

OCTOBER 2026

Assessment Report

Regarding Morava Corridor Motorway – 06 in Serbia

MIGA Project number: 14629

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner, enhance environmental and social project outcomes, and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see <http://www.cao-ombudsman.org/about-us>.



List of Acronyms

CAO	Office of the Compliance Advisor Ombudsman
CoS	Corridors of Serbia
IAM	Independent Accountability Mechanism
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
PS	Performance Standard
RAP	Resettlement Action Plan

1 Executive Summary

On March 11, 2026, a complaint was submitted to CAO by a community member whose land was expropriated in connection with the Morava Corridor Motorway project in Serbia. The complaint raised concerns related to (1) the methodology used to value and compensate the complainant's land, including its classification and the application of inflation, and (2) the responsiveness of the company's and MIGA's engagement with concerns first raised in 2023. During CAO's assessment, summarized in this report, the parties did not reach an agreement to engage in a CAO-facilitated dialogue process. In line with the CAO Policy, the complaint has been transferred to CAO's Compliance function.

CAO's assessment process does not entail a judgment on the merits of the complaint; rather, its purpose is to understand the parties' perspectives and to enable the parties to make informed decisions on how to address the issues raised.

2 Background

2.1 The Complaint

On March 11, 2026, CAO received a complaint from a community member (referred to as "the complainant") whose land, located in Cadastral Municipality Novo Selo, Serbia, was expropriated in connection with the project.

The complainant raised concerns regarding the methodology used to value and compensate her land, alleging that the compensation offered did not reflect the land's classification as construction land or account for six years of inflation since the land's expropriation, and claimed that this was inconsistent with Performance Standard (PS) 5 and the project's Resettlement Action Plan (RAP). The complainant also raised concerns regarding the company's and MIGA's responsiveness to these concerns, which she stated had first been raised in 2023. The complainant noted that the valuation of her land was also the subject of ongoing domestic court proceedings at the time the complaint was submitted.

CAO found the complaint eligible on May 26, 2026, and began its assessment process.

2.2 The Project

On March 15, 2022, the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, signed a contract of guarantee for approximately EUR 411.4 million (c. US\$451.8 million),¹ providing Non-Honoring of a Sovereign Financial Obligation (NHSFO) coverage to a group of commercial bank lenders acting through J.P. Morgan SE as the agent, for their non-shareholder loan to the Government of Serbia (GoS) for the project. On December 15, 2023, MIGA issued a new contract of guarantee for approximately EUR 901.1 million (c. US\$976.7 million) for an additional loan for the same project. The lenders' group comprises

¹ Subsequently amended on January 17, 2023, and September 1, 2023, to increase the covered amount to approx. EUR511.5 million (c. US\$543.1 million).

JPMorgan Chase Bank N.A. London Branch, Credit Agricole Corporate and Investment Bank, Banco Santander S.A., ING Bank (branch of ING-DiBa AG), Landesbank Baden-Württemberg, Raiffeisen Bank International AG, CaixaBank SA, and UBS Switzerland AG, though the composition of the lending group varied between the two contracts.

According to MIGA's Environmental and Social Review Summary, the project consists of a greenfield 112-km dual-carriageway tolled motorway, within a 900-meter right of way, located approximately 200 km south of Belgrade in a low-level floodplain running east/west along the West Morava River Valley. The project also includes (i) above ground structures such as interchanges, bridges, culverts, and over/underpasses; (ii) a telecommunications network (digital corridor) supported by power lines and communication cables to connect the telecom stations within the motorway (at rest areas, parking lots, and near traffic loops) and to manage traffic through various traffic control, surveillance, and tolling systems; and (iii) river regulation works intended to protect the project and its surrounding areas from flooding. Serbia's ministries of finance and construction, transport, and infrastructure are in charge of the project, with Corridors of Serbia (CoS, referred to as "the company"), a government-owned limited liability company, responsible for construction.

The project was classified as Category A under MIGA's Policy on Environmental and Social Sustainability (2013).

