

2016



*LAND ACQUISITION  
AND RESETTLEMENT  
FRAMEWORK*

*“MINES MARITSA-EAST” EAD*

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**Attachments:**

1. Map of the progress of mining activities and location of the villages of Beli bryag and Troyanovo /a hard copy/
2. Procedure of agricultural land acquisition
3. Procedure of land acquisition in the urbanized areas
4. Change of use procedure for the purchased agricultural lands
5. Procedure of involuntary expropriation

# 1. INTRODUCTION AND BACKGROUND

## 1.1. Introduction

Mines Maritsa East EAD (MME) is the biggest coal mining company in Bulgaria. It is 100% state owned and operates the Maritza East Coalfield, which is the largest coalfield in the country. In view of its importance for Bulgarian energy and economy, the Company is considered as a "site of strategic purpose" in the Energy sector.

On 14 January 2014, the European Bank for Reconstruction and Development (the "EBRD"), as the Administrator of the funds from the Kozloduy International Decommissioning Support Fund (KIDSF), and MME have entered into Grant Agreement No. 054 to support the **Project for Replacement of Bucket-Wheel Excavators at Mines Maritza East EAD** (the "Project"), which aims at improving of energy efficiency and increasing of performance at MME.

The Project, as well as the overall progress of mining works, requires acquisition of lands and properties by MME in the area of the settlements situated in the close proximity and in front of the mining activities. This fact necessitates physical and economic displacement of the owners, tenants and users of these properties.

This Land Acquisition and Resettlement Framework (LARF) has been prepared by Mines Maritsa East EAD, with regard to the necessity of resettlement concerning the residents of the villages of Beli bryag and Troyanovo. It presents the potential impacts on the affected parties associated with the progress of mining activities, the principles observed by MME in order to mitigate these impacts, as well as the Company's responsibilities and engagements in the resettlement process.

This document has been developed in accordance with Bulgarian legislation and in compliance with EBRD's Environmental & Social Policy 2014 (ESP 2014), and specifically Performance Requirement 5 (PR5) - Land Acquisition, Involuntary Resettlement & Economic Displacement. It outlines the general approach which will be followed by MME with regard to land acquisition and resettlement of the residents of the settlements which are expected to be affected by the mining works. Based on this LARF, detailed Resettlement Action Plans (RAPs) will be developed for each settlement. All affected people and properties, land ownership and use etc. will be described in them in details. Socio-economic surveys will be undertaken among the residents of the respective villages, in order to gather the needed information.

As the process of land acquisition has been in progress for years, and approximately 40 % of the affected properties have already been acquired, this LARF presents a summary about:

- Affected people and properties, including types of vulnerable people, as defined in EBRD's ESP 2014<sup>1</sup>, requiring specific resettlement assistance;
- The process of land acquisition and resettlement so far and the approach to acquisition and resettlement, which will be used in future;
- MME's role, responsibilities and engagements in the land acquisition and resettlement process;
- Focusing on the actions necessary to implement the land acquisition and resettlement process in compliance with EBRD's requirements.

## 1.2. Background

### 1.2.1. Summary Project description

Mines Maritza East EAD ("MME") is 100% state owned company, which operates the largest lignite coalfield mine in Bulgaria, based on a concession contract dated 11 August 2005. The coalfield is situated in the south-east of Bulgaria, in the area of the Gornotrakiyska lowland. There are three open cast mines in operation: Troyanovo-1 mine, Troyanovo-North mine and Troyanovo-3 mine. They supply lignite to the thermal power plants in Maritza East Complex: TPP "Maritza East 2" EAD, TPP "Contour Global Maritza East 3" AD, TPP "AES-3C Maritza East 1" EOOD and Brikel EAD, including its briquette production.

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<sup>1</sup> Please refer to <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html> - in English and [www.ebrd.com/documents/environment/esp-bulgarian.pdf](http://www.ebrd.com/documents/environment/esp-bulgarian.pdf) - in Bulgarian language.

Maritsa-East Basin lignite coal is the most significant indigenous energy resource in Bulgaria. The geological surveys began in 1948, the first development project was prepared in 1951, and mining works started in 1976. The lignite reserves from the coalfield can ensure the production of up to 35 million tonnes per year, which provides the life cycle of the existing and the new power generating capacities for the period until 2060.

Following the closure and decommissioning of Units 1 - 4 of the Kozloduy Nuclear Power Plant in 2007, Maritsa Iztok complex became the centre of energy production in the Republic of Bulgaria with power generation capacity of more than 3300 MW. Reduction of power generated by Kozloduy Nuclear Power Plant after decommissioning of those 4 units requires increasing the production of lignite to ensure security of energy supply.

The MME Project, co-financed by EBRD under the Grant Agreement 054, which aims at increasing the performance and reducing the energy intensity, will include the replacement of three aged and obsolete bucket-wheel excavators by one more efficient new bucket-wheel excavator, as well as purchase of a new excavator for the secondary removal of 50 mln m<sup>3</sup> overburden from the internal dump sites.

In this Land Acquisition & Resettlement Framework, MME outlines the potential social and economic impacts on the people living in the Project region resulting from the progress of mining activities, as well as the related necessity of resettlement. It defines the compensation and resettlement principles which MME undertakes to keep, and the responsibilities, which shall guarantee that no one of affected people will be disregarded or disadvantaged during the resettlement process, as far as possible and in accordance with the existing conditions. The LARF includes a grievance mechanism for people affected by land acquisition and resettlement to raise their concerns.

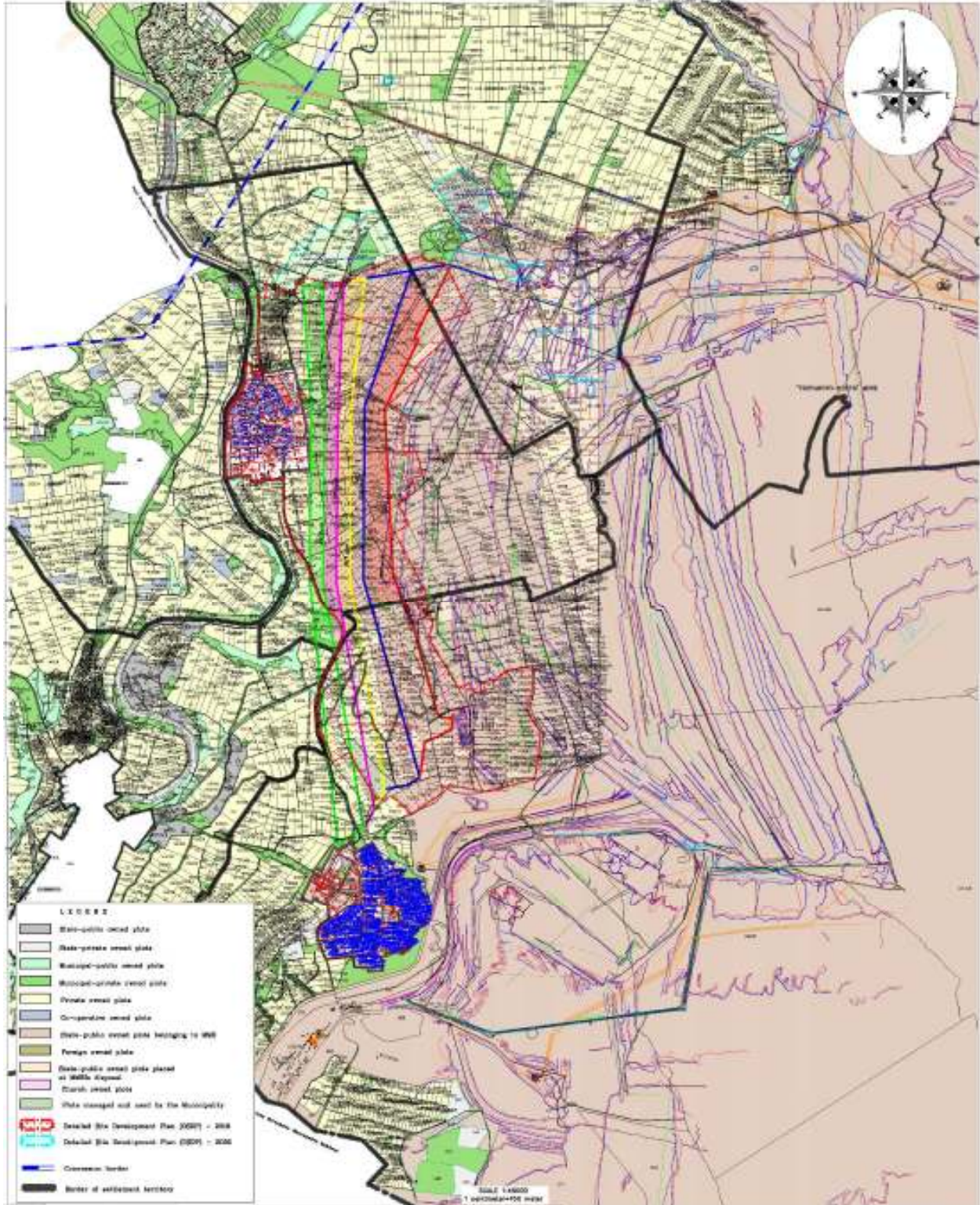
### **1.2.2. Project area**

The total area of lignite fields is about 240 km<sup>2</sup>. This area covers the territory of several of the surrounding villages, some of them having only agricultural land affected, and others being totally affected. The gradual progress of mining activities requires the purchase of the properties in these villages by MME and resettlement of people living there. This is a long and hard process, which cannot be avoided. During the years so far, the Company has always observed Bulgarian legislation and the acquisition and resettlement process has been implemented in accordance with the related laws in the Republic of Bulgaria. People affected by resettlement have known about the inevitability of this process for decades. Many of them have sold their properties to MME during the years, and moved to areas which will not be affected by the mining activities, using the compensation paid by MME, or to properties owned by the Company. Thus, during the years, MME has adopted a policy of voluntarism and assistance, which has been followed and applied towards people subject to displacement.

With the progress of mining works, it is expected that in the following years (2023 – 2030) the villages of Beli bryag and Troyanovo, with about 300-350 people living there, will be affected. Currently, in the village of Troyanovo 32% of land acquisition is completed, and in the village of Beli bryag – about 75%. In distant future, displacement of the residents of the village of Lyubenovo is also possible.

The land acquisition process continues and will include physical resettlement and economic displacement of the people living in these villages.

Map of the progress of mining activities and location of the villages of Beli bryag and Troyanovo<sup>2</sup>



### 1.2.3. Local residents within the Project area

The villages located near the area of mining activities are small, with a large number of currently uninhabited houses. This is because of the fact that some of their residents have left the village and moved, and their houses have been purchased by MME. Mainly elderly people have remained there (the average age of the residents is 65). The number of the residents has reduced significantly, due to two main reasons: 1) moving of many young people to the near towns – this migration process is a general tendency for the

<sup>2</sup> See also Attachment 1.

country as a whole; and 2) as a result of people's awareness of the future development of MME and the inevitability of the impending resettlement process, which has motivated the more circumspect people to decide to sell their properties to the Company at the earlier stages of Project development. In many of still inhabited cottages, only elderly people have remained, some of them being considered as vulnerable group in the context of this LARF.

Local people are engaged mostly in agriculture in small scale. Cereal crops, sunflower, corn, rape is grown on the agricultural lands near the villages. The land within the settlements (yards around the cottages) is mainly used to grow vegetables for households' own needs. Most of the people have orchard trees as well. Many of the households grow a small number of domestic animals in their private farms. A significant part of the working age population are workers and employees of MME.

Both villages have good communication with the other villages nearby, as well as with near towns, by an asphalted road.

The residents living on the territory of affected villages are predominantly Bulgarian, with a very small number of Roma households. The majority of people own the property they live in and have documents proving the ownership.

## **2. LEGAL LAND ACQUISITION AND RESETTLEMENT FRAMEWORK**

The Company's activity fully complies with the legislation of the Republic of Bulgaria.

According to Art. 17 of the Constitution of the Republic of Bulgaria, property rights are guaranteed and protected by law, and „Private property is inviolable“<sup>(3)</sup>. „Involuntary expropriation of property for state and municipal needs shall be effected only on the basis of law, provided that these needs cannot be met by other means and after preliminary and equal compensation“<sup>(5)</sup>.

This Framework will focus mainly on the State Property Act, which has the closest connection with the acquisition and expropriation of land.

### **2.1 Legal framework for expropriation, according to Bulgarian legislation.**

#### **2.1.1. The State Property Act /SPA/**

##### **Public interest and purpose of the expropriation:**

The basic law governing the expropriation is the State Property Act, Chapter III.

Involuntary expropriation of properties and parts of properties belonging to physical or legal entities can be implemented in order to meet state needs which cannot be met by other means, after preliminary payment of replacement value ./Art.32, Para.1 of SPA/.

##### **Expropriation process:**

The availability of public/government need shall be established by an effective Detailed Site Development Plan (DSDP), stipulating the building of a site in order to meet a state need, or a site of national significance /Art. 33, Para.2 of SPA/. Approving of the Detailed Site Development Plans is based on the Law on Spatial Planning and other specialized regulations.

The determination of equivalent cash compensation for the owners of affected properties is executed in accordance with property intended use before the DSDP becomes effective, based on the market prices of properties having similar characteristics and situated in proximity of the expropriated one./Art. 32, Para. 2 of SPA/.

