGRAM

A. Introduction

In order to adequately respond to the needs of different groups, communication and information channels have been designed for all identified stakeholders in accordance with their needs. The Company recognises that meaningful and timely engagement with stakeholders can enable the success of the Project. The engagement process will be used to obtain comments and suggestions for the development of the Project, which may enhance the Project design and lead to extended local benefits.

Project stakeholders have been identified to address the different consultation requirements. Stakeholders include persons or groups that are:

- directly and/or indirectly affected by the Project;
- have certain interests in the Project and its activities;
- have the ability to affect the Project itself and its final outcome.

Any stakeholders that are not identified at this stage of the Project may directly contact the Company to make themselves and their needs known to facilitate the effective implementation of the SEP.

B. Responsibility for SEP Implementation

A Project Implementation Unit (PIU) for this Project will be established by GT and will be responsible for Project implementation, including the implementation of this SEP. A responsible person from the PIU will be appointed for implementation of this SEP during the entire Project cycle, and in charge of communicating with the communities (please see contact information in Chapter 5 of this SEP).

In addition, contractors to be selected for (re)construction works will also be required to implement the relevant grievance mechanism provisions of this SEP (see Chapter 5 for more details).

C. Available Communication Tools and Resources

The Company utilises the following channels of stakeholder engagement, communication, and information disclosure:

- Publishing information on its official **website** (www.gradska-toplana.hr), which contains relevant contact information, news releases, daily service information on heating services and contact forms for submitting questions or grievances;

- GT's official Facebook page (<https://www.facebook.com/Gradska-toplana-doo-Karlovac-1699348336993229>);
- **Free phone line** available for citizens to report emergency interventions which is listed on each invoice issued to customers;
- **Company's headquarters** where citizens can get information about any planned repairs, pay bills and submit grievances;
- Responding to **telephone, mail or e-mail** inquiries and grievances (assigned
- Publishing information related to the repairs of heating network and any delays in the supply of thermal energy through **local radio and TV stations** and in **local daily newspapers**.

The Company also regularly communicates with the City Administration and Local Community Offices, and provides relevant information in case of delays in the supply of thermal energy and planned reconstruction works. GT also has an 'access to information officer' who responds to inquiries submitted by the media and other stakeholders, including consumers.

D. Planned Information and Communication Arrangements

GT's Communication Strategy

For the purposes of promoting the planned activities for hot water network revitalisation, the Company developed a Communication Strategy with a Communication Plan in cooperation with its selected contractor for communication with stakeholders and visibility of the Project (Mediahint d.o.o.). The aim of the Strategy is to "raise awareness on Project significance among target groups".

The Strategy foresees the implementation of the following promotional activities which will be conducted until re(construction) activities are completed:

- informing the public through local and national media (radio, TV, newspapers) and internet,
- informing the public through promotional materials (posters, leaflets, billboards placed throughout the city, info-panels /posters placed on construction sites), and
- organising public events.

Documents to be Disclosed

The Company intends to disclose the following documents:

- this Stakeholder Engagement Plan (SEP);
- the Public Grievance Form (Appendix 1);
- the Non-technical Summary of the Project; And
- promotional materials about the Project (containing a description of planned Project activities and the available community grievance mechanism with grievance contact numbers), particularly info-panels at construction sites and posters posted throughout the city.

The documents will be publicly available in Croatian and English language both in electronic and printed forms at:

	Website	Address
The Company	www.gradska-toplana.hr	Tina Ujevića 7, 47000 Karlovac
City of Karlovac	www.karlovac.hr	Banjavčičeva 9, 47000 Karlovac
EBRD office in Zagreb	www.ebrd.com	Miramarska 23, 10000 Zagreb

Planned Public Consultations

After the disclosure of the documents listed above, PIU will schedule and hold public consultation meetings in 5 city districts (Banija, Rakovac, Novi Centar, Lužčić and Grabrik) to present the Project documents and activities as well as to receive feedback from local stakeholders. The PIU will inform all stakeholders about the exact date, time and venue where the meeting will be held, at least 7 days in advance (but preferably 2 weeks) to allow sufficient time for public review of documents through the following channels:

- the official website of the Company and the City,
- billboards, posters and leaflets,
- local radio and TV stations,
- local newspapers in Karlovac.

