



Project  
Complaint  
Mechanism

**COMPLAINT: BEH Bond Issue and Kozloduy International Decommissioning Support Fund  
Projects**

COMPLAINT NUMBER: 2017/09

ELIGIBILITY ASSESSMENT REPORT – November 2017

The Project Complaint Mechanism (PCM) is the accountability mechanism of the EBRD. PCM provides an opportunity for an independent review of Complaints from one or more individual(s) or organisation(s) concerning an EBRD Project, which allegedly has caused, or is likely to cause harm. PCM may address Complaints through two functions: Compliance Review, which seeks to determine whether or not the EBRD has complied with its Environmental and Social Policy and/or the Project-specific provisions of the Public Information Policy; and Problem-solving, which has the objective of restoring a dialogue between the Complainant and the Client to resolve the issue(s) underlying a Complaint without attributing blame or fault. Affected parties can request one or both of these functions.

For more information about PCM, contact us or visit [www.ebrd.com](http://www.ebrd.com).

### Contact information

Inquiries should be addressed to:

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<http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html>

### How to submit a Complaint to the PCM

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

<http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/submit-a-complaint.html>

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*Unless otherwise indicated capitalised terms used in this report are those as set forth in the PCM Rules of Procedure.*

## **EXECUTIVE SUMMARY**

The Project Complaint Mechanism (PCM) received a Complaint raising concerns about social impacts of the expansion of the mining basin operated by Mines Maritsa East Company (MME, or Company) on the village of Beli Bryag village in Bulgaria. More specifically, the Complainants allege losses and damages to properties and agricultural land. The Complainants requested that a Problem-solving Initiative (PSI) be undertaken by the PCM.

The Eligibility Assessors have determined that the Complaint is eligible for a PSI in accordance with the PCM Rules of Procedure (PCM RP), specifically paragraphs 24-26 and 28-29. The Complaint:

- has been filed within prescribed timeframes;
- describes the PCM functions requested;
- describes the outcomes sought;
- provides adequate information relating to communications with the Bank and Client;
- raises issues that are appropriate for a PSI and the Eligibility Assessors consider that a PSI is likely to have a positive effect;
- is not disqualified under any criteria set forth in paragraph 28 of the PCM RP.

**The PCM Eligibility Assessors find that the Complaint satisfies the criteria for a Problem-solving Initiative.**

## I. BACKGROUND

1. On 16 October 2017 the PCM received a Complaint<sup>1</sup> connected with the EBRD's BEH Bond Issue and the Kozloduy International Decommissioning Support Fund in Bulgaria relating to the operations of MME activities. The Complaint was submitted by two individuals, Evelin Tenev Petkov and Zhelyazko Zhelyazkov (the Complainants), members of the Beli Bryag village Initiative Committee. The Complainants requested that a Problem-solving Initiative be undertaken by the PCM.
2. This Complaint was registered by the PCM Officer on 18 October 2017 in accordance with paragraphs 11-13 of the PCM Rules of Procedure (PCM RP), and was subsequently posted on the PCM Register pursuant to paragraph 20 of the PCM RP.
3. On 26 October 2017 Mr Constantin-Adi Gavrilă was appointed as *ad hoc* PCM Expert to conduct the Eligibility Assessment jointly with the PCM Officer, in accordance with paragraph 22 of the PCM RP.
4. EBRD has invested EUR 80 million in the five year senior unsecured bond issuance by Bulgarian Energy Holding (BEH) EAD of July 26th 2016. The bonds have been traded on the Irish Stock Exchange since 2 August 2016. The funds have been used to refinance a bridge loan incurred by BEH in 1H 2016 whose proceeds support the commercial liabilities of BEH's key subsidiary Natsionalna Elektrieska Kompania as part of a comprehensive reform plan aiming to restore the financial viability of the electricity sector and to promote electricity market liberalisation in Bulgaria. This Project was approved by the EBRD Board of Directors on 20 July 2016, as a category B Project under the 2014 Environmental and Social Policy.<sup>2</sup>
5. Bulgaria's nuclear power plant at Kozloduy was built according to Soviet design with six VVER type-reactors. The Western European Nuclear Regulatory Association, and other experts, concluded that units 1-4 (VVER 440-230) could not reach acceptable safety levels. The deficiencies concerned the original design of the reactors and the limited function of their confinement systems. In view of Bulgaria's accession to the European Union, the Bulgarian government agreed to close down Kozloduy nuclear power plant (units 1-4). Units 1 and 2 were shut down in 2002 and units 3 and 4 in 2006.
6. The European Commission and other European donors offered the Bulgarian government an assistance programme to cope with the early closure and decommissioning of the four units and the consequential measures in the energy sector. In June 2001, the Kozloduy International Decommissioning Support Fund (KIDSF) was established at the EBRD. The Fund operates in Bulgaria on the basis of a Framework Agreement between the EBRD and the Bulgarian government and ratified by the Bulgarian Parliament. More than €700 million has been contributed largely by the European Commission and individual countries members of EU. The Kozloduy IDSF funded and co-funded energy efficiency measures in line with the National Energy Strategy of Bulgaria. The programme includes, besides others Environmental and energy efficiency improvements at Maritza mines and the coal fired Maritza East power plant.<sup>3</sup>

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<sup>1</sup> Complaint Number 2017/09, available at <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html> and annexed to this report.

<sup>2</sup> Project Summary Document for BEH Bond Issue Project, available at <http://www.ebrd.com/work-with-us/projects/psd/beh-bond-issue.html>.

<sup>3</sup> Kozloduy International Decommissioning Support Fund, available at <http://www.ebrd.com/what-we-do/sectors-and-topics/nuclear-safety/kozloduy.html>

## II. STEPS TAKEN IN THE ELIGIBILITY ASSESSMENT

7. The Eligibility Assessors have undertaken a general examination of the Complaint, and documents and information provided by the Complainants, EBRD Management and the MME, to determine if the eligibility criteria set out in the PCM RP are satisfied.
8. Conference calls and in-country consultations were undertaken by the PCM Officer and the PCM Expert during October and November 2017. The Eligibility Assessors held separate meetings with the Complainants, the EBRD staff and the MME Company, among other stakeholders.
9. The Complainants and representatives of Mini Maritsa East Company confirmed their interest for the PCM to provide a forum for dialogue and problem-solving.

## III. SUMMARY OF THE RELEVANT PARTIES' VIEWS

### 1. Complainants

10. The Complainants allege losses and damages to properties and agricultural land due to the proximity of the mines basin operated by the MME. In summary, the Complainants have asserted that:
  - Residents of Beli Bryag village incurred losses and damages to their properties, including houses and land, for many of them these being the only properties they had;
  - Houses have been damaged, or demolished due to the proximity of the mine (500-600 m) and the explosions happening inside the mine;
  - According to Complainants, most of the impacted people are retired and their pensions are not enough for survival. The mine caused economic loss and economic displacement of residents due to loss of agricultural land that served as a source of income;
  - The Complainants asserted that the village inhabitants face health problems (respiratory diseases, depression and nervousness) due to the proximity of the mine and the background noise created by the mining activity;
  - Despite the talks, meetings and negotiations with MME regarding resettlement, the Complainants believe that the company perceives the resettlement process as an ordinary sale of property, where the only buyer is MME. The price offered by the buyer is insufficient to buy similar properties in neighbouring villages – Radnevo and Gipsovo;
  - Complainants want to receive compensation for their houses and their lost income from the agricultural land, gardens and yards;
  - Complainants assert that they were not given an appropriate chance to express their opinion regarding the proposed Framework Plan;
  - Complainants asserted that there is no plan for relocation of the cemetery that falls into the mine territory, and that there is no clarity regarding its moving costs. Also, they questioned whether the cemetery moving process will be done in accordance with Christian Orthodox religious rites;
  - Complainants explained that after 2005 Beli Bryag village was abandoned by the municipal administration and it was in poor situation because of the resettlement process, with an increase in thefts and lack of medical services and grocery stores in the village, this putting the residents in the situation to settle elsewhere.<sup>4</sup>
11. The Complainants indicated that they submitted similar Complaints to the President of the Republic of Bulgaria, to the National Assembly, to the Prime Minister, to the Regional

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<sup>4</sup> Refer to the Complaint in annex to this report.

Governor, to the Commission on Discrimination, to several Members of Parliament of the Republic of Bulgaria and to the European Parliament's Petitions Committee.<sup>5</sup>

12. Teleconferences and in country meetings with the Complainants were held to:

- Understand the Complainants general experience with MME's operation, including positive impacts as well pending concerns;
- Explore, in general terms, the underlying needs of the Complainants;
- Clarify what the PCM functions are and in particular what the PSI can and cannot achieve in order to manage expectations;
- Survey Complainants views about whether a PSI might be helpful (or not), and assess interest in pursuing a constructive dialogue; and
- Discuss Complainants' initial views on terms to be included in an eventual Framework Agreement for a constructive dialogue process.

13. Teleconferences and in country meetings with the MME Company were held to ensure understanding of the PCM process and to gauge their interest in engaging in dialogue with the Complainants. Initial Company input into a Framework Agreement was also discussed.

## **2. Bank Management**

14. In their written response to the Complaint, EBRD Management welcomes the proposed Problem-solving Initiative to be undertaken by the PCM regarding the potential resettlement process of the MME Company.

15. The Bank indicated that EBRD is managing the Kozloduy International Decommissioning Support Fund which is co-financing the purchase of heavy industrial mining equipment at the Mines Maritsa East to replace the old equipment.

16. The EBRD clarified that although the Project is not directly financed by the EBRD, but through the KIDSF, the Bank is committed to ensuring that the Project complies with the 2014 EBRD Environmental and Social Policy. A consulting firm was contracted by the Bank to support the MME Company in developing a Resettlement Action Plan to be structured to meet the EBRD's Environmental and Social Policy and international standards.