The expropriation process starts with a motivated request to the Minister of Energy, who undertakes actions towards expropriation under the State Property Act. The request shall be accompanied by proves that the concessioner has offered the owner to purchase their property at a price no lower than the assessment defined under the above mentioned order, and the owner, tacitly or explicitly, has rejected it within a month. Therefore, the voluntary way to settle arrangements with owners through sale-purchase deals is encouraged. The expropriation process finishes with an Order by the District Governor of Stara

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<sup>3</sup> <http://www.parliament.bg/bg/const>

Zagora, which indicates the public/government need which requires the expropriation of the property, the type, location, size and price of the compensation, the trade bank where the compensation for the entitled will be deposited. The Order shall be subject to appeal before the Administrative Court at the location of the property within 14 days of its notification. /Art.38, Para.2 of SPA/. The expropriated properties shall become state-owned. They shall be placed at Company's disposal as belonging to the concession by an Act – Decision of the Court of Ministers.

**Informing:**

In accordance with Art. 34a, Para.3 of SPA, the District Governor, at the investor's expense, shall publish an announcement in two central and one local daily newspaper, by which it is proclaimed that an expropriation procedure has been started, sending copies of this announcement to the mayors of municipalities, regions and town councils on whose territory the private properties subject to expropriation are located.

**Compensation:**

The equivalent cash compensation shall be determined on the grounds of market prices of properties of similar type and intended use, based on an assessment executed by an independent assessor. According to the additional provisions of SPA, "Market prices" are the average prices of all property deals for sale and purchase, exchange, establishment of property rights or transfer of property against liability for construction, a mortgage securing the sale and purchase of property, sales through an auction by state and private enforcement agents, state institutions and municipalities, as well as other value transactions, except those having as a subject common parts of the property, in which at least one party is a trader, concluded within a period of 12 months prior to the date of assigning of the assessment and entered in the registry office at the location of the property. In case within a period of 12 months prior to the date of assigning of the assessment in the registry office at the location of the property, more than 20 deals have been entered, only the last 20 registered deals shall be considered as a base for determination of the market price. The average price shall be calculated on the grounds of no less than two relevant deals.

When the agricultural lands are assessed, differentiation shall be made in terms of compensation, depending on the way of permanent land use, e.g. a meadow, a cornfield, a vineyard etc.

According to the law, subject to compensation shall be only owners of properties being expropriated, but not people who have informal rights on them, such as squatters or settlers not having any ownership documents.

Under Bulgarian law, loss of livelihood or loss of illegal sources of livelihood from farming is not subject to compensation. The yields and fruit from the land belong to the land owner. /Art.93 of the Property Law/.

The deterioration of the owners' economic situation as a result of the expropriation is not taken into account when compensation is determined. The same is valid about some other circumstances such as social status etc.

**Appeal procedure:**

The law allows that the parties affected by expropriation can appeal the Acts of the State Administration from the very beginning of the process – from the preparation of the Detailed Site Development Plans to the Order by the District Governor before the Court /see above/. The size of the compensation can be changed on the grounds of the Court Decision.

**2.1.2. Other binding laws:**

Other laws related to land acquisition and resettlement, are as follows:

- Property Law;
- Energy Law;
- Law on Spatial Planning;
- Law on Cadastre and Property Register;
- Law on Protection of Agricultural Lands etc.



## 2.2. EBRD Policy Framework regarding land acquisition, involuntary resettlement and economic displacement

The land acquisition procedure shall be in compliance with EBRD Environmental and Social Policy (2014) and particularly Performance Requirement (PR 5). The main items provided in PR 5 are specified as follows:

- ✓ to avoid or, when unavoidable, minimise, physical and/or economic displacement;
- ✓ to encourage negotiated settlements in order to avoid the need to use governmental authority to remove people forcibly;
- ✓ to mitigate the adverse social and economic impacts on affected people by providing compensation for the loss of assets and to guarantee that the land acquisition activities are executed with suitable disclosure of information, consultations and informed participation of affected people;
- ✓ the displaced persons' livelihood and the standard of living shall be improved or at least restored to pre-displacement levels;
- ✓ informal occupants or users of land are not entitled to cash compensation for the property/land they occupy, they shall be compensated with relevant assistance in the resettlement process;
- ✓ a Grievance mechanism shall be established as early as possible in the process in order to ensure resolving of disputes in an impartial manner;
- ✓ Setting a cut-off date in order to provide clarity as to eligibility for compensation and assistance. Persons moving into the project location after the cut-off date are not entitled to compensation or other assistance.

## 2.3. Gaps analysis between EBRD Requirements and Bulgarian legislation and solutions offered.

The main gaps between local legislation and EBRD requirements are specified in Table 1 as follows:

*Table 1: Main gaps between local legislation and EBRD requirements*

<i>Applicable policies</i>	<i>EBRD Requirements</i>	<i>Requirements according to Bulgarian legislation</i>	<i>Measures to solve the gaps</i>
Displacement planning and implementation	A socio-economic census of the residents affected by resettlement shall be carried out. Resettlement Action Plan shall be prepared and executed.	Land acquisition or expropriation shall be carried out in compliance with the State Property Act, with regard to the Company's rights in its capacity of a concessioner.	A socio-economic census of the residents of the two villages will be carried out. RAPs will be prepared for each settlement whose residents are subject to displacement.
Providing of accommodation for squatters	Squatters shall be considered as vulnerable persons and care shall be taken of them with regards to arranging of housing.	Squatters are not subject to additional care. They are only paid for the assets they have (if any).	The Company is able to provide apartments for rent within the area nearby – through direct agreement, without carrying out of a tender procedure <sup>4</sup> .
Provision of compensation	The full replacement cost of the land price shall be paid and the	The compensation shall be determined based on market prices of	Normally, the prices at which MME purchases agricultural lands from their owners, exceeds the ones defined under

<sup>4</sup> As MME is a 100% state owned company, a tender procedure is required in case of rental of a property owned by the Company or any similar activity, according to the Bulgarian Energy Holding EAD (BEH) Rules regarding activities of its subsidiaries. In the affected persons' favour, MME asks BEH for permission for rental without a tender procedure

	livelihood shall be restored.	properties of similar type and intended use.	<p>the State Property Act, as the official data about purchases of similar properties are based on the tax assessment of the properties, not on the market value, so that notary fees and tax are lower. Taking into consideration this fact, the compensation offered and paid by MME is higher or equal to the market price of the property and a few times higher than its tax assessment.</p> <p>In cases of lost or impaired income, the Company is able to provide for agricultural use part of the land properties which are reclaimed and suitable for cultivation of major crops, in order to preserve the livelihood.</p>
Vulnerable groups affected by displacement (such as squatters)	It is necessary to pay special attention to such persons.	There are no specific requirements; the compensation does not depend on personal circumstances.	Vulnerable persons will be identified during the socio-economic survey and will be included in the RAP for the respective settlement. The Company will support such persons in the following ways: free transport in case of need; moving of possessions of disabled persons or ones with difficult motion; assistance in finding of alternative property – apartment or house in a town, near the affected persons’ relatives; free legal assistance.
Additional support for affected people	Provision of assistance during displacement, paying special attention to poor and vulnerable people.	There are no specific requirements	Carrying out of free consultation about the whole process and regarding compensation; providing of assistance during displacement; free use of the property /house/ within 6 months after purchase, which will give people enough time to find alternative housing; providing the opportunity to rent the same property at 50% of the market value for former workers/employees of MME, now retired; providing of job opportunities at the Company

			for affected persons, meeting the criteria for the announced vacant jobs. <sup>5</sup>
Grievance mechanism related to acquisition and resettlement	Grievance mechanism shall be developed.	There are no specific requirements.	A procedure for grievances by affected parties related to acquisition and resettlement has been developed (Please refer to Section 10 below).
Monitoring of acquisition and resettlement implementation	A process of monitoring of acquisition and resettlement shall be introduced with the RAP.	There are no specific requirements.	A section with the requirements and responsibilities related to the monitoring will be included in the RAP.
Cut-off date	A cut-off date shall be defined and published with the RAP, to provide clarity on eligibility for compensation and assistance.  Individuals who settle on the affected territory will not be eligible to compensation or other assistance.	According to Art. 39, Para. 3 of SPA, in case the owner is not compensated within a period of 6 /six/ months following the entry into force of the District Governor's Order related to expropriation, the Court shall revoke the act of expropriation at his request.  Each owner shall be subject to compensation, regardless the date of acquisition of the property.	After carrying out a socio-economic survey among the residents of respective settlement, a cut-off date will be published, after which each informal inhabitant/ user and/or squatter will not be eligible to compensation or assistance.

**Note:** Up to now, the Company has taken actions towards involuntary expropriation of agricultural land only, but not of properties in the urbanized (housing) areas of the villages.

### **3. CENSUS FOR AFFECTED PERSONS/HOUSEHOLDS, DESCRIPTION OF PROPERTIES AND SOCIO-ECONOMIC SURVEY**

Census and a socio economic survey of affected people/households shall be carried out for the respective village before development of a detailed RAP. It shall cover 100% of the households residing on the territory of the village, and give description of the affected persons and inventory of land properties (residential or non-residential structures, agricultural land etc.). The data about the type of ownership and owners shall be updated, in compliance with their registration in the Property Register; the total area and categories of the plots subject to acquisition by MME, annual/perennial crops grown on those lands etc. The data from the census, as well as the information from the Property Register, shall be used to develop analysis and assessment of social impacts. Assessment of the impact on health will be developed too, based on data from the Regional Health Inspection, local health services and information from the affected persons themselves.

One of the main purposes of the Socio-economic survey shall be to identify vulnerable persons and groups, as well as the individuals with no formal (legal) rights on the land/ properties they inhabit or use.

<sup>5</sup> Please refer to Attachment 2: Procedure of agricultural land acquisition and Attachment 3: Procedure of land acquisition in the urbanized areas

The information collected during the survey will be used as baseline information to develop a RAP, to design appropriate measures for fair compensation of all affected persons, regardless their rights on the land, to support vulnerable persons and to ensure that the rights of all affected persons will be respected and every effort will be made to improve or at least restore their standard of living to levels before resettlement.

Participation in the socio-economic survey shall be voluntary and will take place only with the consent of the affected persons. All gathered information will be considered confidential and will only be used as a means to establish baseline data about the affected persons/households as a basis to determine the impacts on them.

The questionnaire for the survey shall include questions about baseline information about the household (names, age, sex, education of the members of the family, vulnerability etc.), as well as questions related to their standard of living, sources of income /livelihood, preferable ways of compensation and assistance, questions related to their health. The numbers of the respective land properties will be specified too, the types of right on the land, contact information about representatives of each of the households.

## **4. PROJECT IMPACTS**

### **4.1. Summary of Project impacts**

#### **Land acquisition**

For the purpose of progress of mining activities and technological development of the mines, acquisition of the land on which the villages of Beli bryag and Troyanovo are located, as well as the agricultural lands belonging to the territory of both villages, will be necessary. The total area of the lands subject to acquisition is about 5600 decares. The process of acquisition of residential properties within the regulation of the settlements is prolonged and concerns complicated human relationships and lives. For this reason, the work related to property acquisition and resettlement requires maximum responsibility. MME is fully aware of this responsibility, and that is why, during the years since the beginning of this process, the Company has developed its own strategy and policy which it has been following up to now. Each specific case is considered individually and by aiming at maximum satisfaction of the desires of the affected persons. The approach applied currently is exclusively and solely on a voluntary basis. Residents of the villages affected by resettlement are aware of the inevitability of this process. Most of them express their wish to sell voluntarily their properties to the Company, understanding very well that they would not find more favourable conditions for sale, taking into consideration significantly reduced demand for such properties on the market, as well as their unattractive location. This gives MME grounds and hope that acquisition of the rest of properties will be executed in a voluntary way. Intentions and wishes of MME are to avoid involuntary expropriation of such properties. Mining works have already approached significantly the territory of the village of Beli bryag, but it is expected that they will reach the village itself no earlier than 2023, and the village of Troyanovo – about 2035, which fact provides enough time for meetings, consultations, negotiations and reaching agreements with property owners.

#### **Economic and physical displacement**

Land acquisition within the urbanized territories and of them includes acquisition of residential properties, buildings – municipality, state and other types of ownership, cemeteries, streets, squares, farmyards and agricultural lands. The acquisition will be permanent. It will affect directly the persons living on the territory of the two villages. Their homes will also be acquired by MME and later destroyed.

Summary information about the impacts on the potentially affected properties and persons is presented in Table 2 below, according to the data provided by the respective services in Radnevo Municipality. The exact lists of people and properties in each village will be known after carrying out the sociological surveys in these villages. They will be included in the respective detailed Resettlement Action Plans, which will be developed for both villages.

Table 2: Summary of Physical and Economic Displacement Impacts

Type of Loss	Summary of Losses/Impacts
<b><i>Loss of land properties</i></b>	The progress of mining activities will require acquisition of lands, <b><i>mainly agricultural land, forestry areas, pastures, vineyards, orchards.</i></b> Land is mostly private, most of it being leased and farmed by tenant farmers. There are some plots, which are state owned/ owned by Radnevo Municipality.
<b><i>Loss of annual/ perennial crops and trees</i></b>	Together with agricultural land acquisition, crops and other plants growing on it will also be affected. This includes annual crops (mainly cereals, maize, sunflower etc.) and permanent crops (fruit trees). Due to the fact that the resettlement is planned in the long term, the inhabitants of the two villages will have enough time to harvest annual crops. Therefore, the loss is limited to perennials only.
<b><i>Loss of non-residential structures and facilities</i></b>	The regulated land plots in the settlements comprise some non-residential structures and facilities (such as <b><i>farm structures, outbuildings, sheds, fences etc.</i></b> ), which will also be described by an independent assessor and compensation will be paid for them, too.
<b><i>Loss of residential structures (physical displacement)</i></b>	All existing residential buildings on the territory of both villages will be affected in the course of progress of mining works. Some of them have already been acquired by MME and destroyed. Based on the data from the Property Register, and based on the information received from the socio-economic surveys, the exact number of people and households will be established, as well as the type of their rights on the properties, the presence of vulnerable people among them etc. All this information will be used at the next stage, in order to plan the resettlement process in details and to determine the necessity of assistance and its type.
<b><i>Loss of administrative and business structures</i></b>	In the villages which will be affected by the mining activities, there are very few business structures and small businesses. The Municipality, the Co-operative society and other institutions whose buildings are located on the territory of both villages will be compensated for them.
<b><i>Loss of sources of income and/or livelihoods, associated with any of the above losses</i></b>	The households using the land or other their assets as sources of income will be compensated for this loss. In the affected villages, such source of income is mainly agricultural land and the land within the regulated land plots, located near the residential buildings.
<b><i>Loss/damage of improvements to buildings or agricultural infrastructure</i></b>	It is possible that loss or damage is caused to some facilities or improvements built by the residents in addition to the existing residential or non-residential structures, agricultural lands etc. (such as sewerage, irrigation system etc.)