Participants will be able to present their opinions and remarks with regard to the Project, as well as suggest possible solutions to the issues raised. The conclusions of the meetings will be agreed during the meetings and recorded. All justified comments and proposals will be considered and appropriately addressed.

In addition, individual consultation meetings for specific issues may be organised at the initiative of the PIU or by any stakeholder groups/individuals. The public will be informed in advance of such opportunity through promotional documents that will contain information about grievance/inquiry contacts.

Covid-19 Considerations

As defined in the Stakeholder Engagement Briefing Note published by the EBRD in April 2020³, projects that are financed by the EBRD need to take into consideration mandatory national restrictions and social distancing measures associated with COVID-19 and develop alternative plans for information disclosure and stakeholder engagement.

Accordingly, the Project has included alternative engagement methods in this SEP by taking into account availability of access to online services and ensuring access to vulnerable groups. The engagement methods are added in Table 1 below.

E. Identified Stakeholders and Specific Communication Requirements

A list of identified stakeholders and specific communication requirements are provided in Table 1 below.

Suggestions for improvement of proposed communication methods are welcome, and can be sent to the contact person whose details are provided in Chapter 5 of this SEP.

Table 1: Stakeholder Analysis and Communication Requirements

Identified stakeholder	Specific issues or interests	Communication and engagement methods	Information to be disclosed	Timeframe	Responsibility
Local residents and businesses in the Project area	Construction and maintenance activities that may cause disturbances to the local population (noise, dust, access restrictions) Reliability of thermal energy	• Public consultation meetings • Media/press releases • GT's website and social media channels • Info- panels placed on the reconstruction sites • Billboards	• Information on the extent, timing and duration of planned works and any expected disruptions and inconveniences • Timely information on any expected interruptions	• During pre-construction, construction and operational phases, at least two weeks prior to the start of any construction or	PIU

³ Source: <https://www.ebrd.com/documents/environment/ebrd-covid19-briefing-note-stakeholder-engagement.pdf?blobnocache=true>

Identified stakeholder	Specific issues or interests	Communication and engagement methods	Information to be disclosed	Timeframe	Responsibility
	supply during the operation phase	• Leaflets • Community grievance mechanism (posted on reconstruction sites)	• in thermal energy supply (and the expected duration of such interruptions) during the operation phase • SEP, NTS and Public Grievance Form	maintenance works	
Vulnerable categories of Karlovac residents (disabled people, people with reduced mobility, pedestrians, cyclists, the elderly and children)	Specific safety and access issues for vulnerable categories	• Separate meetings with representatives of residents living in three large residential buildings in the vicinity of planned reconstruction works area to identify needs of vulnerable groups such as the elderly or disabled • Communication with cyclist club in Karlovac to discuss any major cycling events which are planned in the city and ask the club to notify its members of Project activities • Official notification to principals of school in the urban zone of Karlovac about Project works and a request to inform the children about safety aspects • Visits to schools located in the urban zone of Karlovac to present the safety aspects of the Project	• Information on traffic arrangements and safety issues during construction/ maintenance • Information on the extent, timing and duration of planned works and any expected disruptions and inconveniences	• During pre-construction, construction and operational phases, at least two weeks prior to the start of any construction or maintenance works	PIU
Priests and visitors of the parish church of the Holy Trinity with a Franciscan monastery	Construction activities that may cause access restrictions to the church due to its proximity to the planned	• Direct communication with the church through an individual meeting (face-to-face or telephone)	• Information on the extent, timing and duration of planned works to church visitors	• During pre-construction and construction phases	PIU