17. Bank Management stated that they were involved in an ongoing consultation process with the local community members in Beli Bryag on the Resettlement Action Plan. Local residents are expected to provide their written feedback on the draft Resettlement Action Plan by the end of November 2017.

18. Management also highlighted their previous efforts on engaging with community members on the issues raised in the Complaint and referred to their recent visit to Beli Bryag village in June 2017.

19. The Bank reassured that the comments on the draft Resettlement Action Plan are going to be analysed and considered in the final version of the plan. The Bank also expressed their hope for a consensus with community members and agreement on the way forward.<sup>6</sup>

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<sup>5</sup> *Ibid*

<sup>6</sup> Bank Management response dated 15 November 2017 available in annex to this report.

### 3. The Client

20. The PCM Officer informed the MME Company about the registration of the Complaint and invited them to provide a response. The Company also provided a written response to the Complaint on 6 November 2017.
21. The Company's response details their efforts regarding their continuous engagement with affected community members on the Resettlement Action Plan, the disclosure of Project related information, methods for assets valuation and compensation and other issues raised in the Complaint.
22. MME appreciated the concerns faced by the residents of Beli Bryag affected by the mining activities and expressed their commitment to minimize the negative impacts of the resettlement process on community members.
23. In addition, the MME Company reassured that they seek to comply with the local legislation of Bulgaria and with the requirements of the EBRD Environmental and Social Policy.
24. In discussions with the PCM the MME Company indicated their willingness to participate in a Problem-solving initiative under the auspices of the PCM.<sup>7</sup>

### IV. DETERMINATION OF ELIGIBILITY FOR A PROBLEM-SOLVING INITIATIVE

25. The Eligibility Assessors have examined the Complaint to determine whether the relevant eligibility criteria are met under paragraphs 24-26 and 28 of the PCM RP, and considered the response of Bank Management and the Company in accordance with paragraph 29 of the PCM RP.
26. PCM has also sought additional information and documentation from the Complainants and their advisors, Bank staff (in particular, the Banking and Environment and Sustainability Departments) and the MME Company, and conducted conference calls and in country meetings in Bulgaria during October and November 2017.
27. Pursuant to paragraph 24 of the PCM RP, the Eligibility Assessors do not judge the merits of the allegations in the Complaint and do not make a judgement regarding the truthfulness or correctness of the Complaint in making their determination on eligibility.
28. The Eligibility Assessors have determined that the eligibility criteria for a Problem-solving Initiative as set out in paragraph 24(a) of the PCM RP are satisfied:
  - The Complainants are directly impacted by the EBRD Project;<sup>8</sup> and
  - The Complaint raises issues covered by the EBRD's 2014 Environmental and Social Policy, namely land and property acquisition-related issues as described in Performance Requirement 5 – "Land Acquisition, Involuntary Resettlement and Economic Displacement".
29. The Eligibility Assessors have also determined that the criteria outlined in paragraph 25 of the PCM RP have been met:

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<sup>7</sup> Client response to the Complaint dated 6 November 2017.

<sup>8</sup> In accordance with paragraph 1 of the PCM RPs: "One or more individual(s) located in an Impacted Area, or who has or have an economic interest, including social and cultural interests, in an Impacted Area, may submit a Complaint seeking a Problem-solving Initiative."

- The Complainants expressed their desire for PCM to undertake a Problem-solving Initiative.
- In regards to the Complaint, the outcomes sought pursuant to a PCM process are described as follows:

*We hope to achieve good solutions for us and the company. Let's re-establish our social status and set an example of good resettlement practice in Bulgaria, namely: meaningful participation in decisions concerning our lives and property, fair compensation for our homes and land, solution for the graveyard and the remains of our family members. We expect both a fair process of consultations, as well as fair outcome in terms of resettlement action and compensation.*<sup>9</sup>

- Complainants have submitted copies of their correspondence with the Bank and the MME Company and other relevant documents related to the Complaint.<sup>10</sup>

30. Pursuant to paragraph 26 of the PCM RP, the Eligibility Assessors must also consider whether a PSI may assist in resolving the dispute, or is likely to have a positive result. The Eligibility Assessors consider that a PSI is appropriate and may lead to effective outcomes for both parties. Several factors inform this conclusion:

- A Problem-solving Initiative lead by the PCM will not duplicate, interfere with or be impeded by any other process brought by the same Complainants;
- The Relevant Parties have sufficient incentives to engage in a dialogue;
- The Relevant Parties share some common interests such as resettlement from the Mines Maritsa East operations area in an efficient and timely manner;

31. Pursuant to paragraph 28 of the PCM RP, the Eligibility Assessors have found that the Complaint was not filed fraudulently or for a frivolous purpose, and that its primary purpose is not to seek competitive advantage through the disclosure of information or through delaying the Project. Further, the Complaint has not been addressed by the mechanism of another co-financing institution, and it does not relate to the obligations of a third party.

## V. CONCLUSION

32. On the basis of the information set out above, the Eligibility Assessors have found that the Complaint satisfies the eligibility criteria for a Problem-solving Initiative.

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<sup>9</sup> Refer to the Complaint in annex to this report.

<sup>10</sup> *Ibid*

## Terms of Reference for a PROBLEM-SOLVING INITIATIVE

### Complaint No. 2017/09 on BEH Bond Issue and the Kozloduy International Decommissioning Support Fund Projects

#### Application

1. These Terms of Reference apply to any activity or action undertaken as part of the Problem-solving Initiative, which includes the promotion of a facilitated dialogue among the parties to discuss the issues raised in the Complaint, without attributing blame or fault.<sup>11</sup>
2. Activities carried out as part of the PSI and subject to these Terms of Reference are subject to modifications which the Problem-solving Expert and the PCM Officer may, at any time, expressly agree upon, except modification that may prejudice the interests of any Relevant Party or is inconsistent with accepted dispute-resolution practice.<sup>12</sup>

#### Problem-solving Expert

3. The Problem-solving Expert shall conduct the PSI in a neutral, independent and impartial manner and will be guided by principles of objectivity and fairness giving consideration to the needs, concerns and interests of the Relevant Parties.

#### Time Frame

4. The PSI will commence as soon as practicable following the President's decision to accept the Eligibility Assessors' recommendation to undertake a PSI.
5. Every effort shall be made to ensure that the PSI is conducted as expeditiously as circumstances permit. It is intended that the first stage of the process, including capacity-building and facilitated discussions among the Relevant Parties, will be completed within 45 calendar days. It is understood that the time for subsequent stages will be guided by the requirements of the process. The PSI will be considered completed when the Relevant Parties reach an agreement, if one of the Parties no longer wishes to continue in the process, or when, in the opinion of the Problem-solving Expert, no further progress toward resolution is possible, as per paragraph 37 of the PCM RP.

#### Procedure: Conduct of the Problem-solving Initiative

6. The Problem-solving Expert may conduct the PSI in such a manner as he/she considers appropriate, according to the work plan that has been discussed and agreed to by the parties, and taking into account the PCM RP, the concerns expressed in the Complaint, and the general circumstances of the Complaint. The Expert will employ such methods as he/she deems necessary including facilitated information-exchange, mediated bilateral and joint discussions and conciliation.

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<sup>11</sup> The problem-solving function of the PCM is described in the Rules of Procedure as having "the objective of restoring a dialogue between the Complainant and the Client to resolve the issue(s) underlying a Complaint without attributing blame or fault."

<sup>12</sup> European Code of Conduct for Mediators:  
[http://ec.europa.eu/civiljustice/adr/adr\\_ec\\_code\\_conduct\\_en.pdf](http://ec.europa.eu/civiljustice/adr/adr_ec_code_conduct_en.pdf).

7. During the course of the PSI the Problem-solving Expert may:
  - a. Organize the dialogue process;
  - b. Develop an agreed work plan and framework agreement for the process, in consultation with the Complainants and the Company;
  - c. Finalize objectives for the dialogue process and agendas with input from all parties;
  - d. Seek to ensure a productive working environment where parties can explore creative options;
  - e. Facilitate solutions as described by the different stakeholders and initiate and guide the PSI process;
  - f. Document and publish process results and agreements, as appropriate and in consultation with the parties;
  - g. Treat all parties with respect and assure a fair and balanced process where parties can make informed choices.

Note: It is not the role of the Problem-solving Expert to decide whether parties' actions, opinions or perceptions are right or wrong or to arbitrate in favour of one of the parties.

#### **Problem-solving Initiative Completion Report**

8. In accordance with paragraph 37 of the PCM RP, the Problem-solving Expert shall prepare a Completion Report. The Report will describe the issues raised in the Complaint; the methods used during the PSI; and the results of the PSI including any issues that remain outstanding. The Report will also identify the need for any follow-up monitoring and reporting by the PCM Officer.
9. Prior to publicly releasing the Problem-solving Completion Report, the PCM Officer will verify with all Relevant Parties that they agree to the content as well as public release of the Report and that there are no confidentiality concerns raised.
10. The Completion Report shall be distributed to the Relevant Parties, the President and the Board of Directors for information, and publicly released in accordance with paragraph 38 of the PCM RP.
11. In accordance with paragraph 39 of the PCM RP, the PCM Officer will monitor the implementation of any agreements reached during the PSI. The PCM Officer will submit draft PSI Monitoring Reports to the Relevant Parties who will be given reasonable opportunity to comment on such Reports. If the PCM Officer receives comments from the Relevant Parties, the PCM Officer will have five (5) Business Days from the day the last comments are received to finalise the Report and will send the final Report to the President and to the Board. Within five (5) Business Days thereafter, the PSI Monitoring Report will be publicly released and posted on the PCM website. The PCM Officer will issue PSI Monitoring Reports at least biannually or until the PCM Officer determines that monitoring is no longer needed.

#### **Exclusion of Liability**

12. Without prejudice to the privileges and immunities enjoyed by PCM Experts, the Problem-solving Expert shall not be liable to any party for any act or omission in connection with any PSI activities undertaken pursuant to these Terms of Reference.