3 Assessment Purpose & Methodology

3.1 Assessment Purpose

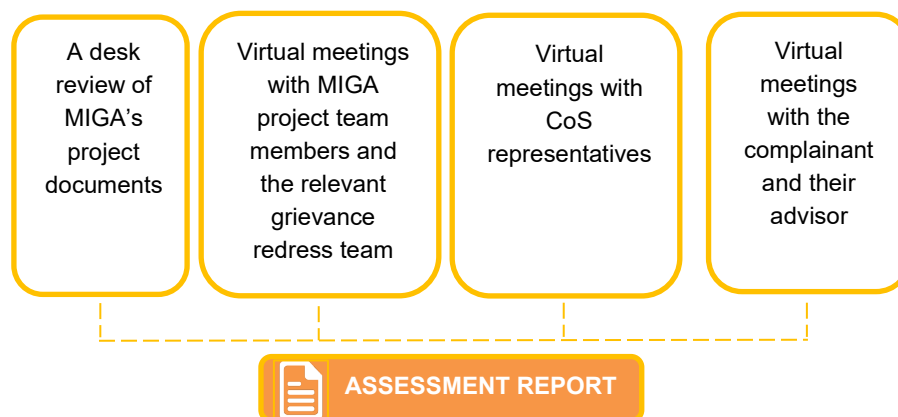
The aim of the CAO assessment process is to develop a thorough understanding of the issues and concerns raised by the complainants, gather information on the views of different stakeholders, and determine whether the complainants and IFC/MIGA's client would like to pursue a dispute resolution process facilitated by CAO, or whether the complaint should be handled by CAO's Compliance function for appraisal of IFC's / MIGA's environmental and social performance related to the project. (See Appendix A for CAO's complaint-handling process.)

CAO's assessment process does not entail a judgment on the merits of the complaint; rather, it seeks to understand the parties' perspectives and empower those involved to make informed decisions on how to address the issues raised.

3.2 Assessment Methodology

Figure 1 shows the approach and methodology to be applied in CAO's assessment process.

Through the assessment process, CAO aims to get a better understanding of the issues and determine whether the parties wish to address the complaint through a dispute resolution or compliance process. This assessment involves:



Outcome: The complainants and the MIGA client decide to initiate a dispute resolution or compliance process.



Figure 1. CAO Assessment Process

The assessment was conducted by the CAO team, who communicated with the stakeholders and collected information through in-depth online conversations.

This report summarizes the views expressed to the CAO team by the parties and describes the next steps, based on the decisions taken by the complainants and the company.

4 Complainants' Perspective

This section summarizes the complainant's perspective, as shared with CAO through the original complaint, meeting notes, and correspondence received during the assessment period.

Land Classification, Valuation, and Compensation

The complainant stated that her family's land in Cadastral Municipality Novo Selo was expropriated for the project in November 2020 and compensated as agricultural land at a rate of RSD 215.24/m². She argued that this classification did not reflect the applicable Area Plan, which had reclassified the land as construction land on February 14, 2020, before the project's cut-off date of February 29, 2020. According to the complainant, the company was aware of this change but did not reflect it in the valuation offered. The complainant argued that this made the initial expropriation illegal and claimed that since CoS did not comply with national laws, this breached Performance Standard 1.

Following litigation brought by the complainant, the complainant claimed that a domestic court held that the land had been reclassified as construction land under Serbian law as of February 14, 2020, and found the original 2020 settlement, which had valued the land as agricultural, null and void as below market value. The complainant shared that the court ordered the company to pay an additional RSD 2,271,090.72, plus statutory interest running from July 14, 2026, based on a court-approved value of EUR 6.24/m².

The complainant claimed the value applied by the court, which was based on market conditions as of 2026, did not fully satisfy the separate compensation requirements applicable to CoS under PS5 and the RAP. In her understanding, PS5 requires compensation based on the land's 2020 pre-project market value, adjusted for inflation, rather than its 2026 value at the time of the court's ruling. The complainant shared that she also disagreed with the court's reliance on 2024-2026 transactions and comparables involving agricultural land and parcels outside the project alignment as inappropriate for valuing the affected construction land.

To support her argument, the complainant pointed to the valuation of a comparable construction land parcel in the same municipality, which was valued at RSD 3,134/m² in October 2020. She considered the gap between this figure and the compensation offered for her own land (RSD 553.30/m² as initially proposed by the company's valuer, and later RSD ~736/m², or EUR 6.24, as determined by the court) to reflect inconsistent, and in her view discriminatory, application of the valuation methodology among similarly situated landowners.

Based on this comparison, the complainant calculated that applying the pre-project rate of RSD 3,134/m², adjusted for approximately six years of inflation, would have resulted in compensation of RSD 4,701/m², and estimated the resulting shortfall in compensation for her land at approximately RSD 18.2 million (EUR 154,000).

The complainant further explained that, on July 13, 2026, her family amended the amount claimed in the domestic proceedings to align with the valuation prepared by court-appointed experts. She stated that this amendment was made solely for procedural reasons: the costs of continuing the litigation were increasing and had become financially burdensome, and the dispute had by then continued for three years. She added that her submission expressly stated that the amount determined by the court-appointed experts did not reflect the property's real market value, which she continues to dispute. She further noted that her family had previously declined higher settlement offers of EUR 10.50/m² and RSD 1,000/m², both exceeding the amount ultimately reflected in the amended claim, because those amounts still fell short of what she considered full replacement cost.