<i>Abandoned lands</i>	It is possible that there are abandoned lands among the properties subject to acquisition (e.g. lands with unknown owner or ones for which the owner has not shown any economic interest in using for years). In the process of future planning of land acquisition, the availability or absence of such lands will be confirmed.
<i>Loss of business</i>	During the socio-economic surveys, which have to be carried out in the affected villages, the availability or absence of small enterprises or any kind of business in them will be confirmed. In case of availability, appropriate compensation measures will be provided in the RAP for the respective village.

#### 4.2. Status of the acquisition and resettlement process - summary of affected land, people and assets

The information about the affected lands, properties, owners and structures, represented in this LARF is based on data available by the moment of preparation of this document.

##### 4.2.1. Acquisition of agricultural land

The process of land acquisition started years ago. Some properties within the territory of both villages and near the area of mining activities have been acquired. The data about the acquired agricultural lands during the past 15 years are summarized in Table 3 below:

Table 3: Agricultural lands acquired by MME within the period from 2001 to 2015

TERRITORY OF THE VILLAGE	TOTAL 2001- 2015		
	NUMBER OF PROPERTIES	AREA (DECARES)	AMOUNT (BGN)
Beli bryag	372	5 571,329	4 036 406
Gipsovo	146	1 310,831	973 610
Glavan	1 309	6 806,614	1 502 419
Gledachevo	36	52,747	23 000
Golyama Detelina	426	3 801,995	659 899
Iskritsa	485	3 334,660	1 671 578
Malka Detelina	130	1 341,706	321 041
Mednikarovo	24	88,019	84 874
Madrets	257	1 859,894	1 332 965
Obruchishte	25	565,166	237 230
Ovchartsi	605	6 444,516	3 742 954
Pet mogili	14	86,276	58 025
Polski gradets	941	4 736,252	2 955 494
Pomoshtnik	154	1 249,110	546 485
Radnevo	1	15,000	57 000
Staroselets	178	956,379	500 600
Troyanovo	312	3 031,039	2 617 490
Galabovo	2	0,005	4
<b>TOTAL:</b>	<b>5417</b>	<b>41 251,533</b>	<b>21 321 069</b>

Tables 4 and 5 represent summary information about the type, number and area of the agricultural lands acquired by MME within the territory of the villages of Beli bryag and Troyanovo, as well as the properties subject to acquisition in the future:

Table 4: Current status of ownership on the agricultural lands within the territory of the village of Beli bryag

Type of ownership	Number of land properties	Area in decares
State-owned properties	16	183,873
Municipality-owned properties	111	603,481
Properties owned by MME	425	6373,782
Private properties	291	2992,402
<b>Total:</b>	<b>843</b>	<b>10153,538</b>

Table 5: Current status of ownership on the agricultural lands within the territory of the village of Troyanovo

Type of ownership	Number of land properties	Area in decares
Municipality-owned properties	13	198,632
Properties owned by MME	270	3348,093
Private properties	52	631,454
<b>Total:</b>	<b>335</b>	<b>4178,179</b>

#### 4.2.2. Acquisition of properties within the urbanized territories of the villages of Beli bryag and Troyanovo

Currently, the acquisition of properties within the urbanized territories of the above-mentioned villages still continues, giving priority to the properties in the village of Beli bryag, as the mining activities are planned to reach this village first.

Since the beginning of the process, the acquisition of lands and buildings within the urbanized territories has been carried out exclusively on a voluntary basis, upon a request by the owners submitted at MME. Involuntary expropriation has not been performed. By the moment of preparation of this document, MME has acquired 75% of the regulated land plots in the village of Beli bryag and 32% of the regulated land plots in the village of Troyanovo.

Tables 6 and 7 represent summary information about the type and number of the regulated land plots acquired by MME, situated on the urbanized (residential) territory of the villages of Beli bryag and Troyanovo:

Table 6: Acquired regulated land plots<sup>6</sup> in the village of *Beli bryag*

Total:

Settlement	Total number of regulated land plots	Number of purchased regulated land plots	Number of regulated land plots subject to purchase
Beli bryag	214	137	77

Including:

- properties owned by Municipality and other institutions:

Settlement	Total number of regulated land plots - Municipality-owned	Number of purchased regulated land plots from Municipality	Number of regulated land plots subject to purchase - Municipality-owned
Beli bryag	54	40	14

- private properties:

Settlement	Total number of regulated land plots - private	Number of purchased private regulated land plots	Number of private regulated land plots subject to purchase
Beli bryag	160	97	63

Table 7: Acquired regulated land plots in the village of *Troyanovo*

Total:

Settlement	Total number of regulated land plots	Number of purchased regulated land plots	Number of regulated land plots subject to purchase
Troyanovo	436	137	299

Including:

- properties owned by Municipality and other institutions:

Settlement	Total number of regulated land plots - Municipality-owned	Number of purchased regulated land plots from Municipality	Number of regulated land plots subject to purchase - Municipality-owned
Troyanovo	63	14	49

- private properties:

Settlement	Total number of regulated land plots - private	Number of purchased private regulated land plots	Number of private regulated land plots subject to purchase
Troyanovo	373	123	250

The process of acquisition is long and complicated, requires planning, conversations with the residents, and is related to money and time. MME continues to follow its policy of voluntarism and, as there is a period of at least 7 years remaining until a real necessity of resettlement arises, the Company is waiting for the owners themselves to wish to sell their properties and to submit a request at MME for that. Tables 8 and 9 below represent current data about requests submitted by property owners respectively in the village of Beli bryag and the village of Troyanovo and upcoming purchase of their properties, as well as plans for acquisition of the rest of the properties during the next few years.

<sup>6</sup> The term “regulated land property” is defined in the Spatial Planning Act, Section “Additional provisions“, Para. 5, item 14: „Regulated land property (RLP) – land property for which, through a Detailed Site Development Plan (DSDP), borders, access to a street, road or alley are defined, and which has a specific purpose and regime of arrangement“. It means that the property is legally registered (through a map, cadastre and site development plan), based on the legal framework, and is situated within the territory of a village or town, defined within the regulation of a settlement.



Table 8: Current activities toward acquisition of regulated land plots in the village of Beli bryag

<b>№</b>	<b>Request submitted – Inc. № / date</b>	<b>Regulated land plot, residential area in the village of Beli bryag</b>	<b>Current status</b>
<b>Year 2016</b>			
	<b>1<sup>st</sup> quarter</b>		
	9200/24.10.2014	VI-63, resid. area 14	Price agreed
	4011/04.05.2015	III-44, resid. area 7	Price agreed
	2067/06.03.2015	VIII-109, resid. area 18	Price agreed
	10010/21.11.2014	III-129, resid. area 16	Price agreed
	859/27.01.2015	VIII-72, resid. area 13	Price agreed
	10005/21.11.2014	VIII-32, resid. area 9	Price agreed
	<b>2<sup>nd</sup> quarter</b>		
	209/09.01.2015	III-154, resid. area 28	Price agreed
	4562/18.05.2015	VI-53, resid. area 15	Price agreed
	4562/18.05.2015	XI-56, resid. area 15	Price agreed
	4457/13.05.2015	I-144, resid. area 33	Price agreed
	12123/21.12.2015	II-150, resid. area 34	Price agreed
	<b>3<sup>rd</sup> quarter</b>		
	5679/16.06.2015	I-147, resid. area 44	Price agreed
	5679/16.06.2015	II-147, resid. area 44	Price agreed
	9687/14.10.2015	V-131, resid. area 16	Price agreed
	6761/17.07.2015	I-132, resid. area 32	Subject to negotiation
	8104/27.08.2015	I-58, resid. area 14	Subject to negotiation
	10903/23.11.2015	II-114, resid. area 18	Subject to negotiation
	<b>4<sup>th</sup> quarter</b>		
	3409/07.04.2016	XI-142, resid. area 32	Subject to negotiation
	3409/07.04.2016	XII-143, resid. area 32	Subject to negotiation
	4346/05.05.2016	II-145, resid. area 33	Subject to negotiation
	4487/11.05.2016	IV-130, resid. area 16	Subject to negotiation
<b>Year 2017</b>			
	20 regulated land plots		Subject to negotiation
<b>Year 2018</b>			
	20 regulated land plots		Subject to negotiation
<b>Year 2019</b>			
	13 regulated land plots		
<b>Year 2020</b>			
	19 regulated land plots		
<b>Year 2021</b>			
	19 regulated land plots		Subject to negotiation
<b>Year 2022</b>			
	10 regulated land plots		
<b>Year 2023</b>			
	Street regulation		Subject to negotiation
	Deletion of the village		Subject to negotiation

Table 9: Current activities toward acquisition of regulated land plots in the village of Troyanovo

<b>№</b>	<b>Request submitted – Inc. № / date</b>	<b>Regulated land plot, residential area in the village of Troyanovo</b>	<b>Current status</b>
<b>Year 2016</b>			
1.	2286/15.03.2012	VII-333, resid. area 39	Price agreed
2.	2300/15.03.2012	II-279, resid. area 35	Price agreed

3.	2301/15.03.2012	V-278, resid. area35	Price agreed
4.	4062/10.05.2012	IV-49, resid. area15	Price agreed
5.	4413/21.05.2012	X-173, resid. area13	Price agreed
6.	4513/23.05.2012	IV-272, resid. area26	Price agreed
7.	4586/28.05.2012	XI-170, resid. area19	Price agreed
8.	4628/29.05.2012	I-70, resid. area9	Price agreed
9.	4798/04.06.2012	VIII-419, resid. area47	Price agreed
10.	4799/04.06.2012	IX-420, resid. area47	Price agreed
11.	4944/07.06.2012	I-46, resid. area2	Price agreed
12.	5510/22.06.2012	VI-166, resid. area19	Price agreed
13.	1193/18.02.2013	XI-229, resid. area 31	Price agreed
14.	6211/18.07.2014 г.	XIV-93, resid. area16	Subject to negotiation
<b>Year 2017</b>			
			Subject to negotiation
<b>Year 2018</b>			
			Subject to negotiation

According to Bulgarian legislation, the assessment of the regulated land plots is carried out by independent experts - assessors. Their assessment is performed in compliance with Assessment Standards adopted by the Privatization Agency. Several methods are used to draw up the assessment: the method of real property value, comparable sales method and method of liquidation value. However, MME always applies a fair market price, the amount of which is not lower than the fair market value, worked out by the certified expert - assessor.

During the further stages of property acquisition, the number and type of affected lands and buildings will be determined, as well as the type of their ownership. There might be some properties for which the residents do not have any documents proving the ownership, i.e. they use the land or structures illegally/ informally. This will be clarified during the socio-economic study and with the official drawing up of the assessments by the independent assessor. In cases of absence of ownership documents, MME shall provide the owners with legal assistance and clarifications on the procedure of legalization of properties, and shall refer them to the respective services.

It should be noted that it is also possible to have some gaps or inconsistencies in the information from the Property Register due to non-updated information. In case such of gaps or inconsistencies, they need to be eliminated through:

- spot verification at the time of the survey;
- during the property assessment;
- in the process of consultation with the affected owners and/or inhabitants (users).

The possible gaps or inconsistencies can include as follows:

- Users of land and properties do not possess any documents proving the ownership;
- Owners are deceased and the legal heirs have not been registered and/or have not completed the inheritance process;
- Sale and purchase contracts have not been registered;
- Ownership rights resulting from right of use (i.e. of State Land - could be on a customary basis) have not been registered;
- Residential and non-residential structured not registered;
- Structures which are registered may be recorded of a different size from the actual one at the moment (e.g. have been extended);
- Structures without permits which are not described/recorded etc.

## 5. LARF OBJECTIVES AND PRINCIPLES

### 5.1. LARF Objectives

The objectives of this Land Acquisition and Resettlement Framework (LARF) are as follows:

- To define social and economic impacts of the Project on the affected people.
- To outline the measures needed to mitigate the adverse effects of the impending land acquisition and resettlement.
- To provide compensation for loss of assets at replacement cost.
- To improve or, at a minimum, restore the livelihoods and standards of living of displaced persons to pre-resettlement levels.