Identified stakeholder	Specific issues or interests	Communication and engagement methods	Information to be disclosed	Timeframe	Responsibility
	pipeline reconstruction works, as well as health and safety concerns due to noise or dust during construction	- Info- panels placed on the reconstruction sites - Poster on church entrance - Grievance mechanism	SEP, NTS and Public Grievance Form		
Vulnerable households which may be affected by tariff increases (elderly and single women headed households, poor households)	Implementation of the Project will increase the heating costs	- Information sent by mail alongside monthly bills (including information on grievance mechanism) - Public consultation meetings, and separate meetings/visits if deemed necessary - Grievance mechanism - Surveys - Media/press releases - City and GT's website and social media channels - Radio and TV channels	- How tariffs are determined - Information regarding any planned tariff changes - Information about subsidy programs (program conditions, program beneficiaries, contact points for information about the programs)	Before any increases in tariffs	PIU
Interested non-governmental organisations (NGOs) Note: No interested NGOs have been identified during the development of this SEP but any organisations interested in the Project can send their contact details to the PIU to be included as a stakeholder and notified directly about Project events	Protection of environment and human health Community health and safety	- Public consultation meetings - Media/press releases - GT's website and social media channels - Info- panels placed on the reconstruction sites - Billboards - Leaflets	- Information on Project impacts and defined measures to mitigate any adverse impacts - SEP, NTS and Public Grievance Form	During pre-construction, construction and operational phases	PIU
Relevant national and local government authorities, including: - the Ministry of Economy and Sustainable Development - Croatian Water - Ministry of Physical Planning, Construction and State Assets	Issuing permits, consents and opinions in accordance with national legislation, control of compliance with national legislation Controlling the project implementation for all the aspects, such as:	- Official communication channels - Consultations with relevant government authorities concerning Project activities in the framework of permitting procedures - Reporting and monitoring based on national	Information on Project activities, permitting requirements, other national legislation requirements, monitoring/audit reports, Project Management Plan, Project Communication Strategy, other relevant information	During pre-construction, construction and operational phases	PIU

Identified stakeholder	Specific issues or interests	Communication and engagement methods	Information to be disclosed	Timeframe	Responsibility
• Croatian Energy Regulatory Agency • Ministry of Labour, Pension System, Family and Social Policy • Cultural heritage authorities • Inspection authorities • Ministry of Regional development and EU Funds (MRDEUF) • Central Agency for Financing and Contracting (CAFC) • ITI Office City of Karlovac (Local Government)	financial arrangements and eligibility of expenses procured; quality of works; environmental and heritage protection, and project communication strategy and project visibility.	• legislation requirements • Risk mitigation based on Project Management Plan and Communication Strategy / stakeholder engagement			
GT employees	Involvement in Project planning and implementation, workers' rights and working conditions	• The Company's internal communication channels • Workers' grievance mechanism	Providing information about the planned Project activities, information on workers' grievance mechanism and HR policies	During pre-construction, construction and operational phases	PIU, GT's HR Manager, GT's officer for safeguarding workers' dignity
Contractors or subcontractors for construction, monitoring and supervision of works, and their employees	Health and safety as well as working conditions during construction	• Information through tender procedure and contracts • Communication via supervising engineers • Toolbox talks at construction sites on health and safety topics • Monthly reports on progress of works to be submitted by contractors during construction works • Trainings and inductions before mobilisation • Workers' grievance mechanism	Provision of Project code of conduct (including gender-based violence and harassment) and work safety and health regulations, environmental protection requirements, information on workers' grievance mechanism	During pre-construction and construction	PIU

5. GRIEVANCE MANAGEMENT

The **PIU will establish a Project-specific Grievance Registry** and will inform all stakeholders of the grievance mechanism by communicating the availability of this registry, its function, the contact persons, and the procedures for submitting a complaint in the affected areas. The **Project Grievance Form (Appendix 1) is part of the Project's disclosure package.**

Any **comments or concerns can be brought to the attention of PIU** verbally (personally or by telephone) or in writing by filling in the Project Grievance Form (by personal delivery, post, fax or e-mail to the address/number given below), without any costs incurred to the complainant. Grievances may also be submitted anonymously or without the use of the form if preferred.

Once construction starts, the **Project Grievance Form may also be submitted directly to the Contractor** for construction works, which will forward any such received grievances/comments to PIU without delay to allow GT to further process the grievance/comment (i.e., record, acknowledge and respond to the grievance in the timeframes defined below). The Contractor is obliged to hand out the form, explain the grievance mechanism to the concerned citizen(s) and forward the filled-in form to the Company. **A leaflet concerning the grievance mechanism will be hung on the info-board of reconstruction sites to be publicly available at all times.**

All grievances will be recorded by the PIU in the Grievance Registry and assigned a number, and **acknowledged within 5 calendar days**. The Registry will have all necessary elements to disaggregate the grievance by gender of the person logging it as well as by type of grievance. Each grievance will be recorded in the registry with the following information:

- description of grievance,
- date of receipt of grievance and when acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures, preventive measures), and
- date of resolution and closure / provision of feedback to the complainant.

