

**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

**STRATEGY FOR  
BULGARIA**

**REPORT ON THE INVITATION TO THE  
PUBLIC TO COMMENT**

## 1. INTRODUCTION

The draft Strategy for Bulgaria was posted on the website for 30 days from 22 February 2008 along with an invitation to the public to comment. The public was invited to submit comments on the draft Strategy no later than 24 March 2008. For information, the previous Strategy was also made available on the website.

Comments were received from one NGO – Centre for Environmental Information and Education. Details of the comments received and staff responses are provided in this Report, which becomes an addendum to the Strategy.

## 2. STAFF RESPONSES TO PUBLIC COMMENTS

The comments received are presented in their entirety immediately followed by the relevant staff response. All comments come from one source – the Centre for Environmental Information and Education and hence are mainly targeting issues related to the environment.

### Public Comment

1. *In order to insure a qualitative consultation process we consider that the Draft of the Strategy should be presented at Bulgarian language also. In our opinion the lack of such is a major gap.*

### Staff Response

Following approval by the EBRD Board of Directors the strategy paper will be translated into Bulgarian and posted on the Bank's website in accordance with the Bank's Public Information Policy procedures.

### Public Comment

2. *Despite of the terms set in the loan agreement of Chelopech mining about following the Bulgarian **and European** regulations there is number of irregularities / the public hearings were conducted only in several small settlements around the mine site, but not at the biggest towns on Maritza River downstream. Transboundary consultations according the Espoo Convention were not conducted also although the stated interest from part of Greek and Turkish interested parties. At the EIA report is missing the Emergency Plan in case of accident – the elaboration of such a Plan is postponed after the approval of the EIA, but then there is no legal obligation to be discussed in public/. Obviously the monitoring of the Bank has not take into account these important shortcomings.  
The cyanide technology is qualified as “modern” without considering the existing high risk of pollution at the regional conditions /high level of rainfall and flood conditions, high density of settlements, high density of the river system, seismic risk/.  
In Krumovgrad – the other chosen concession site the situation is completely different. The nature at the region and at the surrounding of the town is*

*comparatively preserved – there are protected sites of Natura 2000 network. The local community has better chances for sustainable development without the mine with cyanide technology*

***We do not recommend the financing of cyanide technology in both cases.***

### **Staff Response**

Phase II of the Chelopech Mining Project to which the above question refers has not yet been presented within the Bank for Concept Review therefore no decisions have yet taken place on the possible financing.

Although an EIA has been completed for Phase II and submitted to the authorities, the role of the Bank in Phase II has, to date, been purely as an observer and we cannot comment on its significance. The Bank has verified that the EIA Statement and all accompanying documents were available to all stakeholders within the time frame provided for under the law for public access and continue to be available at the Company's Information Centre in Chelopech Village.

However in the context of the original Chelopech project (Phase I) and the Bank's loan, all recent monitoring and appraisal studies have confirmed that the existing mine is operating properly, is managed appropriately and has improved significantly since the involvement of the project's sponsor, Dundee Precious Metals. Operations at Chelopech have already benefited from the introduction of the highest environmental standards currently available in the industry through the upgrading of the existing mine, mill and tailings dam facilities.

The Bank maintains that a rational and constructive dialogue on this project based on accurate information is highly desirable. The Bank remains willing to facilitate further discussions on this basis between the project sponsor, NGO groups and other interested parties.

### **Public Comment**

- 3. Last year your institution has approved for financing the HPP Svoge project which includes several cascades. At the documents of the Bank was noticed that in MoEW has not received any objections about the project. As my knowledge, there is at least one objection – the statement of the environmental NGO Balkani Wildlife Society – which has not reached your institution. At the EIA report there is not a detailed evaluation of the project impact on the flood conditions at Iskar River – one of the most problematic rivers in Bulgaria from this point of view.*

### **Staff Response**

The Bank is financing a project which was subject to permits by the national regulator. As part of its due diligence the Bank carried out additional environmental assessments and developed a disclosure package in line with the Bank's policy. This work was carried out by an independent international consultant and included meetings with stakeholders such as the Balkan Wildlife Society. As part of the Bank's due diligence an Environmental Management and Monitoring Plan was agreed with the sponsor and

disclosed. No formal objections to the Bank financed project were raised during the 60 day consultation period.