## Annex 1: Complaint



Project  
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### Step 1: Details of the Complaint

<p>1. Name of the Person(s) or Organisation(s) filing the Complaint (“the Complainant”).</p> <p>Evelin Tenev Petkov, Zhelyazko Zhelyazkov, Beli Bryag Initiative Committee</p>
<p>2. Contact information of the Complainant (Please include address and, if possible, phone number and email address).</p> <p>Evelin Tenev Petkov Bulgaria, Isperihovo, [REDACTED] Zhelyazko Zhelyazkov Bulgaria, Beli Briag village, Radnevo reg. [REDACTED]</p>
<p>3. Is there a representative making this Complaint on behalf of the Complainant?</p> <p><b>Yes</b> (if yes, please provide the Name and Contact information of the Representative):</p> <p>Yes, Evelin Tenev Petkov, I attach a copy of the statement that I am a representative of the Beli Bryag IC</p> <p><i>Please attach proof that the Representative has been authorised by the Complainant to file the Complaint. For example, this can be in the form of a letter signed by the Complainant giving permission to the Representative to make the Complaint on his behalf.</i></p>
<p>Is proof of authorisation included with the Complaint?</p> <p><b>Yes</b></p>
<p>4. Are you requesting that this Complaint be kept <b>confidential</b>?</p> <p><b>No</b></p>
<p>5. Please provide the <b>name or a description of the EBRD Project</b> at issue.</p> <p>The EBRD provided a grant to Maritsa East Mines company for excavator purchase as part of the Kozloduj Decommissioning Fund (KIDSF). In addition, the BEH Bond Issue project of the EBRD carries certain requirements towards BEH and its major subsidiaries, such as Maritsa East Mines Company: <a href="http://www.ebrd.com/work-with-us/projects/psd/beh-bond-issue.html">http://www.ebrd.com/work-with-us/projects/psd/beh-bond-issue.html</a></p> <p>There is no project summary document for the grant project part of the KIDSF, only a procurement notice about the design, manufacture, supply, construction and commissioning of bucket-wheel excavators of the SRs 2000 type and the SRs-200 type at Mini Maritza Iztok EAD, Bulgaria. They provide additional information about the replacement of three SRS 1200 dumpers with one new SRS 2000 rotary excavator at Troyanovo-North Pumping of a new SRs 200 excavator for the secondary excavation of 50 million m3 of the internal embankments on the southern border of "Troyanovo-North" mine: <a href="http://www.ebrd.com/work-with-us/procurement/p-pn-150901a.html">http://www.ebrd.com/work-with-us/procurement/p-pn-150901a.html</a></p>

<http://www.marica-iztok.com/en/page/proekti-s-vanshno-finansirane-58-1.html>

Information about the grant was available in Bulgarian media as early as 2014 and For the Earth has enquired about it with the then Ministry of Economics and Energy. The latest enquiry with the PCM from September 2017 suggested that the KIDSF grant is still being disbursed thus the project is active and the EBRD has financial interest in it.

6. Please describe the **harm that has been caused or might be caused** by the Project (*please continue on a separate sheet if needed*):

*The damages from the mine expansion are in several directions:*

*1. Loss of real estate - dwelling, adjoining land and agricultural land*

*1.1 We lose our homes, which for most owners are the only ones.*

*1.2 Damage or demolition of the dwellings due to the proximity of the mine 500-600 m. Explosions in the mine are done daily.*

*1.3 Loss of adjacent land*

*1.4 Loss of agricultural land*

*2. Economic losses and economic displacement due to loss of basic and additional incomes. Most residents of the village are retired. Pensions in Bulgaria are not enough for survival.*

*2.1 We lose extra income because of the loss of agricultural land. We cannot get the pasture and the fodder for the animals.*

*2.2 Loss of yard gardens from where we harvest fruits and vegetables; yard space where we house and raise animals, sheep, horses, donkeys, cows and bees, which give us the opportunity to feed and replenish our income.*

*2.3 The health problems for the inhabitants of the village are increasing with the mine approaching, the overall noise background has increased – these include respiratory problems, plus the elderly fall into depression or increased nervousness.*

*3. Despite the talks, meetings and negotiations with the company regarding the resettlement Maritsa East Mines perceives our resettlement as an ordinary sale or property purchase. We want to recover our housing and partly our lost income from our agricultural land, gardens and yards. We have proposed a methodology that is used in Bulgaria and does not contradict the bank's ESP and Bulgarian laws.*

*4. There is no clear Resettlement Action Plan and a clear method for compensation that would be fair and equitable to restore our housing and lands. We have not accepted the RPSP we have not accepted the PDP. The Framework Plan was made without our participation and consent. And in this plan it is clear that we will remain homeless on the street without housing and restoration of life.*

*5. There is no plan to move the remains of our relatives from the cemetery of the village that falls into the mine, it is not clear who will bear the cost, how will the Christian Orthodox religious rites of extraction, transfer and burial be performed.*

*After 2005 the village was abandoned by the municipal administration and is in a severe state because of the impending resettlement. Increasing theft, together with the lack of medical services and of any grocery stores forces people to leave and sell to the only buyer, the Maritsa East Mines. There is no security in the village to stop the raids of people looking for and collecting building materials, scrap metals and doing thefts. In such an environment it is not easy to live, so people in the village have begun to seek the opportunity to settle elsewhere. They started leaving the village, but it turned out that the only property buyer is the mining company.*

*Whoever wants to leave the village applies to the Maritsa East Mines company. An ordinary purchase of real estate is carried out. It is not taken into account that for most owners this property is the only home. The Maritsa East Mining company evaluates the price of the property and offers a price that cannot cover the purchase or construction of a new home and a yard similar to the ones owned so far. The company*

uses the term market price estimation and prefers not to use the term compensation. Currently the price of one hectare in regulation in the town of Radnevo, in the Gipsovo area, is over 14000 leva per 1000 square meters. The average cost for building a dwelling in the region of Radnevo is at least BGN 600 per square meter. The example is from the municipal centre town Radnevo, which is about 5 km from the village of Beli Briag. What the mines offer in Beli Briag is reckoned for a property market price from 15 years ago.

## Step 2: Problem-solving Initiative

7. If you are requesting the PCM's help through a **Problem-solving Initiative**, you must have made a genuine effort to contact the EBRD or Project Sponsor (Client) regarding the issues in this complaint.

a. Have you **contacted the EBRD** to try to resolve the harm caused or expected to be caused by the Project?

Yes  (If yes, please list when the contact was made, how and with whom):

After we realized that the dialogue with Maritsa East Mines did not produce results, we turned to the EBRD on 08.11.2017 with two letters by e-mail to [cso@ebrd.com](mailto:cso@ebrd.com), together with photos and a text file (pls see Folder 1, European Bank1). In this communication we described our case and we attached photo material. On 12.01. 2017 EBRD staff, [REDACTED], from the Bulgarian EBRD office contacted me and organized a meeting in Sofia. The meeting was held on 24.01.2017. Between [REDACTED] the Initiative Committee of Beli Bryag, the Maritsa East Mines and EBRD staff [REDACTED].

[REDACTED] For the Earth NGO was an interpreter for us. (See Folder 2)

At this meeting we described the situation. We described how Maritsa East Mines since 2005 with its activity has been destroying our properties, housing, yards, raising animals that give us extra income, how we lost our membership in the agricultural cooperative. We explained that we have been negotiating since 2007. Much of the buildings purchased by the Maritsa East Mines is abandoned and causes the number of thefts in the village to increase.

At the meeting we also raised the main question we are facing, the question that the Maritsa East Mines company does not want to answer: it is the lack of clarity on when and how the village will be expelled, how will we be compensated? From previous conversations and meetings, we have had the impression that the Maritsa East Mines company has made some plans without our knowledge and involvement. What they gave us as information is extremely unhelpful to us. They say that the voluntary sales of property comply with the EBRD's ESP. The ESP clearly states that housing should be recovered and compensated. The company has refused and has not admitted that due to the poor and deteriorating social conditions and the lack of security, which were caused by expropriations in the village (in the form of property purchase deals), people began to flee the village as early as 2010. The mining company has so far refused to admit that there is an involuntary resettlement involving loss of housing and economic displacement related to the loss of land from which we receive food, we have income from production and sale. With the advance of the mine fields, our buildings began to be destroyed but the mining company claims it has no fault in this.

Every day there are explosion activities in proximity to the village.

Having explained from our point of view what the problems are, [REDACTED] then said that nothing has been signed so far (as of January 2017), there were no plans. She suggested that we should submit to the Maritsa East Mines company our suggestions and questions, in order to develop the plan faster. We accepted this proposal, so after this meeting until 31.03.2017. Myself and the Beli Briag Initiative Committee made over 60 suggestions, recommendations and remarks on the draft Resettlement Action Plan and Framework. (Please see Folder 6)

At the end of the meeting we suggested to the EBRD representatives to visit the village to get acquainted with the situation. EBRD staff kept notes of the meeting, too.

From 16.02.2017. Until 01.06.2017. We also had correspondence with [REDACTED] and [REDACTED] by e-mail. The translations were made by [REDACTED] and hence the exchange of letters. (Please see Folder 3)

On 06.06.2017. a meeting took place in the Beli Bryag village with [REDACTED], [REDACTED], the Maritsa East Mines company and others, but we did not think anything came out of it, the unclarities and unanswered questions remained. Nonetheless, at the meeting we showed to the EBRD staff the state of the village. [REDACTED] conducted a quick poll on the issue of resettlement, and the victims and residents shared their concerns. People raised that the mines did not compensate them so they could at least recover their home! We shared that resettlement negotiations are going very hard.

The invitation from the mines company for the meeting on 06.06.2017 informed us that the project is ready and de facto enforced. We are unsure what the project involves and if it complies with the EBRD ESP. (See Folder 4, invitation POKANA 06062017)

Please also describe any response you may have received.