### 5.2. LARF Principles

The key principles defined below shall be regarded in relation with item 6.2. *Entitlement Matrix* and item 6.3. *Entitlements - Associated Considerations*. The main principles on which this LARF is built and which will be observed in the resettlement process, are as follows:

- **LARF Requirements:** Resettlement and compensation of affected persons shall be carried out in accordance with the applicable legislation in the Republic of Bulgaria and EBRD's Environmental and Social Policy, in particular Performance Requirement 5 (2014). In case of inconsistency between national legislation and EBRD requirements, the higher standards will be adopted. Both, loss of land and assets (physical displacement) and loss of livelihoods (economic displacement) shall be taken into account within the LARF. Measures shall be provided to mitigate both types of loss.
- **Affected Persons:** All owners, occupants/tenants and users of affected structures and land at the time of the relevant cut-off date, whether with or without fully recognised legal rights, are eligible for compensation and assistance as specified in the Entitlements Matrix in this LARF. Entitlements of all categories of Affected Persons (APs) shall be established.
- **Assessment of Properties:** The assessment of affected properties and resources shall be performed by using methods approved in the country. The assessment is carried out by independent certified experts. All properties/assets are subject to assessment and payment of their replacement value. For the properties which are not registered, a respective procedure of legalization shall be undertaken, and after that, the same principles and regulations shall be applied for them as the ones applied for registered properties.
- **Socio-economic Survey:** A socio economic survey of affected people/households shall be implemented, to assess all individual impacts, provide baseline information and design appropriate resettlement / livelihood restoration measures, which will be described in the RAP for the respective settlement. The socio economic survey will serve as a census of persons and will seek to verify those who have no recognisable legal right or claim to the land they occupy.
- **Cut-off date:** After the census, the lists of people currently determined to live on the territory of the village, as well as the properties they occupy/use, shall be published. The date of publishing the lists shall be considered as the cut-off date for the persons eligible for compensation/assistance. After the cut-off date, all individuals who might squat into properties on the territory of the village, with no established property rights for these properties, will not be compensated by MME.
- **Vulnerable Groups/ Individuals<sup>7</sup>:** Specific assistance shall be provided to vulnerable groups/individuals identified through the socio economic survey, depending on their specific needs.
- **Resettlement Action Plan:** A separate Resettlement Action Plan (RAP) shall be prepared for each of the villages subject to resettlement. The RAP shall be then disclosed and implemented.
- **Compensation and assistance measures:** Affected properties shall be compensated in cash and resettlement assistance shall also be provided, as specified in the Entitlements Matrix (item 6.2.). Cash compensation rather than like-for-like compensation is considered appropriate for this Project, as it

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<sup>7</sup> Please, refer to item 6.1. *Eligibility criteria and categories* – definition of “vulnerable groups”.

gives affected people more options and freedom to choose the place to live. Compensation shall be paid to the PAP provided prior to any relocation (please refer to item 6.2.). Compensation for all affected assets shall be provided at full replacement cost. All compensation and livelihood restoration assistance shall be provided equally to men and women.

- **Livelihood Restoration:** Livelihood and standard of living of affected persons shall be improved or at least restored to the level prior to the displacement, in as short a period as possible.
- **Deceased affected persons:** Individuals who are legal heirs of deceased owners, even in cases when the ownership document is in the name of his legators, are also entitled to compensation.
- **Consultation:** Affected persons and communities (including vulnerable groups and individuals) will be consulted in order to facilitate their early and informed participation in decision-making processes related to resettlement and ensure that acquisition and compensation activities are implemented with appropriate disclosure of information and consultation. This shall be carried out in compliance with the provisions contained within the Stakeholders Engagement Plan (SEP) and allow for targeted consultation with vulnerable and potentially marginalised groups.
- **Grievance management:** For the purposes of the Project, a grievance management mechanism related to land acquisition and resettlement will be established by MME.
- **Monitoring and record keeping:** MME shall establish appropriate procedures to monitor and evaluate their responsibilities in the implementation of the LARF and the RAP. If necessary, corrective actions will be taken. All transactions to acquire land and property rights, as well as compensation measures, relocation activities and resettlement assistance shall be documented. . A Project Implementation Unit (PIU) will be established at MME, and part of their responsibilities shall be to support the preparation of the RAPs and monitor the implementation of relevant provisions of the LARF and RAPs.

## 6. ELIGIBILITY AND ENTITLEMENTS

### 6.1. Eligibility criteria and categories

All individuals/ households occupying or using land affected by the mining activities, recorded in the survey/census (owners and users, both formal and informal) are entitled to compensation and/or livelihood restoration or other assistance as outlined in Entitlements Matrix (item 6.2.) The following categories of Affected Persons (APs) have been identified:

- *Owners of land* (formal with legal rights or claims over the land);
- *Formal users of land* (such as tenants with formal legal right over the land they occupy/use);
- *Informal users of land* – individuals with no formal legal rights or claims over the land they use - this may also refer to areas of state-owned land or other types of ownership on the land;
- *Owners of crops and trees* (including vines and trees in orchards);
- *Owners of businesses* (formal or informal business/economic activity);
- *Owners of non-residential structures/assets and infrastructure;*
- *Owners of residential structures/houses;*
- *Formal users (i.e. tenants) of residential structures/houses;*
- *Informal users of residential structures/houses;*
- *Owners of business structures/assets;*
- *Local communities and individuals/ households affected by loss of access and/or disruption on access;*
- *Vulnerable groups/individuals.*

**APs with formal legal rights and with claims which are recognised or recognisable under the national laws and regulations**

Persons with formal legal rights are recorded in the Property Register, and during the land acquisition process, this information shall be updated in accordance with the national legislation. Persons with a claim that is recognised or recognisable under national legislation shall be consulted about the legal order of receiving of ownership documents and shall be given the required time to do that. Examples of persons with a claim that is recognised or recognisable under national legislation include heirs of deceased owners who purchased properties with a valid sale - purchase contract, however did not transfer property rights to their name in the Property Register, and other similar.

### **Persons with no formal legal rights to the land they occupy, at the time of the census**

Persons with no legal rights or claims to the land they occupy (informal users) will be recorded at the time when the socio-economic survey is carried out. Examples of persons with no legal rights or claims include persons who have constructed barns or small summer residences on public land or those that are farming public land or even private land, without the knowledge and/or approval of the owner. Such persons will not be entitled to compensation for land, as they do not own it, however they will be entitled to compensation in a way that observes their human rights (e.g. rental of housing, rental of agricultural land etc.), as well as compensation of assets which they own, for example, the construction value of structures, crops, trees, etc. (if there is proof of ownership for them).

### **Cut-off dates**

The date of publishing of the results from the survey shall be the cut-off date for **eligibility to compensation/entitlement**.

### **Vulnerable Groups**

Some individuals or groups shall be considered more vulnerable than the majority of the affected population and shall require additional care. With regard to this, MME shall provide for and implement special assistance measures for resettlement and/or livelihood restoration.

In EBRD Environmental and Social Policy 2014, vulnerable groups are defined as "people who, by virtue of gender identity, ethnicity, age, disability, economic disadvantage or social status may be more adversely affected by project impacts than others and who may be limited in their ability to claim or take advantage of project benefits."<sup>8</sup>

Within the context of this LARF, the following groups of individuals will be considered vulnerable persons:

- informal users of affected land who have no sources of income or assets of their own and their income is closely related to agriculture or other land-based activity;
- owners of informal residential structures, with no other property or place of residence;
- homeless individuals, who might have squatted in small structures in abandoned gardens;
- individuals who depend on the affected land for income/livelihood and it is the only piece of land they own or use;
- households with a single parent, large households (e.g. with a lot of children) etc., which are subject to physical displacement;
- persons who will be affected by physical and/or economic displacement, whose socio-economic status is low, for example beneficiaries of social welfare;
- illiterate persons who may have difficulties accessing information about the Project and land acquisition or understanding contracts and other important documents, etc.
- elderly people and individuals with physical or mental disability who may have difficulties related to their physical displacement and/or moving of their possessions, as well as individuals who may have difficulties dealing with documentation (in receiving of compensation, purchasing of a new property or submitting a grievance in case of a problem).

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<sup>8</sup> Please refer to EBRD ESP 2014.

The partial land-based dependency, very low to low incomes for paid work and aging population does mean there are signs of vulnerability in the local communities living in the area of mining activities, and these vulnerable groups shall be taken into consideration, when activities of engagement and resettlement and livelihood restoration assistance is offered.

Vulnerability will be assessed based on the results of socio economic survey and defined more precisely in the RAPs.

## 6.2. Entitlements Matrix

The Entitlements Matrix is presented in Table 10 and contains the categories of PAPs affected by the physical and economic displacement impacts arising potentially from the progress of mining works. The nature of certain entitlements are explained in more details in item 6.3.

It should be noted that some of the categories of APs that have been included in this framework Matrix might not exist in the Project area. However, this will only be possible to determine after the completion of the socio-economic survey and land & asset inventory. The Entitlements Matrix in the RAPs will contain more precise categories, with exact numbers of affected persons/households that were identified during the surveys.

Table 10: Entitlements Matrix

Type of loss/Impact	Category of Affected Persons	Entitlements <sup>9</sup>
Loss of land (mainly agricultural, forest, and/or pastures, vineyards, orchards).  For both formal & informal users of land - this refers to privately owned land and State land.	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost.
	Formal users of land (e.g. tenants with formal legal right over the land they occupy/use)	Information about the acquisition of land at least three months in advance, to enable the tenant to find other land for lease. <i>If during the socio-economic survey specific vulnerabilities of formal tenants are identified, then support will be sought from other institutions (if necessary) to find alternative land to lease formally and provide access to available support services.</i>
	Informal users of land (persons with no formal legal rights or claims over the land they use - this may also refer to areas of state-owned land or other types of ownership on the land)	Information about the acquisition of land at least three months in advance, to enable the tenant to find other land for lease. Assistance to identify replacement land / resources for use – prior to land acquisition - <i>(if necessary) support will be sought from other institutions to find alternative land to lease formally and provide access to available support services, especially if specific vulnerability is identified during the socio-economic survey.</i>
Abandoned lands - lands with unknown owner or ones for which the owner has not shown any economic interest in using for years.	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost (based on the Assessment Report issued by an expert).
Loss of annual/ perennial crops and trees, including vineyards and trees in orchards.	Owners of crops and trees	The person is given the opportunity to collect the harvest of annual plants/crops. Cash

<sup>9</sup> Please refer to item 6.3. for more details.

		compensation for lost trees and other perennial plants <sup>10</sup> .
Loss of non-residential structures and facilities (such as farm structures, outbuildings, sheds, fences etc.)	Owners of non-residential structures and facilities	Cash compensation at full replacement cost, as well as assistance with move the possessions in case specific vulnerability of affected parties is identified during the socio-economic survey.
Loss of residential structures	Owners of residential structures /houses	Option 1 Cash compensation at full replacement cost, as well as assistance with move the possessions or transportation assistance, particularly in case specific vulnerability of affected parties is identified during the socio-economic survey.  Option 2 If the owner has no other place of residence and the value of the house is low, and in case the affected person and his/her household does not want to resettle to another housing of the same functional type, but wishes to look for a better and more expensive housing, the affected person shall be entitled to submit a Letter of Request/ grievance at MME (please refer to item 9 below), and after examining the Letter, the affected household may be offered accommodation options: moving to a property owned by MME, on a “like for like” basis, which is situated in one of the villages nearby – to rent with security of tenure or to replace the sold property.
	Formal users (i.e. tenants) of residential structures/ houses	Information about the acquisition of the house/structure at least six months in advance of demolition, to enable the tenant to find another accommodation, assistance with move with move
	Informal users of residential structures/ houses	Information about the acquisition of the house/structure at least six months in advance of demolition. assistance with move and, if the user has no other place of residence ( <i>or in case the socio-economic survey identifies specific vulnerability</i> ):  Offering to rent adequate housing owned by the Company - initially for a period of 3 years, with an option to enlarge the period each time by another 3 years – until the person finds another alternative to live. In case the tenant finds another housing before the period of 3 years expires, he/she shall not pay a penalty for breaking the contract.
Loss of business structures	Owner of a business structure	Cash compensation at full replacement cost, as well as assistance with move if necessary.
Loss of administrative structures	Owner of an administrative structure	Cash compensation at full replacement cost. Providing of assistance with move; providing of rooms for the possessions if necessary.

<sup>10</sup> The assessment of perennial crops shall be implemented in compliance with the Ordinance of basic prices of perennial crops (issued by the Council of Ministers; State Gazette, issue 81/2003).

Loss of sources of income and/or livelihoods, associated with any of the above losses, especially agricultural livelihood.	Owner or individual carrying out a formal or informal business or economic activity - <i>could include agricultural livelihood activities</i>	Cash compensation and assistance with move. In cases of lost or disturbed income, the Company is able to provide some land for agricultural use - reclaimed and suitable for cultivation of major crops - in order to preserve livelihoods. Providing of job opportunities at the Company for affected persons, meeting the criteria for the announced vacant jobs
LOSSES/IMPACTS ON VULNERABLE GROUPS		
Any other specific losses / impacts on vulnerable groups, associated with land acquisition for the purposes of mining activities, identified during the development of the RAPs.	Vulnerable groups / individuals	Special measures for effective participation, compensation, resettlement and livelihood restoration, shall be defined on a case by case basis in the RAP.

### 6.3. Entitlements - associated considerations

The nature of certain concepts used herein, related to specific entitlements, are explained in more details below:

**Legal, illegal and tolerable structures:** The status of the structures (residential and business ones) can vary from legally built buildings, having all required permits and registered in the respective services – to structures which are illegally built, with no required permits and, accordingly, non-registered in the respective services. MME shall pay compensation to owners of all types of buildings, in case the owners of illegal buildings acquire a Certificate of tolerance (Certificate of tolerable construction), in compliance with the Transitional and final provisions (TFP) of the Law on Spatial Planning: § 127. (1) “Buildings built before March 31, 2001 for which no construction documents are available, but which were eligible under the regulations that were effective at the time they were made, or under the current regulations under this Act, are considered tolerable buildings and are not subject to removal or to prohibition of use. They can be subject to transfer after presenting a Certificate issued by the authorities which are authorized to approve the respective investment projects certifying that the buildings are tolerable.” A construction/building with a Certificate of tolerable construction is not subject to fines, and is not subject to removal. A construction/building which is considered a tolerable construction, can be subject to transfer; to sale and generally may appear in notarial deeds.

As many of the owners do not have a construction document for the buildings and structures they own, through providing of this document – Certificate of tolerable construction (or Certificate of tolerance) – it is certified that the buildings/structures are suitable to use for their intended purpose and can be subject to a transfer deal – renting, selling etc.

Such certificate shall be issued by Radnevo Municipality, and MME shall assist the owners of such structures by consulting and informing them about the order of property legalization.