#### **Public Comment**

4. *We estimate positively the presence of the main problematic fields for the environment in Bulgaria – EIA, SEA with low quality or absent, problems with the environmental justice – we would like to remind that many of these problems are not fortuitousness, but a result of purposefully detour of the EU environmental standards from part of state services and investors.*

#### **Staff Response**

In its strategy paper for Bulgaria the Bank has produced a candid analysis of the achievements and challenges faced in the environmental sector.

The EBRD's environmentally sustainable approach supports the country's implementation of its environmental legislation and addresses key environmental concerns, focusing on further improving specific environmental management areas through EBRD's projects. Investing in environmental improvements to meet EU standards is an ongoing process and the Bank will continue to cooperate with other institutions to enhance environmental improvements.

#### **Public Comment**

5. *We estimate positively that the FDI analysis give an account of the big percentage of the real estate and constructions sectors – a factor which has become one of the main problems for the Bulgarian economy. By similar way reflects the shortage /because of the employment in these sectors/of qualified and unqualified labour for the normal functioning of the economy.*

#### **Staff Response**

The comment has been noted.

#### **Public Comment**

6. *We greet the bank decision to support the technical assistance and provide co-financing addressing the energy efficiency and environmental problems – such an instrument is extremely needed for every sector in Bulgaria.*

#### **Staff Response**

The comment has been noted.

## Public Comment

7. *What will be the criteria for selecting “high quality property and tourist projects” especially at the **mountain areas**? We would like to remind that the development of Bansko Ski Resort was realized without any proper planning, often even in violation of the Bulgarian and European legislation and, finally has bring a number of environmental and infrastructure problems at the region. Without any exaggeration we can say that the development of the town of Bansko and the ski zone has destroyed the sustainable development of the region and created a large variety of problems.*
- We are against any financing of properties and facilities in protected areas – national and natural parks, Natura 2000 sites etc., but also at the bio corridors between them.***

## Staff Response

The EBRD requires that investment projects which it finances directly meet good international environmental practice. Therefore, the EBRD will require that projects be structured so as to meet applicable national environmental law and EU environmental standards insofar as these can be applied to a specific project. When EBRD-financing is directed via a financial intermediary the EBRD requires that the financial intermediary apply environmental risk management practices which require that sub-projects financed with EBRD money comply with national environmental standards, at a minimum. The EBRD does not have separate criteria for property and tourism projects.

## Public Comment

8. *At the moment the most promoted pipeline project is Bourgas-Alexandroupolis. Will the Bank invest in project which is only transitory for the country and is strongly controversial from environmental and economic part? How the Bank assesses the tax alleviation and other forms of Governmental support for the International Project Company of the pipeline compared to the insignificant returns of 35 millions?*
- We are against the participation of the Bank at the financing of such projects.***

## Staff Response

The Bank has gone no further than very initial discussions on Bourgas - Alexandroupolis and has yet to be approached formally to provide financing for the project. In the event of such an approach taking place, the project would be required to comply with the full environmental and social policies of the Bank. In addition, analysis of the economic returns generated in favour of the Bulgarian state would be undertaken to determine that a 'fair' return (taking into account other factors such as job creation) was being achieved; the results of this analysis would be published.

Any potential Bank participation in this project will be subject to our normal strict policies on public consultation; in the absence of any formal approach to provide financing however we are somewhat short of this stage.

## **Public Comment**

9. *We greet the decision of the Bank to support the elaboration of SEA's for wind energy and mini HPP projects because of the **large scale** of wind energy projects and the general opinion of the Regional Inspectorates for Environment and Waters that the mini HPP projects **do not need** an environmental assessment. Both factors have become a threat for the environment in Bulgaria. Such a support from part of the Bank will allow the request for good implementation of the EU regulation for SEA.*

## **Staff Response**

The Bank supports and encourages the use of SEA as a planning tool by decision-makers. As a financial institution we are not normally in a position to undertake such studies as these are the responsibility of the relevant national authorities, however in the case of Bulgaria, given the importance attached to sustainable development of renewable energy sources the Bank has offered to support a SEA study for the development of wind power.