Replies to the meeting of 24.01.2017.

Having explained from our point of view what the problems are, [REDACTED] then said that nothing has been signed so far (as of January 2017), there were no plans. She suggested that we should submit to the Maritsa East Mines company our suggestions and questions, in order to develop the plan faster. We accepted this proposal, so after this meeting until 31.03.2017. myself and the Beli Briag Initiative Committee made over 60 suggestions, recommendations and remarks on Resettlement Action Plan and Land Acquisition Framework. (Please see Folder 6)

We had received no responses from the Maritsa East Company until 06.06.2017.

After this meeting we received answers from the company to some of our questions and suggestions on 17-18.07.2017. The answers given to us do not satisfy us. They did not respond to our most important

suggestions and questions, namely about compensation, on the lack of a clear timetable for lifting the cemetery, on the implementation of the EBRD ESP. Similarly, there are no answers to the Initiative Committee's suggestions on how to evaluate property, and this is a matter of substance evaluation or how much it will cost you to rebuild your home again.

Please provide a record of this contact with the EBRD, as instructed at the end of this form.

b. Have you **contacted the Project Sponsor** (Client) to try to resolve the harm caused or expected to be caused by the Project?

**Yes** (if yes, please list when the contact was made, how and with whom)

*In 2008 the mining company elaborated a detailed development plan for the future development of the Troyanov-North field and all the necessary operations for the coal mining. After 2008 we, the owners and residents of Beli Bryag, repeatedly asked the management of the mines when the Beli Bryag village will be closed and how we would be compensated for our own property that would be lost, and respectively about the relocation of the village cemetery. Repeatedly we also raised the problems of crime, the thefts and the lack of maintenance of social infrastructure and services in the village. Since 2010 we have correspondence, notes from meetings, even recorded interviews and meetings. We used TV Stoychev, TV SCAT and Nova TV to make Maritsa East Mines, BEH and other institutions to start working on the problem. A documentary about the village and the region of the Bulgarian National Television was made:*

<https://www.bnt.bg/bg/a/eko-briketi-ot-sa-dbi-10-mart-2013>

ONE PRODUCTION OF NATIONAL TELEVISION "STOYCHEV"

<https://www.youtube.com/watch?v=pjSY-EQKfU4>

*Resettlement of nearby villages by the Maritsa East Mines occurred twice before 1989. It was done by a decision of the Council of Ministers of the People's Republic of Bulgaria describing how compensation and other relocation activities will be carried out. Despite meetings and discussions with the Maritsa East Mines from 2008 until 2017, there is no similar comprehensive solution for us and the unknowns are destroying us!*

*So far since 2010 all meetings - with Maritsa East Mines, the administration of Radnevo Municipality and others - are at our request. Maritsa East Mines rarely wished to meet with the public and solve the problems arising from coal mining.*

*After 2010 Maritsa East Mines bought up a large part of the agricultural land for the Troyanovo-North field, and the owners who refused to sell were forced to expropriation in accordance with the established order through the State Property Act (ZDS). The village was abandoned and has not been maintained for many years by the municipal administration of Radnevo. It has become difficult to live here, the thefts have increased and people have begun selling their properties to the only buyer, Maritsa East Mines, at much lower prices than the market ones. We face lack of medical care, shops, irregular and inconvenient public*

transport. The agricultural cooperative supplies bread, and during the winter it clears the snow.

In 2016 Maritsa East Mines made a social survey by households without informing us that it is required by the EBRD, in order to develop a plan for resettlement and compensation of the Beli Briag village. In the questionnaire, question 4.9 on the way of redress is quite deliberately unclear. (See Folder 5, questionnaire\_n) Later we realized that Maritsa East Mines signed a contract with the EBRD and KIDSF as early as 2015. We, as an affected party, were not informed.

At the end of March 2016, we accidentally learned from the Maritsa East Mines website that a Resettlement Action Plan will be prepared. We tried to understand what was happening by starting a correspondence with Maritsa East Mines. We sent more than ten letters with questions to Maritsa East Mines management, but we did not get a clear answer. (Please see Folder 9)

On 27.07.2016 a meeting took place in the village of Beli Bryag between us and representatives of Maritsa East Mines, so at this meeting we were informed that some Bank is financing the Maritsa East Mines to buy excavators and that plans are being developed for our resettlement. We have a videotape of the meeting. It took another month for us to understand that the EBRD funded the purchase of the excavators. (Please see Folder 10)

At the next meeting in the building of Maritsa East Mines, [REDACTED], as representatives of the Beli Briag Initiative Committee, we received part of the documentation from the Framework Plan for Land Acquisition and the Resettlement Action Plan. In both plans, there were texts that clearly offended us, while others reported false statistics about market prices for agricultural land, yard gardens, buildings etc. Examples for the price difference in the sale of municipal land in regulation and the low prices that Maritsa East Mines purchases from private owners can be found in Decisions 59 and 60 of the General Council of Radnevo to sell regulated properties in Beli Bryag to Maritsa East Mines ( See 26\_01\_2012.pdf). It is clear in these decisions that for one and the same place the Municipality assessor gave a higher price than given by the Maritsa East Mines assessor. The Initiative Committee examined the document and asked more questions that were not answered clearly and comprehensively. We made suggestions that are very appropriate and in line with the laws of the Republic of Bulgaria (See Folder 9).

Once we became acquainted with the EBRD ESP, we also learned about the practice in the Vranduk project for the construction of hydroelectric power plants in Bosnia and Herzegovina. We also studied RWE's experience in resettling settlements. The Maritsa East Mines in 1997 has sent its employees to familiarize themselves with the experience of the German company on resettlement and compensation. Already in 2010 we made an offer to Maritsa East Mines and the Radnevo administration to make a public private partnership for building residential buildings and relocating people in the town of Radnevo. Radnevo is the closest town to Beli Bryag. Radnevo municipality receives a subsidy of BGN 2 - 4 million each year due to

*the activities of Maritsa East Mines. With this money, the municipal administration must carry out social and environmental activities. We have been denied again and again the public private partnership to build residential buildings. So we have gradually realised that the Maritsa East Mines has no desire to take on social responsibility and to bear the true cost of our resettlement. To restore at least the homes of people living in the village of Beli Bryag. Most people are retired and are over 65 years of age, not in a position to build new houses for themselves. These homes are the only ones for them! We sent a letter to the EBRD on 08.11.2016. requesting a meeting and describing the problem. ( See Folder №1)*

*On 01.03.2017 at the request of Maritsa East Mines, a meeting was held with the people of Beli Brig once again explaining that the compensation methodology was consistent with the EBRD's ESP and also complies with the State Property Act of Bulgaria (ZDS). However, the State Property Act provides for a forced eviction and expropriation, which is not in line with EBRD's ESP. We were told that new housing would not be built. We were told that the property value assessment will be market-based but values will be set by the Maritsa East Mines although they have a licensed assessor. We want a market-based price that will allow us to rebuild our homes and to have a roof over our heads and not go to the street!*

*After the meeting until the end of March 2017, we've sent over 60 recommendations, suggestions, and questions to help Maritsa East Mines to develop the plans. (See Folder №7) Almost all recommendations and proposals are in line with the EBRD's ESP of 2014. We also offered them an option of compensation that is used in Bulgaria by the licensed appraisers - material redress likewise exists in the ESP! Until now, we do not know if our prepositions and recommendations are taken into consideration in the making of the plans, what proposals are accepted and what not accepted. The Maritsa East Mines responded to the insignificant questions on 17.07.2017.*

*On 18.07.2017. a month after the meeting on 06.06.2017 we realised that the collected materials on the projects were handed over to Green Partners to make them fit for purpose and finalised. We currently do not know how we will be compensated, what is to come, neither about the timelines and deadlines for resettlement.*

*In short since the meeting of 27.01.2017 periodically, the Maritsa East Mines hosts meetings with the residents of Beli Bryag, it has removed some buildings, cleansed some of its purchased properties. But there is no real change to demonstrate meaningful consultations and opportunity for affected parties to participate and have a say in decision-making that concerns our property and life.*

*Please also describe any response you may have received.*

*On the question about the type of compensation – we are offered either cash or like-for-like buildings that are more than 15 km from the municipal centre, close to TPP2. On the method of assessing compensation*

- there is no such method yet apart from the regular sale at the moment, where assessors evaluate and their assessment is further examined and accepted by the Maritsa East Mines. The company decides whether they will lower or increase the values given in the evaluation without clear methodology. Additional infrastructure on the property, such as a well, water supply and waste water connection etc. do not enter into the consideration of the value. Asked about the average size of the yard gardens in the village - Maritsa East Mines refused to answer. They also refused to answer the question as to why the estimated property funds in the village are less than the funds earmarked for buying the streets, given that streets are no longer there. The data is in the PDP and Framework Plan RPSP provided by Maritsa East Mines. Why the EBRD's ESP is not complied with in establishing the size of the compensation to be paid? No answer.

When will the plans go into action? No answer

Do you have a plan to move the remains of the village graveyard? No answer

And many more questions without an answer!

(Please see Letters # 6)

Please provide a record of this contact with the Project Sponsor (Client), as instructed at the end of this form.

**8. If you have not contacted** the EBRD and/or Project Sponsor (Client) to try to resolve the harm or expected harm, please explain why.

### Step 3: Additional information

Although not required, it would be helpful to the PCM if you could also include the following information:

9. If you believe the EBRD may have failed to comply with its own policies, please describe which EBRD policies.

First of all due to publicly available information (e.g. no project summary document for the KIDSF grant) we lack clarity which projects are active and relevant, and also which bank's policies apply – ESP 2008 or ESP 2014 or possibly earlier and much weaker ones. Thus we hope that the PCM can provide this clarity. Additionally, we believe that the current newest EBRD loan to BEH is relevant and imposes the latest standards of the EBRD policy – ESP 2014, so we would like to get a clarification on this as well.