**Formal and informal livelihood:** Similarly to structures, incomes and sources of livelihoods of affected people/households can also be formal and informal. Persons whose incomes/sources of livelihoods are affected, regardless of their status, shall be eligible for compensation and/or assistance, as defined in the Entitlements Matrix, item 6.2.

**Full replacement cost:** Full replacement cost shall be calculated as the market value of assets plus any transaction costs, (e.g. transfer taxes, registration costs etc.). The market value of assets (land and structures) shall be defined based on recent and current market transactions in the affected area. One of the methods used by independent assessors to assess the properties, is the comparable sales method, which contains check of the property prices within the region (please see also item 2.1.1. and item 4.2.2. above), in order to verify whether the compensation will be enough to purchase an adequate property if the affected parties wish to do so.



**Assessment:** Assessment of properties shall be carried out by certified assessors, registered in the Chamber of Certified Assessors in Bulgaria, in compliance with Bulgarian legislation. Both formal (registered) and informal (non-registered) assets shall be assessed. Replacement cost of land shall correspond to the market value of land with similar characteristics, in the vicinity of the affected land, plus any transaction costs. The assessment of land shall take into account the quality and productivity of land. The assessment of plants and trees shall take into account various important features, such as their age of the resources and the amount of time that would be needed to grow a new tree/plant plants

**Cash compensation:** The compensation for an acquired property shall be provided in cash. Cash compensation rather than like-for-like compensation is considered appropriate for this Project, as it gives affected people more options and freedom to choose the place to live. For all affected properties, compensation at full replacement cost shall be provided. All compensation and livelihood restoration assistance shall be provided equally to both men and women.

**Timing of Compensation:** Compensation shall be paid generally prior to the resettlement of the affected people. If any affected persons do not agree with the offered amount of money (or type) of compensation, and turn to the Courts, and MME takes advantage of legal options for accessing the property before compensation is executed, MME shall make every effort to pay for all undisputed assets as quickly as possible, in order to minimise the impacts on the affected people/households. **In case a property is to be accessed by MME, after it has become legally binding but before compensation has been accepted, the following steps shall take place:**

1. The amount intended as compensation will be placed in an escrow account.
2. In the event that a residential property is no longer usable, alternative and adequate housing shall be provided. The adequate housing shall allow access to employment options, shops, markets and basic infrastructure and services, such as water supply, electricity, sanitation, health care and education.
3. In the event that the land (or part of it) is used for agriculture, alternative land/property with the same characteristics shall be provided.
4. Other assistance can be provided and determined on a case-by-case basis.

Assistance shall be provided before and/or after displacement, until the affected households re-establish or, if possible, improve their standard of living. Similarly, in cases when it is determined that the Project will cause economic displacement, compensation and livelihood restoration assistance shall be provided before displacement occurs, so that the affected people can restore their sources of income/livelihoods. Livelihood restoration assistance shall continue until sources of households' livelihoods are completely restored or, if possible, improved.

**Resettlement assistance:** Resettlement assistance shall be defined based on the outcome of the socio-economic survey, in accordance with the specific needs of the affected people. Such assistance is very often provided to vulnerable households which are physically or economically displaced and can include the following:

- Assistance to resettle to appropriate accommodation with security of tenure. For example, a vulnerable household that has no place of residence other than the affected informal residential structure, may be assisted to resettle to a municipal social housing, with a long-term contract to ensure security of tenure;
- Legal assistance;
- Assistance to obtain personal documents, to help with accessing services available under national legislation;
- Assistance to access social welfare;
- Assistance to enrol children into school;
- Assistance to access health care, etc.

Resettlement assistance also includes the provision of a moving allowance for household members and movable assets, or provision of transport for moving.

Resettlement assistance shall be provided to those persons identified as needing it during the socio-economic survey. MME will cooperate with institutions and organisations that can provide needed services, such as the municipal centre for social welfare or local organisations which work with vulnerable groups to assist them in accessing appropriate services.

**Livelihood restoration assistance:** In case the implementation of the Project and loss of land and other assets or access to assets, leads to loss of income sources or means of livelihood (economic displacement) of APs, along with the compensation for affected land and assets, MME shall implement livelihood restoration measures which will be defined in greater detail in the RAP. Such measures may include:

- access to employment opportunities in the Company for affected persons meeting the criteria of a job advertised;
- compensation for the cost of re-establishing business activities elsewhere;
- assistance to identify and access other income/livelihood generation activities;
- assistance to access training, skill development, job opportunities, agricultural development support etc.;
- assistance to access credit facilities and provision of any transitional support;
- compensation for or assistance to transport equipment or machinery.

Livelihood restoration assistance will be provided to those persons identified as needing it during the socio-economic survey. MME will cooperate with institutions and organisations that can provide this assistance, such as Radnevo Municipality, Municipal services of agriculture operating within the area, local service providers etc.

In detailing the assistance measures for agricultural livelihood restoration, the findings of the socio-economic surveys and engagements with institutions and organisations shall be considered. State subsidies for farming land shall also be taken into consideration, identifying improvements, which could help APs, increase their yield and, respectively, their income on all land (e.g. irrigation, training for increasing their yield and production, training of other members of a household who are not engaged in agriculture etc.). The RAP will focus on identifying livelihood assistance measures that shall be sustainable and keep bringing benefits in, so they can help improve livelihoods, rather than a one-off compensation payment.

**Assistance for vulnerable groups:** Specific measures to assist any vulnerable groups identified through the socio-economic surveys shall be defined in accordance with their needs. For example, certain groups may need legal or other assistance (such as assistance to improve their businesses) to restore their livelihoods, some vulnerable households may need additional services from social workers, etc.

## 7. DISCLOSURE OF INFORMATION AND PUBLIC CONSULTATION

This LARF will be disclosed on the MME website (<http://www.marica-iztok.com>) and the EBRD website ([www.ebrd.com](http://www.ebrd.com)). In addition, hard copies of the LARF will be available at the following locations:

- The Administration building of MME – the town of Radnevo, 13 Georgi Dimitrov Str.;
- Radnevo Municipality - 6260, the town of Radnevo, 1 Mityo Stanev Str.

A Stakeholder Engagement Plan (SEP) shall also be developed and disclosed on the MME and EBRD websites and deposited at the above locations. It shall contain the engagements with affected owners and users of land and other properties.

During the development of RAPs, MME shall continue to inform and consult regularly the affected persons. All the meetings and consultations will be documented by MME, including the date of the meeting/consultation, list of people presenting and summary of items discussed.

## 8. LARF IMPLEMENTATION, TIMETABLE, BUDGET, MONITORING & REPORTING

### 8.1. Implementation, timetable and budget

MME have always applied a policy of voluntarism and understanding in communication with affected parties. Now, the same approach will be followed, with ultimate responsibility in the implementation of all aspects of the Land Acquisition and Resettlement Framework, as well as in preparation and implementation of the Resettlement Action Plans. All parties involved in the implementation of the Project, including the Contractors engaged with specific activities, shall be made familiar and will be required to comply with the requirements set out in this document.

The Project Implementation Unit (PIU) shall assign the socio-economic survey to be carried out by persons/consultants having the relevant experience. All relevant specialists, experience and other resources available at the Company will be used (and if necessary, the help of other specialists will be sought), who shall assist in the process of preparation of RAPs, in planning of land acquisition, in consultations with the affected parties etc.

The key activities and timeline for implementation of the LARF is outlined in Table 11 below. The timing may alter depending on the progress of mining activities.

*Table 11: Summary Table of key activities and timeline for implementation of LARF*

Activity	Responsible party	Time for completion	
		<i>for the village of Beli bryag</i>	<i>for the village of Troyanovo</i>
Defining of the progress of mining works and land acquisition process	MME	2015	2025
Socio-economic survey and analysis	Outsource Contractor/ MME	2016	2030
Land & Asset Inventory/Valuation of properties	Independent assessors/ MME	2016	2030
Establishment of Entitlements	MME	2016	2030
Preparation & Disclosure of RAP	Consultant/ MME	September 2016	2030
Payment of compensation	MME	until 2023	until 2035
Delivery of livelihood restoration and resettlement assistance	MME or a competent body	until 2023	until 2035
Grievance management	MME	until 2023	until 2035
Consultation	MME	until 2023	until 2035
Disclosure	MME /EBRD	2016	2030
Monitoring and reporting	MME	Constantly	

### 8.2. Monitoring

In addition to monitoring the LARF progress and any changes, once the RAP is developed and adopted, MME will monitor implementation until all displacement impacts have been mitigated.

An internal monitoring system shall be established at MME, consisting of the following:

- Progress monitoring of inputs and outputs which measures whether inputs are delivered on schedule and as defined in the LARF and the RAP; and
- Periodic measurement of outcome indicators against baseline conditions, obtained through the socio-economic survey.

Table 12 below contains an indicative list of indicators which will be used for monitoring. A final list of indicators, developed based on the results of the socio-economic survey will be included in the RAP:

*Table. 12: Monitoring Indicators*

<b>Indicator</b>	<b>Source of Information</b>	<b>Frequency of Measurement</b>
<b>Input indicators</b>		
Number of consultation meetings, focus group meetings, results of consultation activities	Minutes of meeting	Biannually
Number of affected people/households, by category (formal or informal, owners or users, vulnerable groups) and types of impacts (physical displacement, temporary or permanent economic displacement, others)	MME resettlement database and grievance management records	Biannually
Number and type of affected assets (land, houses, non-residential structures, crops, trees, etc.)	MME resettlement database	Biannually
Overall spending on compensation, resettlement and livelihood restoration	MME financial data	Biannually
Number of staff dedicated to resettlement and compensation, with distribution in-house / outsourced (if applicable)	Property Unit, Management of Projects financed by EU Unit at Investment Department in MME	Annually
Timing of implemented activities in comparison to the RAP implementation schedule	Compare status of implementation to RAP schedule	Biannually
<b>Output indicators</b>		
Number of compensation contracts signed Number and % of compensation payments completed	MME resettlement database and financial data	Biannually
Physical Displacement - number of people/households resettled, type of resettlement assistance provided	MME resettlement database	Annually
Livelihood restoration measures - types of measures implemented, implementation progress, number of beneficiaries	MME resettlement database	Annually
<b>Outcome indicators</b>		
Number and type of outstanding or unresolved grievances	Grievance management records	Biannually
Average time for payment of compensation	Measure time between compensation agreement (property sale) and payment	Annually
Does compensation represent full replacement cost?	Investigate whether recipients of cash compensation were able to purchase a similar property	Annually
Use of compensation	MME resettlement database	Annually

Physical displacement - satisfaction with new homes / assets	Individual meetings with people/households MME resettlement database	Annually
Income / livelihoods: <ul style="list-style-type: none"> <li>• Changes in income level (maintained, increased, decreased)</li> <li>• Reinvestment in livelihood activities (purchase of land, equipment, skill training, etc.)</li> </ul>	Individual meetings with people/households MME resettlement database	Annually

### 8.3. Reporting

MME will maintain a database of the persons, households and businesses, whose properties have been affected by the progress of mining activities, as well as compensation and displacement and livelihood restoration measures that have been implemented. This database will include information about availability of vulnerable persons/ households and the type of their vulnerability.

Property Unit at the Investment Department in MME will be responsible for regularly updating the database. All information on APs, their possessions and their compensation payments and assistance measures will be kept confidential.

MME shall produce biannual reports on the progress achieved with the implementation of the LARF and RAP. These reports shall consolidate the information on compensation and resettlement/livelihood restoration measures, consultations, information on negotiations and results, provision of assistance to vulnerable groups, grievance management, etc. MME will document all meetings and consultations with minutes and photographs, and will submit these to EBRD, together with progress reports.

Information from these reports will be summarised and included in the MME Annual Environmental & Social Reports, distributed to relevant stakeholders, including EBRD.

## 9. GRIEVANCE MECHANISM

### 9.1. General

Resettlement-related Letters of grievance have been received in Property Unit at “Mines Maritsa-east” from owners of land properties or Regulated Land Properties, located within the concession. As a result, a procedure for the management of grievances has been established.

This instruction aims at regulating of clear and effective rules of interaction between citizens and administration employees at MME, and at improving the efficiency of communication between both parties.

It determines the order and responsibilities for lodging, registration, proceeding and replying of requests, grievances, suggestions, reports and queries to MME.