If the grievance/complaint is vague and not clear enough, the PIU will assist and provide counsel in formulating/redrafting the submission, in order for the grievance/complaint to become clear, for purposes of an informed decision by the PIU, in the best interests of persons affected by the Project.

The PIU will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If the PIU is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The **complainant will be informed about the proposed corrective action and follow-up of corrective action within 14 calendar days** upon the acknowledgement of grievance. Preventive actions will be identified and implemented with the aim of preventing recurrence of the same issue in the future; these will also be communicated to the complainant. During the process of informing the complainant of the proposed action, the PIU will validate complainant satisfaction through providing a grievance close-out form for the resolved grievance to be signed by the complainant and GT to attest to their mutual satisfaction. GT will make reasonable efforts to follow-up with the complainant to verify successful implementation of the action.

If the PIU is not able to address the particular issue raised through the grievance mechanism or if action is not required, it will provide a detailed explanation/ justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organisation that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. The further level of complaint resolution (outside PIU competence) and depending on the issue would be:

- the ITI Office City of Karlovac;
- the State Inspection Office;

- the Ministry of Economy (Department of Labour);
- the Ministry of Environmental Protection;
- the State Institute for Cultural Heritage Protection;
- the Government Agency for Gender Equality;
- the Chamber of Commerce (Mediation Office) for business disputes.

For any grievances related to **gender-based violence and harassment**, the PIU will also involve in grievance resolution GT's officer for safeguarding workers' dignity (as well as the contractor's officer for safeguarding workers' dignity if applicable). Information about such grievances will be kept strictly confidential, and will be dealt with appropriately and safely.

At all times, complainants may seek other legal remedies in accordance with the legal framework of Republic of Croatia, including formal judicial appeal.

A separate grievance mechanism is available for workers.

Contact information for enquiries and grievances:

*Gradska toplana d.o.o. Karlovac
Attn: Sanja Felić, PIU/Project Coordinator
Address: Tina Ujevića 7, 47000 Karlovac
Tel.: 047/411-166*

E-mail: sanja.felic@gradska-toplana.hr, info@gradska-toplana.hr

6. MONITORING AND REPORTING

The results of the stakeholder engagement process will be included in **Monitoring Reports to be prepared by the PIU and publicised on the Company's website**. The first report will be produced six months after the beginning of the Project, and will continue on a six-month basis during construction works and on an annual basis during maintenance/operation.

The reports will include the following information:

- Place and time of held consultation meetings and other types of engagement activities, with information on the number of participants, with sex-aggregated data on participants;
- Issues and concerns raised during consultation meetings (with sex-aggregated data on stakeholders who raised the concerns) and information on how the issues raised were taken into consideration by the PIU;
- Number and types of grievances (with sex-aggregated data on complainants, if known) raised in the reporting period, with indication of opened, resolved and closed grievances and whether they have been closed out within the timeframes stated in the grievance mechanism.

These reports will also be sent to EBRD. In addition, the PIU will submit Annual Environmental and Social Reports to EBRD summarising environmental and social impacts, health and safety performance, disclosure and consultation performance and implementation of the external grievance mechanism.

The PIU will be responsible for monitoring of all Project related stakeholder engagement activities, ensuring the fulfilment and updating of this SEP, and reporting to EBRD.

7. APPENDICES

Appendix 1: Public Grievance Form

Reference Number	
Full name (optional) - I wish to raise my grievance anonymously. - I request that you do not disclose my identity without my consent.	
Contact information Please mark how you wish to be contacted (mail, telephone, e-mail).	By Post: Please provide mailing address: _____ _____ By Telephone: _____ By E-mail _____
Preferred language of communication	- Croatian - Other _____
Description of Incident for Grievance	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of Incident / Grievance	
	- One-time incident/grievance (date _____) - Happened more than once (how many times? _____) - On-going (currently experiencing problem)
What would you like to see happen?	

Signature: _____

Date: _____

Please return this form to:
Gradska toplana d.o.o. Karlovac
Attn: Sanja Felić, PIU/Project Coordinator
Address: Tina Ujevića 7, 47000 Karlovac
Tel: 047/411-166
E-mail: sanja.felic@gradska-toplana.hr, info@gradska-toplana.hr