Second, we are not familiar with the latest material and what exactly Maritsa East Mines company has developed and passed on to Green Partners consultants. As we believe that the Resettlement and Land Acquisition plans and frameworks are still under development, we cannot say exactly if the EBRD has seen to the implementation of its policies or has failed to do it.

Nonetheless, we can offer the below reflection which relates to the EBRD's commitment to implement national law in its projects and to require from its clients to comply with PR5 of the bank's ESP.

Why do we disagree with the proposed Framework Plan for Acquisition of Land and a Resettlement Action Plan?

There is a State Ownership Act in Bulgaria. Chapter Three of the Law "COMPREHENSIVE SUSPENSION OF PROPERTY - PRIVATE PROPERTY FOR STATE NEEDS" gives the definitions of state necessity and respectively the procedures for acquiring private immovable property.

When making the Framework Plan and the Resettlement Action Plan, Maritsa East Mines referred to the ZDS and in particular Chapter Three - Forced Expropriation. Maritsa East Mines company claims that this is the only legal opportunity to negotiate with the property owners and respectively the way of compensation. The valuation is carried out by a licensing appraiser, taking into account the real estate market in the settlement and the region. They point out that there is legislation in Bulgaria that is applicable in this case and EBRD ESP, so PR 5 is dropped.

But this law and law apply only after a decision has been made on Forced Expropriation by the Council of Ministers of the Republic of Bulgaria or by the Regional Governor or a motivated request from BEH, IMI and others. (Art. 34, par. 1, 2 of the ZDS). For the purpose of opening a procedure for forced expropriation, there must be a Detailed Spatial Plan, officially submitted invitations for the acquisition of private properties and respective decisions of the Council of Ministers. These are part of the actions described in Chapter Three of the ZDS for the compulsory expropriation and acquisition of private property.

In ZDS Chapter Three, for example, according to art. 39b, art. 41d. 6 -13 the owners of private properties have the opportunity to renounce the proposed value initially and thus to get to court. As a consequence, the court institutes a case and appoints new appraisers. The expropriation practice in Bulgaria shows that the ratings given by the new appraisers are higher than the initial assessment. So these appraisers would not be employed by the Maritsa East Mines company and the assessment would not be influenced by the company's Board of Directors.

The possibility of having the right to request a reassessment of value through the court for us is a much better option than the current valuation and compensation methodology proposed in the Framework Plan for Acquisition of Land and a Resettlement Action Plan. Currently Maritsa East Mines company accepts the valuation of its assessor and does not recognise the valuation of the assessor we employ. All estimates made by Maritsa East Mines up to now on properties in Beli Bryag show that we cannot rebuild our home with the means they offer. It does not even account for the fact that most of these homes are the only home for us.

10. Please describe any other complaints you may have made to try to address the issue(s) at question (for example, court cases or complaints to other bodies).

We have made complaints to the President of the Republic of Bulgaria, to the National Assembly, to the Prime Minister, to the Regional Governor, to the Commission on Discrimination, all institutions and Members of Parliament. In addition, several petitions to the European Parliament's Petitions Committee. (Please see Folder # 8)

11. Are you seeking a Compliance Review where the PCM would determine whether the EBRD has failed to comply with a Relevant EBRD Policy in respect of an approved Project? **No**

12. Are you seeking a Problem-solving Initiative which has the objective of restoring a dialogue between you and the Project Sponsor (Client) to resolve the issue(s) underlying your Complaint without attributing blame or fault? **Yes**

13. What results do you hope to achieve by submitting this Complaint to the PCM?

We hope to achieve good solutions for us and the company. Let's re-establish our social status and set an example of good resettlement practice in Bulgaria, namely: meaningful participation in decisions concerning our lives and property, fair compensation for our homes and land, solution for the graveyard and the remains of our family members. We expect both a fair process of consultations, as well as fair outcome in terms of resettlement action and compensation.

**Date:** 16 October 2017

## **Annex 2: Bank Management Response**

### **Bulgaria - Beli bryag – Mines Maritsa East KIDSF Project**

#### **PCM – Management Response - 15th November 2017**

EBRD management welcomes the proposed problem solving initiative presented by Evelin Tenev Petkov, Zhelyazko Zhelyazkov and the Beli bryag Initiative Committee regarding the potential resettlement process of the Mines Maritsa East (MME) Company. The Kozloduy International Decommissioning Support Fund (KIDSF), managed by the EBRD, is co-financing the purchase of heavy industrial mining equipment for MME, replacing old Bucket-Wheel Excavators with new energy efficient ones. Although financed by KIDSF and not directly by the EBRD, the Bank is still committed to ensuring that the Project complies with its Environmental and Social Policy. To that extent, the Bank has contracted the consultants Green Partners to support MME in developing a Resettlement Action Plan (RAP) that is of international standard and structured to meet EBRD's Environmental and Social Policy, 2014, in particular Performance Requirement 5 on Land Acquisition, Involuntary Resettlement and Economic Displacement.

A draft of the RAP has been prepared by the external consultants, Green Partners, who have extensive experience of similar exercises and it was disclosed to the project affected people (PAP) on 19<sup>th</sup> October 2017 along with the Guide for Land Acquisition and Compensation (GLAC). As per requirement and due process, there is now an ongoing intensive consultation process in which all PAPs will be consulted and their views sought on the draft RAP. It is understood that the Beli bryag Initiative Committee have committed to providing written feedback by 30<sup>th</sup> November 2017. This deadline was agreed with the Beli bryag Initiative Committee in the village consultation meeting held on the 19<sup>th</sup> October 2017 by MME and facilitated by Green Partners to share the draft RAP. The PAPs comprise a number of families, some of them categorised as vulnerable. Extra care will be taken to ensure that they fully understand the plan and are able to make their views known by 30<sup>th</sup> November 2017. MME will be contacting these families directly to organise a face to face meeting to explain the details of the RAP. Following these steps, the feedback from all the PAPs and the Beli bryag Initiative Committee will be reviewed and the RAP will be finalised.

Prior to this disclosure exercise, EBRD staff, both the NSD team in charge of KIDSF management, along with staff from the Environment and Sustainability Department at the request of the Beli bryag Initiative Committee have visited the Beli bryag village and spoken with the community as well as MME in June 2017. The Bank's approach has been to try to understand the concerns of the community and to assist MME in developing a RAP that is appropriate, provides transparency on the process and potential entitlements and meets EBRD Performance Requirements.

We are grateful for the comments received in the PCM presented by Evelin Tenev Petkov and can confirm that these will be considered in the finalisation of the RAP. All comments received in the consultation process will be analysed to understand validity, relevance and where appropriate feasibility; they will be further discussed with the PAPs to reach agreement on response where possible. We will endeavour through the RAP finalisation process to create consensus on a way forward so that RAP is representative of the whole community and aligns with national law and EBRD Performance Requirements. Furthermore, the RAP will include on-going monitoring of the implementation of the plan including the provision of progress reports to the Bank.



TO:

Erica Bach

Project Complaint Mechanism (PCM) Officer

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT



DEAR MS BACH,

In response to your email dated 20<sup>th</sup> October 2017 related to a Letter of Complaint received at PCM from the Initiative Committee (IC) of Beli bryag village, we hereby present to your attention Mines Maritsa-East EAD's opinion and point of view regarding the issues concerned, as follows:

## I. With regard to engagement of affected parties, disclosure of information and Resettlements Plans

### 1. Correspondence and stakeholders engagement

Mines Maritsa-East EAD (MME) has maintained relations and correspondence with the residents of Beli bryag village for a long time. In order to make you familiar with part of the background of these relations and to bring some clarity about the situation, we believe that it would be useful to provide a chronological review of some of the latest facts and events from MME's activity related to this issue:

17-18 Nov. 2015	The Senior Environmental & Social Adviser from EBRD visited MME and conducted training with the Company team responsible for development of Resettlement Plans.
07 June 2016	The Land Acquisition and Resettlement Framework was sent to EBRD. The <b>Land Acquisition and Resettlement Framework (LARF)</b> was developed by MME team in line with EBRD's requirements, as first stage in planning of the resettlement process for the near villages. It outlines the general principles which MME will follow in this process. After some corrections made by EBRD, it was finalized and approved on 07.10.2016. The representatives of Beli bryag Initiative Committee (IC) were familiarized and given this document before its finalization (on 12.08.2016). Following the approval, in accordance with EBRD's requirements, the LARF was made public: on EBRD site, on MME site, hard copies of the document are available at MME, in the Town Hall of Radnevo Municipality and in the Mayor's Delegate's office in the village of Beli bryag.
27 July 2016	A meeting was held between Beli bryag residents and MME representatives in the hall at the Mayor's Delegate's office in Beli bryag village. At the meeting, it was mutually agreed that representatives elected by the villagers would participate in the Resettlement Action Plan (RAP) development.
	Immediately after the LARF was developed and sent to EBRD, and before its