### 9.2. Procedure of lodging a resettlement-related alert or grievance to the Company’s Management.

1. Each owner of a property or project affected person located within the concession area placed at Company’s disposal has the right to lodge a grievance or an alert to the Management related to the procedure of property purchasing at each stage of the procedure. The owner/tenant shall legitimate himself or herself through a document of ownership/Rental contract and Identity card or a Letter of authorization with a notary certification of signature. Any other affected persons shall legitimate themselves through presenting their Identity card only.
2. Requests, grievances, suggestions, reports and queries can be lodged at MME by telephone, fax, e-mail and as a hard copy, as well as through the four mail boxes situated at the three mines and the Administration building of the Company. In order to communicate effectively, the claimant shall fill in an application form approved by the Executive Director – ПД- 5-03-03-01 with the

- required information (requisites) for incoming number of a document when it is submitted at the Company's Registry office.
3. Regardless of the form in which they are submitted, the requests, grievances, suggestions, reports and queries shall be registered at the Company's electronic registry system "Acstre Office", with a unique incoming number and the date of their submission. Anonymous requests, grievances, suggestions, reports and queries shall not be registered at the registry system. Copies of the Letters of grievance shall be submitted to Investment Department at the Company's Administration building to be filed in the "Register of resettlement-related grievances".
  4. Once the document is registered in the Company's registry system, they are all put in the contact person's mailbox. The contact person shall get acquainted with the documents, shall make a primary assessment and address them to the competent employees to assist or respond by a written resolution, within a period of 3 days.
  5. After receiving the grievance, the Executive Director (advised by the respective competent person) shall appoint a Committee, which shall consider the circumstances described in the Letter of grievance, carry out the necessary check and suggest a solution to the problem arisen. The Committee shall in all cases include officials from Property Unit of Investment Department, a lawyer from Legal Department, as well as other persons related to the subject of grievance.
  6. The Committee appointed by the Executive Director shall carry out the necessary checks, shall examine all grievance-related circumstances and suggest the respective resolutions and conclusions. The Committee shall finish its work by issuing and submitting a Record, containing findings, conclusions, suggestions and resolutions. The deadline for the Committee to finalize its work (check) shall be 20 days from the date of receipt of the Letter of grievance.
  7. Based on the findings and recommendations of the Committee listed in the Record issued, a written response to the complainant shall be issued, within 7 days. In the Letter of response, a motivated and grounded opinion shall be given about each of the complaints in the Letter of grievance. When the decision-making and taking actions is related to application of other legal regulations, the time of response shall comply with them. The decision shall be prepared by the respective competent person, on behalf of the Executive Director. The document shall be registered with an outgoing number at Company's electronic registry system "Acstre Office" and shall be sent to the claimant by post, fax or e-mail, depending on the contact information provided by the claimant.
  8. In case it is found that the complaint is legitimate, measures shall immediately be taken to stop illegal actions identified, as well as measures to mitigate their consequences.
  9. In case it is found that the complaint is groundless, the reasons for its groundlessness, as well as the reasons for decreeing so shall be indicated in the Letter of response. At the request of the complainant, the Committee shall be obliged to provide all the information obtained as a result of the check, except for the confidential information.
  10. In the event that the complainant has not remained satisfied with the response received, he/she has the right to lodge a grievance to the Company's Board of Directors. A copy of the original Letter of grievance and a copy of the response received shall be attached to the Letter of grievance addressed to the Board of Directors of "Mines Maritsa-east" EAD, Stara Zagora. The Board shall consider the Letter of grievance submitted at its meeting and shall issue a written response.
  11. In case of disagreement with the Committee's response, a recourse mechanism shall be applied. The order of recourse or appeal can either follow the hierarchical order of management of MME (i.e. Board of Directors, Bulgarian Energy Holding /BEH/, Ministry of Energy, Prime Minister), or it can be directed to the ombudsman, National Legal Aid Bureau, NGOs etc.
  12. A "Register of resettlement-related grievances" shall be created. The Register shall be started, kept and maintained by Property Unit of Investment Department at "Mines Maritsa-east" EAD – Administration building.

## **10. LARF CONTACT DETAILS & RESPONSIBILITY FOR IMPLEMENTATION**

MME responsible for the implementation of the LARF and preparation of the RAP. The responsible persons at MME for fulfilment of the Land Acquisition & Resettlement Framework are:

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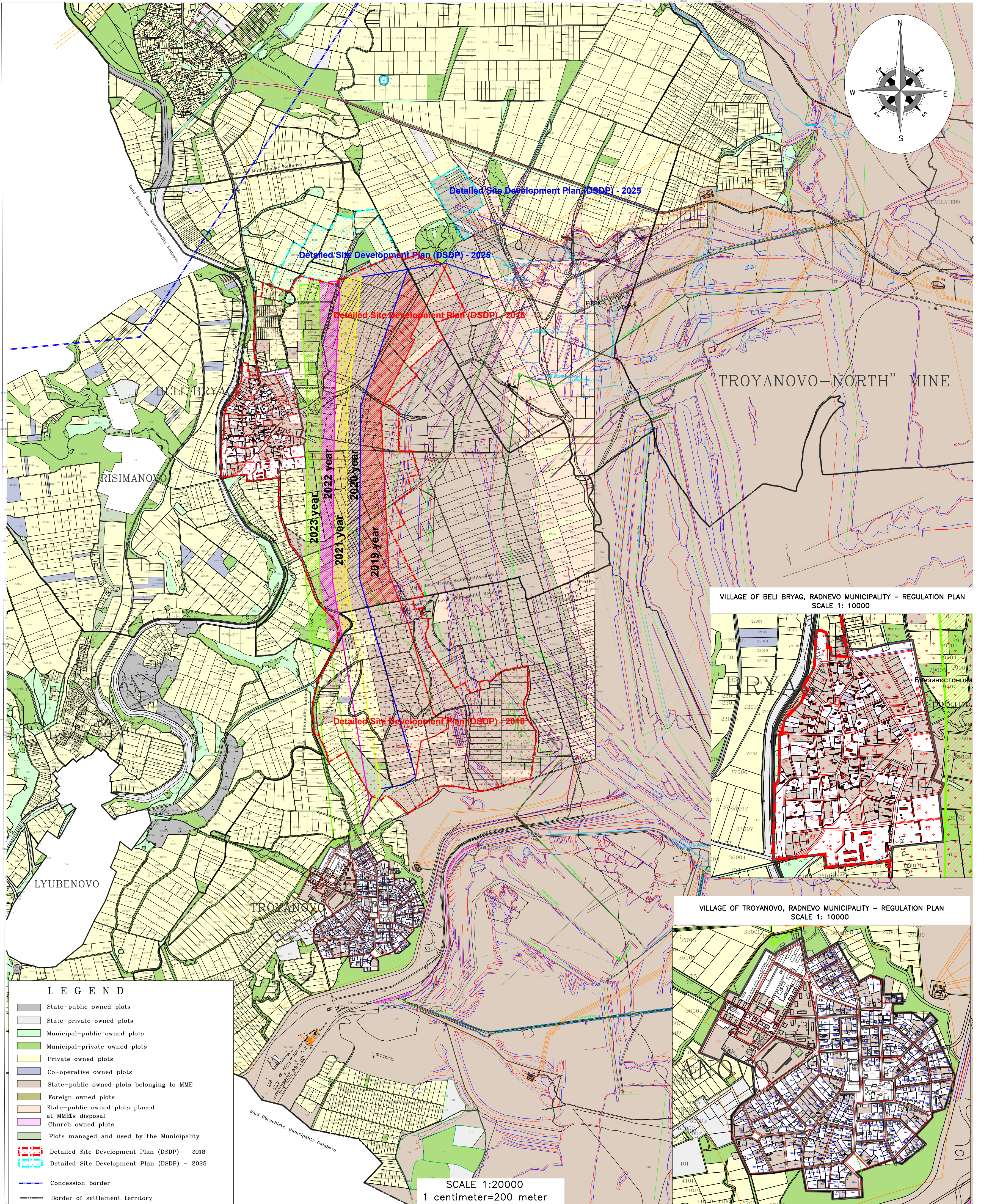
Republic of Bulgaria

tel.: +359 417 833 05 / 3580; +359 417 825 75 / 3580;

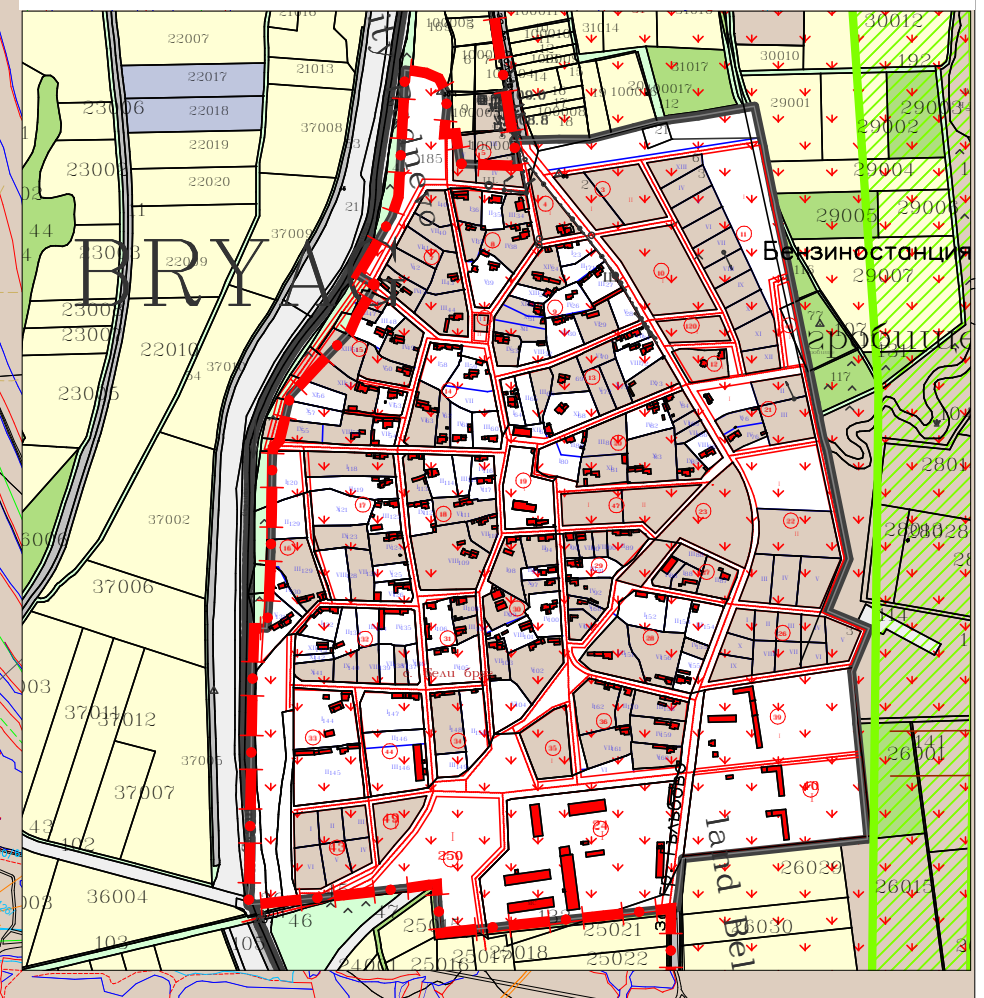
Fax: + 359 417 831 16;

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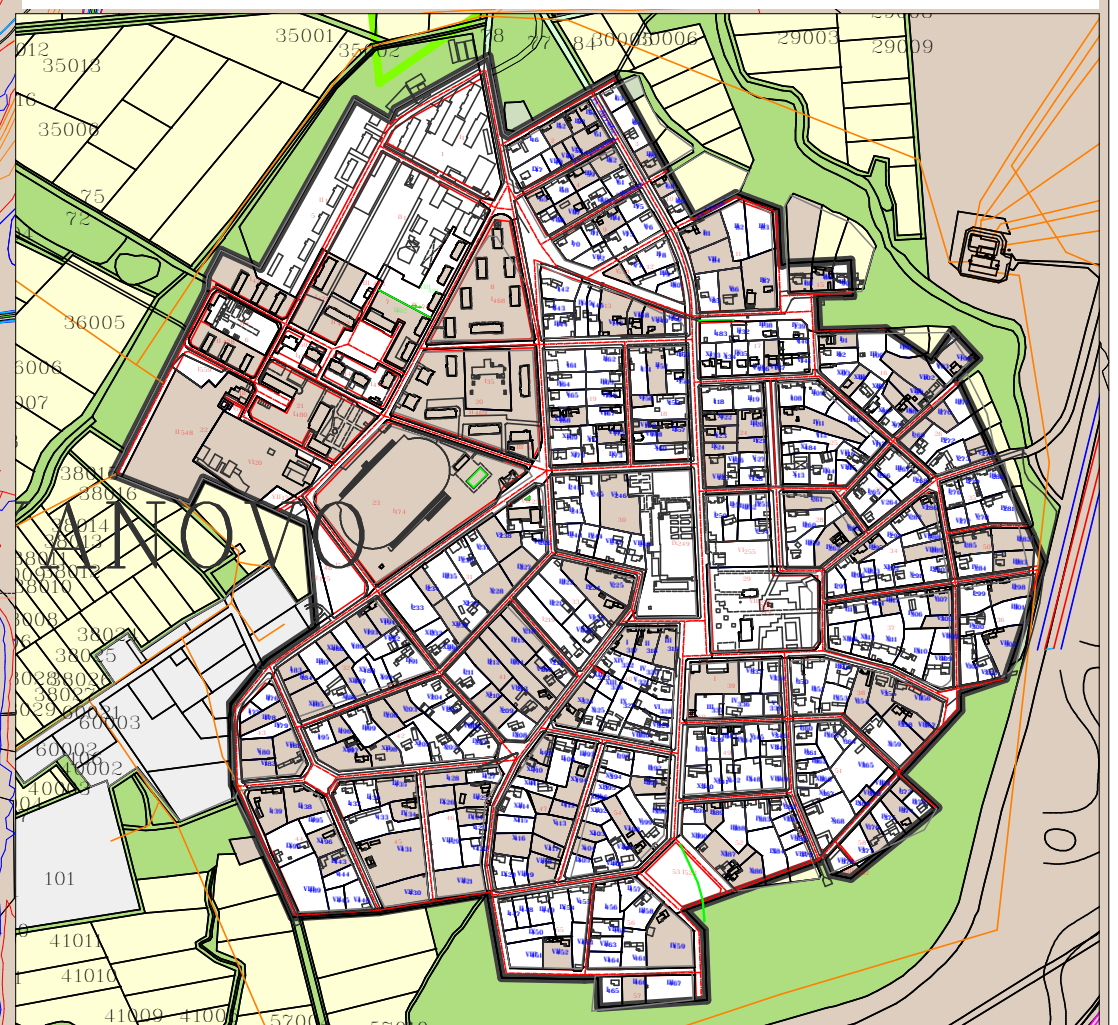
# MAP OF THE PROGRESS OF MINING ACTIVITIES UP TO 2025 AND LOCATION OF THE VILLAGES OF BELI BRYAG AND TROYANOVO



VILLAGE OF BELI BRYAG, RADNEVO MUNICIPALITY – REGULATION PLAN  
SCALE 1: 10000



VILLAGE OF TROYANOVO, RADNEVO MUNICIPALITY – REGULATION PLAN  
SCALE 1: 10000



## LEGEND

- State–public owned plots
- State–private owned plots
- Municipal–public owned plots
- Municipal–private owned plots
- Private owned plots
- Co–operative owned plots
- State–public owned plots belonging to MME
- Foreign owned plots
- State–public owned plots placed at MMEs disposal
- Church owned plots
- Plots managed and used by the Municipality
- Detailed Site Development Plan (DSDP) – 2018
- Detailed Site Development Plan (DSDP) – 2025
- Concession border
- Border of settlement territory

SCALE 1:20000  
1 centimeter=200 meter



## **Attachment 2**

### **Procedure of agricultural land acquisition**

The process of agricultural land acquisition shall be executed by the “Property” Unit at Investment Department and consists of the following stages:

1. The three mines shall submit their orders to the Company Management through the annual mining project for the respective year, specifying the agricultural properties they will need in order to ensure their own development.
2. Experts from the “Property” Unit at Investment Department shall prepare registers about the needed properties, which contain information about the area, category, the way of permanent usage, as well as data about the owners, respectively the heirs, their administrative and permanent addresses. The necessary data shall be required from the Municipal services of “Agriculture” and Civil Registration and Administrative Services, in accordance with the property location.
3. The elaboration of properties market evaluation shall be assigned to an independent certified appraiser, and shall be done in compliance with the layouts and descriptions of them placed at his/her disposal.
4. The Board of Directors of “Mini Maritsa-iztok” EAD shall receive and approve the market evaluations for land property acquisition and shall give its consent for the Executive Director to negotiate with the owners or authorized persons.