The complainant maintained that, notwithstanding the amendment, the valuation methodology applied remained inconsistent with her understanding of PS5 and the RAP and requested that the amendment not be treated as resolving the question of whether the project complied with PS5.

The complainant requested that CAO help ensure that the valuation methodology applied to her land, and in her view to other similarly situated landowners, be corrected to reflect the pre-project value of construction land plus applicable inflation.

Grievance Mechanism and Engagement with the Company

The complainant stated that she submitted a written grievance to CoS on March 3, 2023, challenging the underlying valuation methodology, including the land's 'construction-land' status. She further stated that CoS declined both a meeting proposed by MIGA to discuss the valuation methodology and a subsequent meeting proposed through CAO, which she considers evidence of inadequate engagement and an ineffective grievance mechanism.

The complainant stated that when her land was revalued in 2023, she received the same figure as the original 2020 valuation, with no adjustment for inflation. She stated that when she raised this directly with a company representative, she was told the representative did not know what

she was referring to, and that she did not consider the company to have taken adequate steps to address her concerns since.

The complainant also referred to other valuation issues in other CAO cases, that involve depreciation included and inflation excluded in valuation methods, connected to the project and characterized this as evidence of a broader, unresolved pattern rather than an issue isolated to her own case.

5 Company's Perspective

This section summarizes the company's perspective, as shared with CAO, through meetings and correspondence during the assessment period.

Land Classification, Valuation, and Compensation

The company stated that compensation for the land was paid in 2020, and that the complainant subsequently challenged the adequacy of the land's classification and valuation through the domestic court process. The company considered the court to be the appropriate forum to resolve this dispute, noting that an independent party would rule based on the arguments and evidence submitted by both sides.

The company explained that the latest valuation applied in the court proceedings was prepared by independent, court-appointed experts from the Faculty of Civil Engineering and Architecture at the University of Niš, who used a comparative market sales approach rather than a cost-based approach. According to the company, the experts' report explicitly considered and rejected the cost-based approach as inapplicable, relying instead on available market transaction data for comparable parcels. The company stated that adjustments made to the comparable sales, for factors such as location, parcel shape and size, and infrastructure, are standard valuation adjustments and do not constitute depreciation. The company described this methodology as consistent with national laws and Performance Standards.

The company indicated that it does not agree with the complainant's characterization of the valuation process and considers that the matter has been, and continues to be, appropriately addressed through the domestic judicial process.

Grievance Mechanism and Engagement with the Company

The company stated that it has engaged with the complainant on multiple occasions over the course of the dispute, including through direct negotiation, the project's grievance mechanism, and the domestic court process, in which the complainant has been represented by legal counsel throughout. The company considered this engagement to reflect an ongoing, good faith dialogue between the parties.