	<p>finalization, MME team started working on the <b><i>Resettlement Action Plan (RAP) /for the village of Beli bryag/</i></b>. In the process of its development, the representatives of the IC were also engaged. Two more meetings and a series of telephone conversations and correspondence were held with them. They were invited to submit their suggestions and ideas which they would like to be included in the RAP.</p>
12 August 2016	<p>Upon receiving a letter from Mr E. Petkov on 05.08.2016 at MME, containing the names of Beli bryag representatives elected by the villagers to take part in the RAP development, the Company organized the first meeting between MME team responsible for the RAP development and the representatives elected by the Beli bryag villagers (Mr Evelin Petkov and Mr Zhelyazko Zhelyazkov). They were provided with the LARF draft (in its full integrity, an electronic and a hard copy, and not part of it, as it is alleged in the Letter of Complaint – together with the Attachments – in the same integrity as it had been earlier sent to EBRD, but in Bulgarian), all EBRD’s Environmental and Social Policy 2014 (the official translation into Bulgarian), as well as an indicative Resettlement Plan developed by another European company (the RAP for Vranduk Project for Hydro Power Plant construction in Bosnia and Herzegovina mentioned in the Complaint), provided to us by EBRD as a model to follow, the latter being also translated into Bulgarian (by MME employees) – these are the documents being referred to in the Complaint as „<i>extremely useless</i>“ to them. The village representatives were invited to review the documents and to make suggestions and ideas on what else shall be included in the next Plan, the RAP, which would be developed specifically for Beli bryag, submitting them officially by the next meeting.</p>
01 Sept. 2016	<p>Mr Petkov sent a letter comprising 5 suggestions and informed on the phone that he would not attend the next meeting.</p>
02 Sept. 2016	<p>Second meeting between MME team developing the RAP and Beli bryag representatives (attended by Mr Zhelyazko Zhelyazkov and Mr Lyubomir Nikolov). Mr Zhelyazkov did not submit any specific request, but only a newspaper article about the resettlement in Germany from 1948 to 1998 and a Decision of the Council of Ministers dated 1982, and declared that a joint meeting had been held with all the villagers, they had been acquainted in details with the LARF and all other documents and none of them had any specific suggestions.</p>
16 Sept. 2016	<p>A letter was received from Mr Zhelyazko Zhelyazkov related to suggestions for the RAP. The letter again did not contain any specific suggestions. The same two documents were attached to the letter (the article and the Decision of the Council of Ministers). The suggestion was to perform the resettlement in the same way. Again stating that the rest of the villagers had not made any other suggestions.</p>
13 October 2016	<p>A Letter of Response was sent to Mr Evelin Petkov and Mr Zhelyazko Zhelyazkov with regard to the suggestions submitted by them. All 5 suggestions made by Mr Petkov were accepted and included in the RAP developed for Beli bryag village. Despite the lack of specific suggestions by Mr Zhelyazkov and the rest of the village residents, both materials provided by him were reviewed at great length by the team of MME responsible for RAP development, and were replied in detail, and a great part of them were also included in the RAP. In the Letter of Response, a comparison was made between the materials on one hand, and what is currently being done now by MME on the other hand. It becomes</p>

	clear from the comparison that many of the measures mentioned in the materials are being implemented here now. (Please, refer to Attachment 1).
07 October 2016	The official approval of the LARF by EBRD was received.
01 Nov. 2016	Immediately after the draft RAP was ready, it was sent to both EBRD and the Initiative Committee for review and comment (both to Mr Petkov and Mr Zhelyazkov, an electronic and a hard copy). After this submission, no other requests or comments were received at MME by any of them. Although MME had adopted all suggestions made by the IC, upon receiving the initial version of the RAP, IC made new demands, which were directed not to MME but to EBRD. On 30.11.2016, EBRD forwarded to MME the Letter of Complaint submitted to the Bank by Mr Petkov, requiring the MME opinion. MME's Letter of Opinion was sent to EBRD in December 2016 and EBRD arranged a meeting between Beli bryag villagers, EBRD and MME representatives in January 2017.
24 January 2017	Meeting held on 24 January 2017 in Sofia between Beli bryag villagers, EBRD and MME representatives.
01 February 2017	At the recommendation of EBRD, on 01 February 2017, a copy of the Draft RAP was provided by MME in the village Mayor's Delegate's office for review, comments and corrections by all the residents. The deadline specified for that was 01.03.2017.
06 February 2017	Official letters were sent to Mr Petkov and Mr Zhelyazkov, notifying them about the RAP submission in the village and inviting them to make their specific suggestions and/or corrections to the text again, within the same deadline, so that they could be taken into consideration and addressed before finalizing the document.
07 February 2017	The IC (Mr Zhelyazkov) sent a letter of a flat disagreement with the RAP and total rejection of everything stipulated in it, on behalf of all residents of Beli bryag village, thus again taking the opportunity of all the other people to express their opinions.
17 February 2017	A letter was received at MME from Mr Petkov, containing new suggestions and corrections to the RAP (45 pcs).
01 March 2017	A joint meeting between MME management and Beli bryag residents. In order to make sure that the information in the RAP had reached all residents and had been understood by everyone, MME initiated and organised a new meeting in the village of Beli bryag, where the most important points of the RAP, directly related to the resettlement process, were explained in detail and in a simple way: what opportunities the people have when they decide to sell their properties, what they can use for free during the relocation, what further assistance will be provided during the whole process etc. After the meeting, the copy of the draft RAP was again left in the village for another month, in order to give the residents enough time to get acquainted with it and to write down their comments and corrections to the document. It was decided that the reception in the village, which had been provided in the RAP, shall start operating and shall be open the second Thursday of each month, where MME representatives shall listen to the residents' questions and demands related to the resettlement, and reply or convey

	them to MME management for consideration, thus ensuring closer contact between the two parties.
Reception meetings	Up to now, six reception meetings were held at the Mayor's Delegate's office in the village, the date and time of this meeting being previously announced, respectively on: 16.03.2017; 06.04.2017; 11.05.2017 (at this meeting the villagers were notified about the upcoming visit by EBRD representatives, and later official letters were sent, too); 18.07.2017; 10.08.2017; 14.09.2017. (In the months of June and October, Reception meetings were not held, as at that time, meetings attended by EBRD and Green Partners representatives were held).
03 April 2017	A Letter was received at MME from the IC (Mr Zhelyazkov) with suggestions and corrections to the RAP (54 pcs).  On the same day, another letter from Mr Petkov was received, containing new suggestions and questions related to the RAP (14 more pcs).
Engagement of Green Partners	In order to provide participation of a third, independent party in the process of RAP development, which should guarantee the observance of EBRD's ESP 2014 requirements, EBRD assigned to the company Green Partners (Romania) to render MME technical support to finalise the Resettlement Action Plan, in their capacity of Environmental and Social Consultant.
05-07 June 2017	Green Partners' first mission at MME and Beli bryag, together with EBRD representatives. The visit in Beli bryag village was on 06.06.2017 aiming at familiarizing with the situation in the village, and meeting with villagers was held at the Mayor's Delegate's office in the village.
10 July 2017	After discussion with EBRD, MME replies to villagers' suggestions related to the RAP were sent to the Mayor's Delegate in Beli bryag, to Mr Petkov and to Mr Zhelyazkov. As it can be seen from above, the " <i>over 60 recommendations, suggestions and questions</i> " mentioned in the Letter of Complaint, were actually over 100, but, because of the numerous repetition of some of them, they were summarized by MME in topics, for simplicity and clarity in the reply (Please, refer to Attachment 2).
28 Sept. 2017	A meeting was held at the EBRD office in Sofia attended by EBRD and MME representatives and the PIU Consultant, with regard to the progress of the projects co-financed under the KIDSF, as well as the finalization of the RAP. MME asked for the presence of Green Partners' representatives at the meeting for the RAP disclosure and discussion, in order to present the RAP final draft prepared by them.
28 Sept. 2017	The RAP final draft was sent to MME by Green Partners in English and Bulgarian + a draft of the GLAC (Guide for Land Acquisition and Compensation) in English only.
05 October 2017	Two copies of the RAP final draft were left in Beli bryag village (to the Mayor's Delegate and to Mr Zhelyazkov (it was sent to Mr Petkov via mail, as he does not live in the village).
18-20 October 2017	Green Partners' second mission at MME to disclose and discuss the RAP; 19.10.2017 – joint meeting in Beli bryag between the residents, EBRD, Green Partners and MME representatives. The RAP final draft prepared by Green

Partners was presented, and the villagers were invited again to submit their opinions, suggestions and comments on the RAP, which are expected to be sent to MME in writing by the end of November 2017. Mr Petkov declared again that the developed RAP was anti-social.
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Apart from the two letters containing detailed responses to the villagers' suggestions, available in Attachments 1 and 2, numerous letters have been sent in response to various questions, complaints, requests for assistance, notifications about meetings, about MME further actions, about deadlines for submission of opinions etc. Records are kept at MME proving that such letters have been sent, which can be provided to PCM for reference upon request. The Company maintains and is able to prove that there is no letter received from a Beli bryag resident that has not been replied. The statement in the Letter of Complaint is probably based on the fact that the response received is not always identical with the one expected and wished by the person. Apart from the meetings mentioned above, numerous unofficial conversations on the phone have been made with Mr Petkov and Mr Zhelyazkov, as well as emails with Mr Petkov have been exchanged. Since the Company official correspondence also keeps tracks of exactly what was sent, a reference can easily be made to verify whether the copies of the LARF and RAP received by Mr Petkov, are the same that were sent to EBRD, i.e. whether they present the full documents or part of them.

Up to date, the position of Mr Petkov regarding whether he represents the IC, all the villagers or himself, has not been clearly defined before the Company yet. All letters and suggestions sent by him so far, are on his behalf and signed by him only, while in the letters from the IC, the names of Mr Zhelyazkov and four other villagers can be seen but Mr Petkov's name never appears there.

## **2. Other issues raised in the Letter of Complaint, related to the RAP:**

- **The socio-economic survey** – The questionnaire for the socio-economic survey was prepared, announced and organized in compliance with EBRD requirements. It was carried out by two MME employees and their names and photographs were disclosed in the village quite in advance, in order to ensure peace and security for residents. It aimed at gathering information on the physical and health status of the village residents, their concerns and worries, their desires, moods and expectations, the need of additional assistance for some individuals, etc. MME had no intention, nor reason to hide the purpose of the survey. Many of the owners, including Mr Petkov, do not live in the village, but anyway were contacted in order to get the opinions and the required data for each one and to cover 100% of the people living or owning properties in the village. Mr Petkov himself was also contacted and asked several times to give his opinion and fill in the inquiry, but each time he kept flatly refusing. Despite that, as it was explained above, later his opinion and suggestions were again requested and taken into account when developing the Resettlement Plans.
- **False statistics** – The data in the RAP were taken from the replies in the questionnaire, as well as from the information in the Cadastre and other registers in Radnevo Municipality. The missing replies of some of the PAPs were considered in the "No reply" portion. Some factual discrepancies were later corrected. The questionnaires from the socio-economic survey are kept in the Company's archives and can be provided for reference at any time. The document presents only facts concerning the resettlement process, which started a long time ago, and these facts are obvious and cannot be denied: Out of 160 private

properties in the village, there are 49 remaining still private now, and about 30 of them only are used for living.