Failure to achieve a consent with the land property owners or heirs about the price, as well as their square refusals of willing sell, which happened in 2006-2007, would result in actual suspension of such land property acquisition by the Company. This would endanger and impede mines development, and in a long-term period it might lead to cessation of the mining process.

In relation with this, by its decision defined in Protocol №16-2007/06.12.2007, item 3.2, the Board of Directors of “Mini Maritsa-iztok” EAD gives its consent for the Company to negotiate for purchasing of land properties up to maximum purchase prices depending on their categories, defined as follows:

III category	–	1250 BGN /decare
IV category	–	1000 BGN /decare
V category	–	850 BGN /decare
VI category	–	600 BGN /decare
VII category	–	400 BGN /decare
VIII category	–	300 BGN /decare
IX category	–	200 BGN /decare
X category	–	150 BGN /decare

5. Together with the approved market prices, the Board of Directors of “Mini Maritsa-iztok” EAD shall give its permission to negotiate for buying and selling of each specific property, at the conditions specified in Protocol №16-2007/06.12.2007, item 3.2.
6. Notification letters shall be prepared, through which the owners/heirs of land properties are offered purchasing of their land at the price defined by the certified appraiser. The territory, the number of the land property, the area, the address and telephones to connect to Company’s employees shall be specified in the letters.

Negotiations shall be carried out and after agreeing on a price in written, the owners shall submit all the documents necessary for the deal: documents of ownership, layout, tax evaluation, certificate of inheritance, authorization letters etc.

7. According to Rules for order, conditions and procedure of decision making by the Board of Directors of “Bulgarian Energy Holding” EAD for granting permits, approvals or agreements, in his capacity of a person exercising the right of a sole shareholder and solving matters within the competence of the general meeting of subsidiaries, the Executive Director shall prepare a report to the Board of Directors of “Bulgarian Energy Holding” EAD.

The Board of Directors of “Bulgarian Energy Holding” EAD shall review the prepared report at its meeting, together with the attached documents, evaluations, offer for price, and shall give its permit to “Mini Maritsa-iztok” EAD to purchase the agricultural lands at conditions and prices specified in the Protocol.

8. Through a notarial deed /contract/ of buying and selling, and by paying the respective price, “Mini Maritsa-iztok” EAD shall acquire ownership on the agricultural lands. The notarial deed shall be duly entered, and the change of the ownership shall be registered in the Municipal service of agriculture, in accordance with the property location. All costs of ownership transfer shall be at the expense of “Mini Maritsa-iztok” EAD.
9. Copies of notarial deeds shall be sent to “Bulgarian Energy Holding” EAD for information.
10. Copies of notarial deeds shall be sent to the respective mine too..

## **Attachment 3**

### **Procedure of land acquisition in the urbanized areas**

The procedure is carried out by the “Property” Unit at Investment Department and comprises the following activities:

1. Letter of Application by the owner/s of the property for its purchase, with copies of necessary documents attached:
  - document of ownership;
  - certificate of inheritance (in case the property is inherited);
  - layout of the property;
  - certificate of endurance of buildings (if necessary);
  - certificate of identity of the property according to the plan (if necessary);
  - tax assessment;
  - inventory of perennial plants (in case there are such within the property);
  - identity card (of all owners).
2. Check of the documents before the property assessment is assigned;
3. A Letter of assignment shall be sent to the assessors to prepare an assessment, and copies of the documents specified in item 1 shall be attached.
4. A date for property inspection shall be appointed after agreeing with the owner/s, and the inspection shall be carried out together with the assessor; All improvements shall be described and photographs shall be taken;
5. After submission of the completed assessment, a Report shall be prepared to the Board of Directors of “Mini Maritsa-iztok” EAD for approval, confirmation of the assessment and giving a permit for negotiations for purchasing the property;
6. After the Protocol is submitted by the Board of Directors of “Mini Maritsa-iztok” EAD, a date for preliminary discussions with the property owner/s shall be appointed;
7. During the negotiations:
  - 7.1. in case an agreement on the price is achieved, a preliminary contract for buying and selling of the property shall be signed;
  - 7.2. in case of disagreement, a protocol of negotiations carried out shall be signed, in which the disagreement of the owner/s on the price shall be stated, by which the procedure is ceased;
8. After an agreement is achieved and a preliminary contract for buying and selling of the property is signed, a Report to the Board of Directors of “Bulgarian Energy Holding” EAD shall be prepared, with a request for giving a permission for purchasing the property, with the following documents attached:
  - Report of defining the market value of the property, defined by the certified assessor;
  - a copy of the owner’s Letter of application;
  - a layout of the property location;
9. After the Board of Directors of “Bulgarian Energy Holding” EAD receives the Protocol, together with the permit of property purchasing, a date for property buying and selling shall be appointed with a Notary;
10. Buying and selling of the property and Performance of the Formalities Related to the Deal at the Notary’s Office.
11. After receiving of the Notary deed for the property purchased, letters shall be prepared and sent to:

**11.1.** “Finance and Accountancy” Department at the Administration building, regarding elaboration of an accounting reference of the property, attaching: a copy of the notary deed; copy of the Decision of the Board of Directors of “Bulgarian Energy Holding” EAD; copy of the assessment of the property market value;

**11.2.** “Security” Department and Electricity Distribution Region “Maritsa-iztok” Department at the Administration building – reference information about the property purchased – copy of the notarial deed for the property;

**11.2.1.** “Bulgarian Energy Holding” EAD – reference information, related to the implementation of Art. 48 of “Rules for the order, conditions and procedure of decision making by the Board of Directors of “Bulgarian Energy Holding” EAD for granting permits, approvals or co-ordination, in its capacity of an entity exercising the right of a sole shareholder and solving the issues of the competence of the General Assembly of subsidiaries”, and a copy of the Notary deed of the property is attached to the letter.

- 12.** After receiving the accounting reference, it shall be sent to the Manager of “Trojanovonorth” Mine, together with the Notary deed, in order to be registered in the Mine’s balance sheet;
- 13.** The property purchased shall be written down in the register of properties (regulated) which are property of “Mini Maritsa-east” EAD;
- 14.** The ownership shall be entered on the map of the town as well;
- 15.** Each property’s documentation shall be packed in an individual file (dossier), which is stored in the archives of the “Property” Unit at Investment Department after the completion;
- 16.** In case of absence of interest in the use of purchased property, knocking down shall be undertaken, as required by Law on Spatial Planning.
- 17.** In case of interest – for renting, the next procedure shall be applied, which includes certain actions.

In the negotiations for the purchase price, the desire of the owner/s shall be considered – whether they would like to use the property after the purchase as tenants. They have the right to use the property for free for a period of 6 /six/ months from the date of purchase /Notary-attended deal/ in accordance with Decision of the Board of Directors objectified in Protocol №23-2010/10.12.2010. The aim of this decision is to allow vendors to move out of the property, as well as to buy an equivalent property in another location. After the expiry of the 6-month grace period, tenants can use the property against rent for up to 3 /three/ years, by simply going to the following procedure:

**I. Rental of property through direct negotiations with potential tenants - pensioners - former employees of "Maritsa - Iztok" EAD:**

- 1.** A Letter of application shall be submitted to the Manager of the mine, for renting of a property for a period up to 3 /three/ years;
- 2.** After the Letter of application has been considered by the housing commission of the corresponding mine, the Manager of the mine shall send a letter to the “Property” Unit at Investment Department with the following documents attached:
  - a copy of the person’s Letter of application to the Manager of the mine;
  - copy of the Protocol by the housing commission of the mine;
  - Letter of opinion by the Manager of the mine;
  - certificate stating that the person has worked in "Mini Maritsa-iztok" EAD;
- 3.** A Letter of assignment shall be sent to a licensed appraiser, with copies of ownership documents and balance statement for the corresponding property attached to it, in order to determine the rental market value for the property.

4. After receiving the final evaluation of the rental market value for the property, a report shall be issued to the Board of Directors for approval, confirmation of the assessment and giving a permission to sign a rental contract at a price representing 50% of the monthly rent determined by the licensed appraiser.
5. When a decision of the Board of Directors to contract is made, a Declaration of consent on the rental price of the property shall be prepared for the corresponding potential tenant.
6. After signing the Declaration of consent on the rental price, an Order of accommodation and the Tenancy Contract for the property with the respective tenant shall be issued.
7. In a letter to the Manager of the respective mine, a copy of both the Order of accommodation and the Tenancy Contract shall be sent with instructions about the following:
  - the property shall be transmitted through a bilateral Record of handover, a copy of which shall be sent to the "Property" Unit at Investment Department for the property file;
  - the Contract shall be mentioned/ considered отразен in the monthly rental references in the mine.
8. In a letter to the Executive Director of "Bulgarian Energy Holding" EAD, the following documents shall be sent:
  - a copy of the Tenancy Contract;
  - a copy of the Order of accommodation by the Executive Director of "Mini Maritsa-iztok" EAD;
  - information about the tenant – worker/employee at "Mini Maritsa-iztok" EAD, position and duration of employment at the Company or a retired worker/employee at the Company;
  - the Report of defining the rental market value for the property, defined by the certified assessor.
9. In case of disagreement with the rental price of the property /the disagreement shall be expressed in written in the Declaration/, transfer of the property shall be proceeded, as well as presentation of the following documents:
  - invoice issued by "EVN Bulgaria Power Supply" EAD of disconnected power supply from a post;
  - statement of no liabilities to "EVN Bulgaria Electricity" EAD;
  - certificate or statement issued by "Water Supply and Sewerage" EOOD of disconnected water supply and no liabilities to the company.
  - certificate or statement of disconnected telephone and no liabilities.
  - invoice of paid taxes on the property;
  - keys for the property.
  - 9.1. The Manager of the respective mine shall be notified by a Letter that it is necessary to accept the property by a tenant
  - 9.2. The acceptance of the property shall be carried out by a representative of the respective mine whose balance sheet comprises the property, through a bilateral Record of handover. A copy of the latter shall be sent to the "Property" Unit at Investment Department to be added to the property file.
10. Upon expiry of the rental period, in case of interest by the same tenant, the procedure shall be repeated.

**II. Rental of property through direct negotiations with potential tenants – current workers and employees of "Maritsa-iztok" EAD:**

1. A Letter of application shall be submitted to the Manager of the respective mine, for renting of a property for a period up to 3 /three/ years;
2. After the Letter of application has been considered by the housing commission of the corresponding mine, the Manager of the mine shall send a letter the "Property" Unit at Investment Department with the following documents attached:
  - a copy of the person's Letter of application to the Manager of the mine;
  - copy of the Protocol by the housing commission of the mine;
  - Letter of opinion by the Manager of the mine;
  - certificate stating that the person works in "Mini Maritsa-iztok" EAD;
3. A Letter of assignment shall be sent to a licensed appraiser, with copies of ownership documents and balance statement for the corresponding property attached to it, in order to determine the rental market value for the property.
4. After receiving the final evaluation of the rental market value for the property, a report shall be issued to the Board of Directors for approval, confirmation of the assessment and giving a permission to sign a rental contract at a price determined by a certified assessor, after obtaining the consent of the prospective tenant on the determined monthly rental price.
5. When a decision of the Board of Directors to contract is made, a Declaration of consent on the rental price of the property shall be issued for the corresponding potential tenant.
6. After signing the Declaration of consent on the rental price, an Order of accommodation and the Tenancy Contract for the property with the respective tenant shall be issued.
7. In a letter to the Manager of the respective mine, a copy of both the Order of accommodation and the Tenancy Contract shall be sent with instructions about the following:
  - the property shall be transmitted through a bilateral Record of handover, a copy of which shall be sent to the "Property" Unit at Investment Department for the property file;
  - the Contract shall be mentioned/ considered отразен in the monthly rental references in the mine.
8. In a letter to the Executive Director of "Bulgarian Energy Holding" EAD, the following documents shall be sent:
  - a copy of the Tenancy Contract;
  - a copy of the Order of accommodation by the Executive Director of "Mini Maritsa-iztok" EAD;
  - information about the tenant – worker/employee at "Mini Maritsa-iztok" EAD;
  - the Report of defining the rental market value for the property, defined by the certified assessor.
9. In case of disagreement with the rental price of the property /the disagreement shall be expressed in written in the Declaration/, transfer of the property shall be proceeded, as well as presentation of the following documents:
  - statement of no liabilities to "EVN Bulgaria Electricity" EAD;
  - certificate or statement issued by "Water Supply and Sewerage" EOOD of disconnected water supply and no liabilities to the company.
  - certificate or statement of disconnected telephone and no liabilities.
  - invoice of paid taxes on the property;
  - keys for the property.
  - 9.1. The Manager of the respective mine shall be notified by a Letter that it is necessary to accept the property by a tenant

9.2. The acceptance of the property shall be carried out by a representative of the respective mine whose balance sheet comprises the property, through a bilateral Record of handover. A copy of the latter shall be sent to the "Property" Unit at Investment Department to be added to the property file.