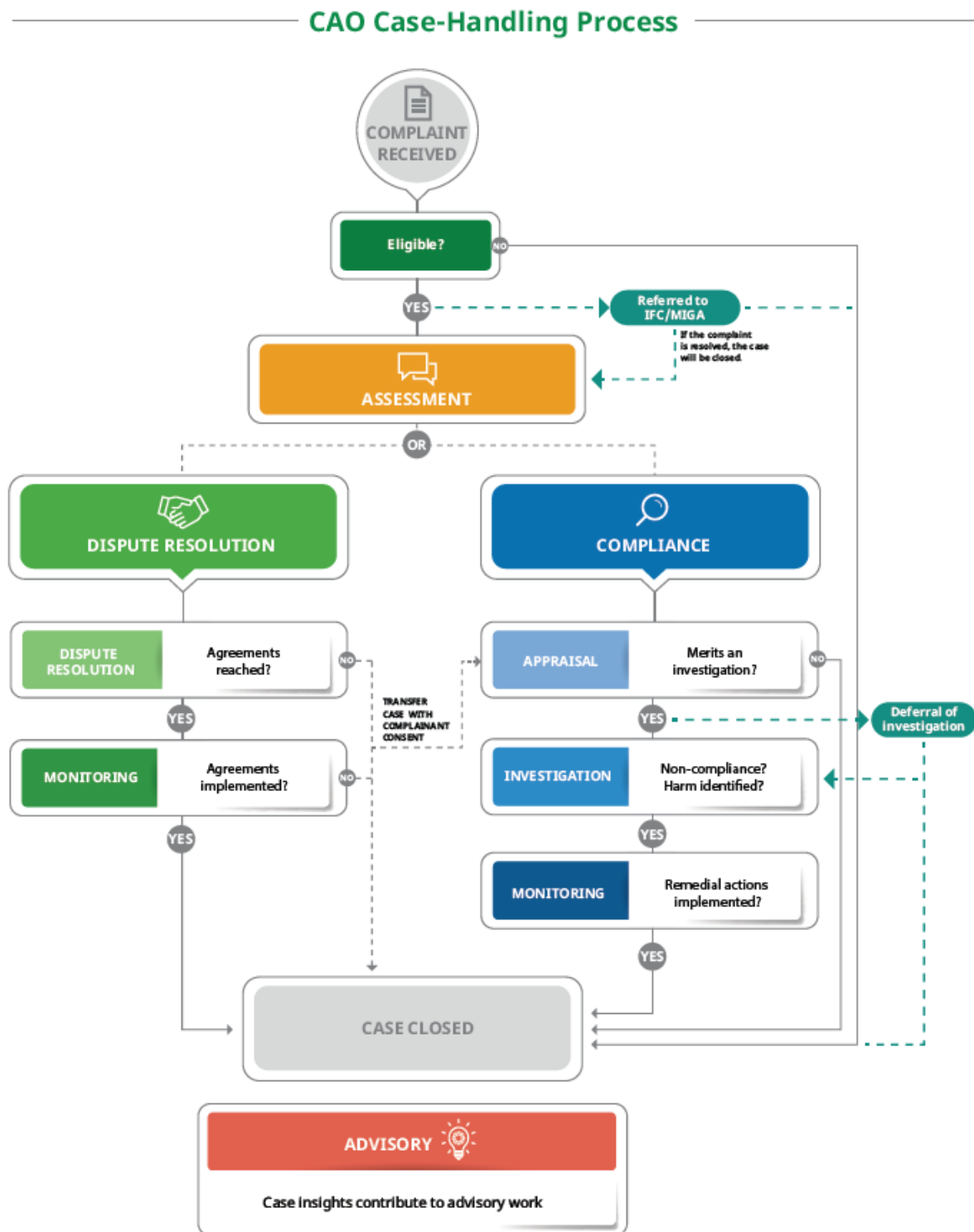
Given this history of engagement and the court process, the company indicated that it does not see additional benefit in further discussion facilitated by CAO at this stage and considers the court's ruling to be the appropriate mechanism for resolving the outstanding issues raised by the complainant.

6 Conclusion & Next Steps

The complainant opted to proceed with CAO's dispute resolution process, while the company indicated a preference for the complaint to be addressed through CAO's Compliance function. In accordance with the CAO Policy, when the parties are unable to agree to participate in a CAO-facilitated dialogue process, the case is transferred to the Compliance function. As such, the complaint is now being transferred to CAO's Compliance function for appraisal of MIGA's environmental and social performance related to the project.

CAO's compliance appraisal will determine whether further investigation of MIGA is warranted or whether CAO closes the case.

Appendix A: CAO Complaint Handling Process



As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint that is received:

- Step 1: **Acknowledgment** of receipt of the complaint.
- Step 2: **Eligibility:** A determination of the complaint's eligibility for assessment under the mandate of CAO (no more than 15 business days).
- Step 3: **Assessment:** Assessing the issues and providing support to stakeholders in understanding and determining whether they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function or whether the case should be handled by CAO's Compliance function to review IFC's/MIGA's environmental and social due diligence. The assessment time can take up to a maximum of 90 business days, with the possibility of extension for a maximum of 30 additional business days if, after the 90-business day period, (1) the parties confirm that resolution of the complaint is likely or (2) either Party expresses interest in dispute resolution, and there is potential that the other Party will agree.
- Step 4: **Facilitating settlement:** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The dispute resolution process is typically based on or initiated by a Memorandum of Understanding and/or mutually agreed-upon ground rules between the parties. It may involve facilitation/mediation, joint fact finding, or other agreed resolution approaches leading to a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches will be to address the issues raised in the complaint, and any other significant issues relevant to the complaint that were identified during the assessment or the dispute resolution process, in a way that is acceptable to the parties affected.

OR

Compliance Appraisal/Investigation: If the parties opt for an investigative process, the complaint is transferred to CAO's Compliance function. The complaint is also transferred to the Compliance function when a dispute resolution process results in partial or no agreement. At least one Affected Community Member must provide explicit consent for the transfer, unless CAO is aware of concerns about threats and reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends remedial actions where appropriate, following a three-step process. First, a compliance appraisal determines whether further investigation is warranted. The appraisal can take up to 45 business days, with the possibility of extending by 20 business days in exceptional circumstances. Second, if an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. An investigation report will be made public, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm. Third, in cases where noncompliance and related harm are found, CAO will monitor the effective implementation of the action plan.

- Step 5: **Monitoring and Follow-up**