- **Expropriation** – Expropriation is not excluded as an option in EBRD ESP. Preference is given to acquiring properties through voluntary sales and purchases, which is exactly what is being done by MME.
- MME „*has so far refused to admit that there is an involuntary resettlement involving loss of housing and economic displacement*“ – MME is absolutely clear about the fact that the resettlement performed by the Company is involuntary and involves loss of housing and economic displacement, since it is imposed by the fact that there is coal in the ground under the village, but not by the personal decision of each resident. That is why, during the past 2 years, the Company has worked toward implementation of and compliance with the requirements set forth in EBRD ESP 2014, and specifically in PR 5, in order to mitigate the negative impacts on the affected persons. However, within this involuntary resettlement, voluntary buying and selling is a priority, as stipulated in the EBRD ESP.
- **The RAP drafts** – As mentioned above, the draft of the Resettlement Action Plan for Beli bryag village was developed by MME and sent to EBRD and the IC at the beginning of November 2016. Since that moment, the Company has not been directly responsible for its finalization, as it was assigned to Green Partners. Since the submission of the RAP first draft, some actions taken by EBRD and E&S Consultant have been in progress: EBRD comments, familiarizing the Consultant with the RAP and the situation in the village, as well as the finalization of the document itself. This has been repeatedly explained to the villagers during the numerous meetings held with them. Therefore, we strongly disagree with the statement made in the Complaint, that the residents “*are not familiar with the latest material and what exactly Maritsa East Mines company has developed and passed on to Green Partners consultants*“. Up to now, two drafts of the RAP have been prepared – the first one – by MME, and the second one – revised by Green Partners. Both drafts were provided to Beli bryag residents in due time. The Company’s efforts toward this were noted by both the EBRD and Green Partners, especially in view of the fact that such plans (LARF and RAP) have been developed for the first time in Bulgaria.
- „**When will the plans go into action?**“ – The Company has replied to this question many times, too. The LARF was already approved, and the RAP is to be finalized, after the deadline for discussion and making suggestions by the residents expires (at their request, this deadline was set by the end of November), together with the GLAC, which will be distributed to each affected household. After the RAP is finalized and the acceptable suggestions are incorporated in it, the actions provided in it will become a commitment, which MME will be obliged to implement. Meanwhile, although the RAP is still not finalized, many of the actions provided in it have already been implemented by MME, so that more affected persons could benefit from them at any stage of the resettlement process.

In view of the above facts, MME considers that the Company has complied with all EBRD requirements set out in the EBRD ESP, concerning disclosure of information, engagement of the affected parties in the process of the RAP development, correspondence with them and engagement. The residents of Beli bryag village have many times been given opportunities to participate in the decision-making process related to the resettlement of the village. They have such a chance even now, after the disclosure of the second draft (final draft) prepared by Green

Partners. Throughout the process of development of the LARF and RAP, MME has strictly followed and complied with all EBRD requirements. Both documents are developed in full compliance with their Environmental and Social Policy 2014 and with the highest European standards and good practices.

## **II. With regard to the issues related to valuations and property compensation**

### **1. Loss of properties**

All losses are dealt with in detail in section 6. *COMPENSATION AND ENTITLEMENTS* in the RAP, in particular in item 6.2. *Entitlements Matrix* where measures for mitigation of impacts and compensation for any type of loss are provided. Options of cash or in-kind compensation are offered on the like-for-like basis, both for residential structures and agricultural land. Furthermore, MME commits to provide additional measures related to free transport of movable possessions and assets to the new residential place, free legal advice and assistance, 2-year grace period when the ex-owner can use the property for free after the sale and through rental after the expiry of this period, as well as the right to collect crops from agricultural plots until MME needs these properties for their own use, along with a number of measures as additional assistance for the vulnerable persons (Please, refer to section 6 in Attachment 3). MME is aware of the fact that for some households, the property they live in now is their only home. It is even of greater significance for the households consisting of retired people, as well as for those comprising people with chronic diseases or physical and mental disabilities. That is why such people are considered in the vulnerable groups. The Company has gathered information about each household and has provided specific assistance measures for each of them. Apart from the regular meetings, MME employees will visit in person each household currently living in the village in order to get specific information about their resettlement-related needs and problems and to choose the way of meeting those needs

### **2. Loss of livelihood**

Some measures are provided in the RAP for the PAPs livelihood restoration (Please, refer to Attachment 3, section 6. *COMPENSATION AND ENTITLEMENTS*). As it was mentioned above, the owners of properties within the built-up area of the village, after they have sold their property, have the right to stay in it for two more years for free, and then to sign a rental agreement which can be re-signed every three years. Accordingly, they have the right to use the land too during the same period, and to grow and harvest their production. Owners of agricultural land have the option, as an alternative of cash compensation, to exchange the plot for another one, of similar size and soil quality on land reclaimed by the mine or belonging to the mine, so that they can continue cultivating it and get production from it. Owners of farms and other productive assets can rely on free transport when they are moving, and in addition, they will receive compensation amounting to their income from these assets for the previous year, which should cover their loss for the post-relocation period, until the production is restored.

### **3. The agricultural cooperative (ACPS)**

At the latest meeting, a suggestion was made and agreed that MME should provide the agricultural land acquired by the Company to be used by the local cooperative not by auction but by direct negotiation, in order to avoid increasing the prices.

In addition, again aiming at preservation of livelihood, as well as compensation for the loss of dividends, production etc., a specific measure is provided in the RAP, which states that the current members of the cooperative will be able to keep receiving all the benefits from the cooperative for the next years (from dividends, products, etc.), while the land is still operated by

the cooperative, until it is needed for mining activities. In cases when the land is in front of the mining activities, the owner will also receive compensation amounting at the value of the production of the previous year (Please, refer to Attachment 3, section 6. *COMPENSATION AND ENTITLEMENTS*).

#### **4. Valuation of properties**

The process of acquiring properties within the built-up area of Beli bryag village dates since 2009 and up to now, it has been done only based on voluntary sale and purchase. MME have always observed and will continue to give priority to the principle of voluntariness in the acquisition of properties in regulated (built-up) areas. This is stated in both LARF and RAP submitted to EBRD, and the Company firmly keeps its word. Up to now, no housing property has been involuntarily expropriated. The acquisition procedure starts only upon a wish for sale expressed by the owner in writing. In repeated refusal by the owner, however, MME does not exclude the possibility of going to the expropriation procedure in the future.

The methods and approaches used for property evaluation are in line with adopted standards of value in Bulgaria. A minimum of two methods must be used to obtain a fair market value. Therefore, the evaluation currently used by MME is based on two methods:

- the method of real value, and
- the method of comparable sales.

**These are the two methods most favourable for the seller.** The first one provides the possibility to build a similar property with similar materials, and the second one guarantees that another property with similar parameters can be purchased. This covers the requirement set forth in EBRD ESP that the compensation should be enough so that another property can be built or purchased on the like-for-like basis.

Evaluations of properties present the equivalent cash compensation for the existing condition of the specific property. The value defined in the valuation report is calculated by taking in consideration all infrastructure-related details: wells, type of plaster, additional improvements made on the property etc. Perennial crops are evaluated in accordance with a special Regulation and are also included in the total price of the property. A reference was made to some sites and newspapers for sale of real estates in the territory of Radnevo Municipality, in settlements of the same (or similar) functional type as the village of Beli bryag – 7th, and it can be clearly seen that properties are offered at similar prices paid by MME for the properties in the village of Beli bryag. This therefore shows that the money paid by the Company are enough to buy another property, similar to the sold one in Beli bryag, and even to buy a property in a village of a higher type. Such references can easily be made at any time, in any site for property sales (e.g. [www.imoti.bg](http://www.imoti.bg), [www.imot.bg](http://www.imot.bg)).

The evaluations of the properties used by MME are carried out by TD "Stroyproekt", which was selected in a tender procedure under the Public Procurement Act. The evaluator is legitimate, legally elected by MME, licensed and independent, which can be verified in the register of the Chamber of Independent Assessors in Bulgaria. The evaluation, prepared by them, is determined based on a fair market price. MME has no legal basis to allow another evaluation to be accepted, therefore another, higher acquisition value of the properties cannot be accepted, (in compliance with Art. 42, Para. 2, third statement of „*Rules on the order, conditions and procedure of decision-making and giving permissions by BEH EAD as an entity exercising the right of the sole capital holder and solving issues within the competence of the General Assembly of the commercial companies*“). MME strongly opposes the claim in the Complaint that the Company "sets the values although they have a licensed assessor" and "decides whether they will lower or

*increase the values given in the evaluation without clear methodology.*" To support this Company's position, and in order to reduce the suspicion and mistrust of the owners, MME has adopted appropriate measures (Please, refer to item 19 in Attachment 4).

Up to now, no assessment by another evaluator used by the owners from Beli bryag village has been submitted at MME. In the case of such an assessment, a comparison may be made with the evaluation prepared by the licensed evaluator whose services are used by MME and accordingly, in case of any difference, the owner is entitled to file a complaint with the Committee of Professional Ethics in the Chamber of Independent Evaluators in Bulgaria (Please, refer to item 19 in Attachment 4. See also item 3, 4 and 22 of the same Attachment, which also concern some specific points of the property acquisition process).