10. Upon expiry of the rental period, in case of interest by the same tenant, the procedure shall be repeated.

### **III. Rental of property through direct negotiations with potential tenants –prospective tenants out of "Maritsa-iztok" EAD:**

1. A Letter of application shall be submitted to the Manager of the respective mine, for renting of a property for a period up to 3 /three/ years;
2. After the Letter of application has been considered by the housing commission of the corresponding mine, the Manager of the mine shall send a letter to the "Property" Unit at Investment Department with the following documents attached:
  - a copy of the person's Letter of application to the Manager of the mine;
  - copy of the Protocol by the housing commission of the mine;
  - Letter of opinion by the Manager of the mine;
3. A Letter of assignment shall be sent to a licensed appraiser, with copies of ownership documents and balance statement for the corresponding property attached to it, in order to determine the rental market value for the property.
4. After receiving the final evaluation of the rental market value for the property, a report shall be issued to the Board of Directors for approval, confirmation of the assessment and giving a permission to sign a rental contract at a price determined by a certified assessor, after obtaining the consent of the prospective tenant on the determined monthly rental price, to issue a suggestion to "Bulgarian Energy Holding" EAD about giving a permission for renting the property.
5. When a decision of the Board of Directors to contract is made, a Declaration of consent on the rental price of the property shall be issued for the corresponding potential tenant.
6. After signing the Declaration of consent on the rental price, a Report shall be issued to "Bulgarian Energy Holding" EAD about giving a permission for renting the property, with the following documents attached:
  - report about defining the rental market value of the property defined by the certified assessor;
  - copy of the Letter of opinion by the Manager of the respective mine;
  - copy of the Protocol by the housing commission of the respective mine;
  - copy of the prospective tenant's Letter of application;
  - copy of Declaration of consent on the rental price;
  - grounds;
  - Statement by the Executive Director of real encumbrances;
7. When a decision of the Board of Directors of "Bulgarian Energy Holding" EAD is made, the Order of accommodation shall be issued and the Tenancy Contract for the property shall be signed with the respective tenant for the corresponding potential tenant.
  - 7.1. In a letter to the Manager of the respective mine, a copy of both the Order of accommodation and the Tenancy Contract shall be sent with instructions about the following:
    - the property shall be transmitted through a bilateral Record of handover, a copy of which shall be sent to the "Property" Unit at Investment Department for the property file;
    - the Contract shall be mentioned/ considered отразен in the monthly rental references in the mine.

7.2. The acceptance of the property shall be carried out by a representative of the respective mine whose balance sheet comprises the property, through a bilateral Record of handover. A copy of the latter shall be sent to the "Property" Unit at Investment Department to be added to the property file.

8. In a letter to the Executive Director of "Bulgarian Energy Holding" EAD, the following documents shall be sent:

- a copy of the Tenancy Contract;

- a copy of the Order of accommodation by the Executive Director of "Mini Maritsa-iztok" EAD;

9. In case of disagreement with the rental price of the property /the disagreement shall be expressed in written in the Declaration/, the proceedings shall follow the instructions described in item 9 of the previous section.

Upon expiry of the rental period, in case of interest by the same tenant, the procedure shall be repeated.

The property rental procedures described in sections I, II and III shall be applied to the cases when the tenants have been former owners of the properties and have used the property for free for a period of 6 /six/ months from the date of purchase /notary deed/.

In the cases when the owner /Seller/ does not want to use the property after the date of purchase, on the day of the Notary deed, they shall be obliged to present and submit to the Buyer /"Mini Maritsa-iztok" EAD/ the documents specified in item 9 section II, and a bilateral Record of handover is issued for that. A copy of the latter shall be sent to the "Property" Unit at Investment Department to be added to the property file.

### **Property assessment**

The assessments of the properties shall be elaborated by a certified assessor possessing a license by the Privatization Agency for assessment of property, machines and equipment and whole state and municipal companies, transformed or not transformed trading companies.

The assessment of each property shall proceed in the following sequence:

1. Receiving and submission of documents of ownership on the property;
2. Inspection of the property together with the Seller /or their representative when the property is uninhabited/, Buyer's representative and assessor;
3. Issuance of a Report about the assessment carried out, with property photographs attached.



## Attachment 4

### Change of use procedure for the purchased agricultural lands

For the proper development of coalmining carried out by "Mini Maritsa-iztok" EAD, it is necessary to implement a change-of-use procedure for purchased agricultural lands, in accordance with the terms and conditions of the Law on Protection of Agricultural Lands (LPAL) and the Rules for implementing the LPAL.

The change-of-use procedure comprises 2 stages – choosing a site and change of its use, both shall be initiated and carried out by the “Property” Unit at Investment Department.

By its Decision PK3-9 dated 28.12.1995, the Agricultural land Commission has approved the locations (grounds) for designing the sites for mines development at "Mini Maritsa-iztok" EAD, on an area of 157 914 decares of agricultural land.

To initiate a change-of-use procedure, a mandatory condition is the availability of a Detailed Site Development Plan approved and in effect.

The process of change of use comprises the following stages, in compliance with the requirements of Art. 30 and Art. 40 of Regulations for implementation of the Law for Protection of Agricultural Lands (III3033):

1. Preparation of registers, layouts, maps with co-ordinates of the properties whose use is to be changed, certified by the Municipality offices of agriculture or GCCO (Geodesy, Cartography and Cadastre Office), depending on the location of the properties.
2. Composition of an Application for issuance of a Certificate of irrigation capability by the branch of "Irrigation Systems" EAD.
3. Composition of an Application for issuance of Categorization Statements by the respective “Agriculture” Regional Directorate.
4. Following an Application by the owner or the Site Investor, the Regional Governor shall prepare a Proposal to the Commission for agricultural lands, in compliance with Art. 17, Para. 1 and Art. 18 of Law for Protection of Agricultural Lands (LPAL).

The Proposal shall contain the following items: a Detailed Site Development Plan approved and in effect; layouts, registers and maps with co-ordinates of the properties subject of the Proposal, certified by the Municipality offices of agriculture or GCCO; Certificate of irrigation capability; Categorization Statements; copies of ownership documents; an effective Decision of the Agricultural land Commission for location (ground) selection; Health Statement; statements by the Regional Inspectorate of Environment and Water, Water Supply and Sewerage etc.; projects for mines operation and reclamation etc.

5. The commissions under Art. 17, Para. 1 of LPAL shall discuss the Proposal and issue a Decision for change of the use of agricultural lands. In the Decision of the Commission, the amount of the fee shall be indicated, as specified in accordance with the rate payable under Art. 30 of LPAL for the whole area or the respective stage.

**The Decision for change of use of the land comes into effect after the due fee for the property is paid.**

6. Payment of fees for change of use and receiving of a Transcript of the Decision of the Commission for agricultural lands.
7. Entering the changes in the land status and way of permanent usage at the Municipality offices of agriculture and GCCO.
8. Notification of the mines about the changes in the land status and way of permanent usage.

The latest change-of-use procedure was in 2013, concerning 303 pcs of agricultural properties, as follows:

Territory	Number of properties	Area /decares/
residential district of Gipsovo	1	4,326
village of Beli bryag	23	386,578
village of Troyanovo	36	410,275
village of Ovchartsı	100	966,992
village of Polski gradets	68	1368,208
village of Glavan	1	9,000
village of Pomoshtnik	23	155,640
village of Madrets	51	384,173
<b>TOTAL:</b>	<b>303</b>	<b>3685,192</b>

### **Change of the use of land properties in forest areas**

Within the scope of the effective Detailed Site Development Plans there are land properties in so called forest areas as well. The Executive Forest Agency is an authorized body for implementation of the administrative change-of-use procedure. A commission is formed at the Agency, which reviews the submitted files for properties with an area of over 50 decares; and the Regional Forest Directorate – in cases when the change of use is for properties smaller than 50 decares. The commissions are appointed by an Order of the Minister of agriculture and food.

The Company has initiated administrative proceedings with submitted requests for previous agreement or requests for exclusion of forests and lands from the forest fund (in the availability of an effective Detailed Site Development Plan for land property or a plot plan for the specified route) before 09.04.2011. These proceedings are being finalized under the repealed Law on Forests, which stipulated no time limit for completion of the procedures. For various reasons of subjective and objective nature, the administrative change-of-use procedure has not finished yet, due to exclusion of 1308 decares (43 properties) located in the village of Ovchartsı, Municipality of Radnevo, from the forest fund.

In accordance with the current Law on Forests, effective since 2011, a period of one month is provided for carrying out previous agreement and change of use /for each of the procedures/ from submitting the application before the administrative body.

To change the use of land properties in forest areas the company makes a request for prior agreement by submitting the following documents:

1. property layout or draft-layout from the cadastral map or from the map of the restituted property, co-ordinated by the respective Regional Forest Directorate, in accordance with the property location;
2. approved Terms of Reference for elaboration of Detailed Site Development Plan, prepared in compliance with the provisions of the Law on Spatial Planning;
3. Decision of Municipality Council – about land properties in forest areas belonging to municipalities.
4. standpoint of the Minister of Environment and Water

When state-owned land properties in forest areas are requested, the competent authority, before giving its statement, officially requests an opinion from the respective state forestry or state hunting reserve.

Approving of such a Detailed Site Development Plan (DSDP) under the Law on Spatial Planning (LSP) shall be done after prior coordination of the change of use of the land in forest areas. (Art. 75, Para. 4 of the Forestry Act).

After approval of DSDP under the LSP, an application shall be submitted to the body having issued the decision on preliminary coordination on changing the use of land properties in forest areas, completed with the following documents:

1. document of ownership – for land properties in forest areas which are not state-owned, and in case the application is submitted by an investor, the owner’s written agreement is required as well;
2. outline of the property from the cadastral map or from the map of the restituted property, coordinated by the respective Regional Directorate of Forestry, in accordance with the property location;
3. approved Detailed Site Development Plan and a certificate of effectiveness of its approval issued by the authority which has approved it;
4. property estimation according to the Regulation under Art. 86, Para. 2 of the Forestry Act;
5. effective administrative acts issued under Chapter Six of Law on Environment Protection or under Biological Diversity Act, or an opinion of the competent environmental authority under both laws;

The Executive Director of the Executive Forest Agency shall issue a proposal to the Minister of Agriculture and Food with a draft for the administrative act - Order. The Minister of Agriculture and Food, following the proposal of the Executive Director of the Executive Forest Agency, shall issue an Order for changing the use of the land properties from the forest fund.

Within a period of three months after handing the acts under Art. 14r, item 1 (Art. 19, Para. 7 of the Forestry Act, repealed), the Company shall pay the amounts due for compensatory afforestation and change of use determined by the Ordinance on assessment of land in forest areas (Promulgated SG, issue 63 dated 16.08.2011).

In case of failure to pay within the above mentioned period, the Company’s rights shall be lapsed. Considerable funds are needed, which the “Property” Unit at Investment Department shall plan and shall submit a Report to “Finance and Accountancy” Department in order to ensure funding.

## **Attachment 5**

### **Procedure of involuntary expropriation**

When flatly no agreement has been reached with the owners or holders of other real rights on the properties or parts thereof, the energy company-concessionaire, MME shall have the right to ask the Minister of Economy and Energy to take actions towards involuntary expropriation of properties under the State Property Act in the case of extraction of energy resources to meet state needs.

The procedure of involuntary expropriation shall be initiated and executed by the “Property” Unit at Investment Department and comprises the following stages:

1. Assignment and elaboration of properties assessments /equivalent cash compensations/, coming within the concession are – it shall be done by an independent certifies assessor.
2. Issuance of a report to the Board of Directors of “Mini Maritsa-iztok” EAD, about approval of assessments /equivalent cash compensations/ and making a decision for buying of the properties, and in case of failure to reach an agreement, initiation of the procedure of involuntary expropriation shall be proceeded.
3. Gathering of information about the owners from the Municipal service of agriculture, Municipality administration - Civil Registration and Administrative Services and Registry Service – issuance of layouts, certificates of heir and data about their permanent and administrative addresses.
4. Notification of the owners with a proposal for purchasing of their properties, through handing in Notary invitations.
5. Receiving of a Letter of opinion from the owners concerning their agreement or refusal to sell their properties – explicit in written or by giving no reply within 1 month after handing in the Notary invitations.
6. Issuance of Request for expropriation.
7. Approval or refusal of the Request for expropriation – a Letter of opinion shall be issued by the Minister of Regional Development and Public Works about the availability of grounds for expropriation and a Letter of opinion by the Minister of Finance about the financial security of expropriation.
8. Proposal for expropriation shall be issued by the Minister of Regional Development and Public Works the Minister of Finance to the District Governor.
9. Order of expropriation shall be issued by the District Governor, a Request for admission to preliminary execution shall be issued by MME EAD.
10. Promulgation of the Order of expropriation in the State Gazette.
11. The Order of expropriation coming into effect.
12. Payment of compensations.
13. Creating of acts for state ownership of the expropriated properties by the District Governor.
14. Issuance of Request to the Ministry of Economy and Energy to provide the expropriated properties as belonging to the concession.
15. Taking over and acceptance of the properties shall be done through a Protocol signed by representatives of MME EAD and District Administration.
16. Notifying the mines and “Finance and Accountancy” Department.