With regard to the request for building of residential buildings in Radnevo, the Company has the following considerations: Properties in the town of Radnevo (functional type III) and properties in the village of Beli bryag (functional type VII) have different prices. The replacement of a property in the village of Beli bryag with one in the town of Radnevo is not equivalent and is in contradiction to the "like for like" principle set forth in the EBRD Environmental and Social Policy. Building of residential buildings in Radnevo is an activity requiring engagement of many authorities and institutions, not only MME, and furthermore, it would be unfair to those who have already sold their properties and have moved somewhere else. Undertaking such an action now would cause discontent among those 75% of the villagers whose properties have already been acquired by MME.

Properties in the town of Radnevo (a settlement of 3rd functional type) and properties in the village of Beli bryag (a settlement of 7th functional type) have different prices of offering and purchase. Replacement of a property in Beli bryag for a property in Radnevo is not of equal value. Building of a new residential area in the town of Radnevo is an undertaking that would require huge investment and involvement of many authorities and institutions, and it would be unfair to those people who have already sold their properties and moved somewhere else. In addition, an initiative like that would mean non-observance of the "like for like" principle set in EBRD's ESP.

EBRD ESP does not revoke local laws, but on the contrary, it requires local laws to be observed, and adds some further requirements to it. In this respect, compliance with the applicable legislation in Bulgaria does not in any way mean that EBRD ESP, in particular PR 5, have been abused or "rejected" by MME, as alleged in the Complaint

### **III. With regard to other issues raised in the Letter of Complaint**

#### **1. Cemetery relocation**

Since 2010, the funerals within Beli bryag cemetery have been ceased through an Order by the Mayor of Radnevo, and any such cases have been performed within Radnevo cemetery. Such an Order was asked for by MME, because of the progress of mining activities and in compliance with *Ordinance 2 on health requirements for cemeteries (graveyards) and burial and transportation of deceased persons dated 21.04.2011*. The procedure of cemetery relocation was requested in correspondence with EBRD and the Company has sent clarifications about the activities performed so far and those which are to be performed (correspondence with EBRD dated February and March 2017), and, again on the advice of EBRD, it was taken out of the LARF and was not included in the RAP, as it should be under PR8, not PR5. According to the aforementioned Ordinance, the relocation of the mortal remains cannot take place earlier than 2018. In relocation itself, the procedure will be performed by the respective employees at

Radnevo Municipality who are responsible for that, and MME will assist Radnevo Municipality by providing the required equipment for the exhumation and relocation of mortal remains, by strictly following the Municipality employees' instructions. At the meeting in Beli bryag in August, the Company invited the ritual officer and the entire procedure for the cemetery relocation was explained in detail to the attending residents. In this regard, in 2008 MME bought a land plot near the old cemetery in the town of Radnevo and since then has been working actively on a project for the construction of a new cemetery (as an extension of the old one). So far, a big part of it has already been completed: a fence has been made, alleys have been implemented, a wall for mortal remains has been built, local lighting has been performed etc. What is still to be done is the construction of Memorial hall for funeral service, renovation and extension of the existing road to the cemetery etc. In addition, regarding the inconvenience and additional costs for the residents of Beli Bryag, MME adopted another measure according to which MME will reimburse /pay/ the relatives of a deceased person the expenses incurred due to performing the funeral in the cemetery of other settlement (Please, refer to items 10 and 11 in Attachment 4). Beli bryag residents are aware of all this, it has been discussed many times, and therefore MME cannot agree with the accusation that the Company does not have a plan to move the remains from the village cemetery, does nothing or leave any such questions unanswered.

## **2. The situation in the village**

- **Lack of shops**

The building of the only shop that has ever existed in the village was bought and destroyed by MME. It is important to note that the shop in question had ceased to operate with its designation before it was acquired by MME. Currently, bread and basic groceries are provided in the village twice a week. MME does not engage in trade or supply of food or other household goods and cannot open a shop in the village, nor can the Company prevent it from being opened by a private entrepreneur should such interest be expressed.

- **Demolition of buildings and maintaining the plots**

The properties purchased by MME and not used by the former owners are subject to demolition, and this is done in order to provide safety for people living around or for other random persons who may try to enter them. This was requested by a large number of the village residents. Demolition is carried out under a certain procedure following an Order issued by the Mayor of the Radnevo Municipality. In connection with this activity, again in order to reduce the negative impacts on the residents, the Company has adopted measures which have already been in place: before demolition, the residents are informed and the site is surrounded with safety warning tapes; on the day of the demolition, the submission of water jets for irrigation is provided, in order to avoid the formation and spreading of harmful dust emissions; the presence of security guards during demolition is enhanced etc. The properties purchased by the Company are cleaned from grass and shrubs according to a schedule. (Please, refer to items 5, 6, 12 and 20 in Attachment 4).

- **Explosive works and living environment**

Fully groundless and without any evidence, the representatives of the IC claim that the cracking of some of the buildings in the village is due to the mining activities. An argument to the contrary is that there are buildings in the village that do not have cracks, even though they are at the same distance from mining works. This rather leads to the conclusion that the reason is the way of construction and the age of the buildings.

In the mines of Mines Maritsa-East EAD, drilling and blasting operations are carried out on fields with solid inclusions that cannot be operated with the available heavy mining equipment. All blasting activities are carried out by an external contractor in full compliance with the requirements of the "Safety Regulations for Blasting Works" from 1997, while observing the necessary authorization regime and the management systems of the Company.

For any forthcoming execution of blasting operations in Troyanovo-North mine, a notification letter is sent to the Mayor of Radnevo Municipality (respectively the Mayor's Delegate in the village of Beli bryag).

According to the "Safety Regulations for Blasting Works" in particular Chapter 5 -SAFE DISTANCES, the latter are defined as follows:

- |                                      |         |
|--------------------------------------|---------|
| - by seismic action of the blast     | - 120 m |
| - by on-air shock wave               | - 300 m |
| - by dispersion of individual pieces | - 500 m |

Given the fact that over the third overburden horizon of Troyanovo-North mine there are two more overburden horizons, which are a direct barrier standing in the way of spreading the shock-air wave to the village of Beli bryag, the safe distance can be reduced to 150 m.

In view of the above, and the fact that the regulation (built-up area) of the village of Beli bryag is more than 1600 m from the third overburden horizon of Troyanovo-North mine where the drilling and blasting works are carried out, the village is outside the zone of influence.

- **Others**

In addition, the Company purchased and installed a dust meter (station-analyst), which continuously monitors the concentration levels of particulate matter (pm10 and pm2.5), in order to assess and manage ambient air quality. Through it, MME monitors around the clock and in real time the indicators of dustiness in the region in order to avoid pollution and deterioration of environment in the surrounding villages.

Other measures adopted by the Company at the request of the affected persons in order to improve their living environment are specified both in Attachment 4 and in the RAP.

All the above-mentioned measures taken by MME, as well as those listed in Attachment 4 and not mentioned here, are well known to the residents and have been explained and discussed with them many times. Many of them are adopted at the request of the PAPs themselves. They are implemented for the safety of people and in accordance with the legal provisions being in effect in the country and aim to reduce and mitigate the impacts and the problems that arise. Attachment 4 only contains the measures adopted by MME to the benefit of Beli bryag residents during the last year and a half (since the meeting between the management of MME and the residents on 27.07.2016). Over the years, the Company has also adopted and implemented many other actions in favour of the people affected by the resettlement, and the PAPs have been familiar with them for a long time, that is why those measures are not listed in this Attachment 4.

**In conclusion, we would like to remind and emphasize that MME is 100% state-owned company and all its activity complies with Bulgarian legislation and the requirements set forth in EBRD ESP. The Company has no right to create its own rules or to change the existing ones. It is only able and is obliged to observe the laws currently in force.**

As it was explained above, the resettlement process in the region started over 50 years ago. For over 50 years, people have known about these intentions and plans of the Company, about the progress of mining activities and the inevitability of this moment. **MME is fully aware of its**

**responsibility in this ongoing resettlement process.** Proof of this is the fact that the Company has recently made significant steps in its environmental and social policy and made important decisions in favour of the affected people. These decisions were incorporated in the RAP and, in doing so, the Company committed to implement them. What is more, MME has already started to put these measures into practice, before the RAP is approved by EBRD, which indicates that it is not the compulsoriness of the measures that determines the Company's actions, but the desire to help people and to reduce impacts on them. MME have pursued its own social policy for years on end, and a good proof of this is the fact that a big number of the residents of the affected villages, including the village of Beli bryag, have worked and are currently working here (including some of the members of the Initiative Committee). The Company is one of the biggest employers in the region and has provided not just the living, but also quite a good lifestyle for many of currently retired people living in Beli bryag, as well as for their children and grandchildren. That is why MME reckons that the accusations continuously made to the Company – directly in letters and verbal attacks, or through various institutions, authorities and media – not only disparage and belittle all the efforts of the Company in this regard, but also are groundless.

We hope that the explanations above give replies to all claims and accusations in the Letter of Complaint sent to you from the Initiative Committee of the village of Beli bryag. We would like to assure you that MME will stick rigidly to the applicable Bulgarian laws and EBRD's ESP requirements, and will perform no action contrary to the European or national Bulgarian legislation, despite the pressure we are continuously subjected to. We understand the concerns and discontent of the affected people – feelings of anger and injustice they are experiencing are understandable, in view of the fact that they are faced with the need to leave their homes. As humans, we understand their pain and we will strive to minimize the negative resettlement impacts on them to an extent which is within the Company's possibilities.

In case you need any additional information, clarification or submission of proves, please, let us know. All documents required to support the above opinion will be made available in due time.

Best Regards,

  
*Executive Director*



**Attachments:**

**Attachment 1:** *Letter of Response to the Initiative Committee's proposals for the RAP – 1*

**Attachment 2:** *Letter of Response to the Initiative Committee's proposals for the RAP – 2*

**Attachment 3:** *Resettlement Action Plan /for the village of Beli bryag/ - final draft, revised by Green Partners*

**Attachment 5:** *Procedure for cemetery relocation and measures taken by MME*

**Attachment 4:** *Measures recently adopted by MME to reduce the resettlement-related negative impacts on the Beli bryag villagers*