

Second Joint Meeting Progress Report

Radnevo Municipality Building, Bulgaria
27 February 2018, 9:00 – 12:30

Facilitators/mediators: Erica Bach (PCM Officer), Albena Komitova, Constantin-Adi Gavrilă

Context of the meeting

The holding of the Second Joint Meeting in the dialogue process between MME EAD (the Company or MME) and the residents of Beli Bryag (the Community) was decided at the First Joint Meeting among these parties and the mediators, under EBRD's PCM.

Certain commitments were made at the First Joint Meeting that participants in this dialogue would meet in order to continue the progress in resolving the problem of the resettlement of the community of Beli Bryag in connection with the expansion of the activities of the Company.

It was agreed at the first joint meeting that the Company would provide the latest draft of the Resettlement Action Plan (RAP) of the MME prepared by Green Partners experts. It was specified that some time was necessary for translation into Bulgarian. Copies of this document have since been provided to representatives of the community members.

There was a proposal made by the Company for Green Partners representatives to also attend the Second Joint Meeting in order to be able to give answers to and clarify any questions that might arise on the RAP thus prepared. This proposal was accepted by the community representatives.

In view of the short term that the residents of the village of Beli Bryag had to get familiarized with the plan and the information that Green Partners representatives could not take part in the scheduled Second Joint Meeting because of other commitments, the PCM team proposed to both parties of the dialogue initiative to consider the possibility of postponing the Second Joint Meeting to a later date, in order to better prepare and allow Green Partners representatives to take part in the meeting. After separate discussions with each of the parties, it was decided not to postpone the Second Joint Meeting and it took place as agreed – on 27.02.2018.

Prior to the Second Joint Meeting, individual meetings were held again with each of the parties, where the previously submitted topics were discussed, namely:

- Participants sharing what happened since the last meeting;
- Preparation for the Second Joint Meeting:
 - Discussion on the First Joint Meeting Progress Report;
 - Implementation and monitoring of the commitments undertaken to date by the Parties/PCM;
 - Discussion on the availability of plots in Radnevo;
 - Discussion on the draft Resettlement Action Plan;
 - Discussion on the Mediation Agenda (list of issues to be agreed upon at the end of the mediation process);
 - Next steps.

After holding the individual meetings with the Community and the Company, the following Second Joint Meeting topics for discussion and agenda were prepared and approved with the cooperation of the PCM:

1. Welcome, review of the agenda and introductions;
2. Approval of the First Joint Meeting Progress Report;
3. Monitoring of the implementation of the commitments undertaken to date by the Parties/PCM;
 - 3.1. Communication, contacts
4. Availability of plots in Radnevo;
5. Presentation and discussion of the Resettlement Action Plan (RAP);
 - Where is the Framework Plan? When was it created?
 - What's new in the 3rd RAP version? Explanation of the compensation method;
 - What is the basis for calculating the market price of a property and of agricultural land?
 - Explanation on how the Company's grievance mechanism works, how many grievances they have dealt with up to now, e.g. from Beli Bryag or from other villages?
6. Discussion of the Mediation Agenda (list of issues);
7. Next steps.

Due to the fact that the hall for the joint meetings (at the Radnevo Municipality building) was about to be engaged, the start time of the Second Joint Meeting was changed to 9.00am from the preliminarily agreed one, 10.00am.

On 27 February 2018, between 09:00 and 12:30 local time, members of the community in Beli Bryag and representatives of MME EAD took part in the Second Joint Meeting on the resettlement of the Beli Bryag village, held with the independent assistance of the PCM. This Report summarizes the discussions and the next steps discussed at this meeting.



Opening of the meeting and introductions, logistical issues

The meeting was once again opened by the Mayor of Radnevo Municipality, Mr. Tenyo Tenev. Mr. Tenev opened the meeting and welcomed the participants. He provided information regarding the inquiry by community representatives about the available plots on the territory of the municipality suitable for construction. Mr. Tenev confirmed that talks are being held and options are being sought regarding the provision of suitable plots.

All participants in the meeting introduced themselves. Due to the bad weather conditions and the complicated situation with the heavy snow, some of the Community representatives did not attend the meeting, while others had office duties hindering them to attend.

Simultaneous interpretation with corresponding equipment was once again provided as arranged by the PCM.

Approval of the First Joint Meeting Progress Report

Since the draft Report had been sent in advance, each of the parties had given their comments and suggestions for amendments and supplementation at the separate meetings.

The main amendment proposals were in the following circumstances: the Community representatives suggested that the term “financial compensation” used in the Report be replaced by “equitable compensation” and the representatives of the Company agreed with this proposal.

The Company representatives proposed the inclusion of the following text in the First Joint Meeting's Progress report:

“The Company representatives insisted on the involvement of the whole community of the village in the dialogue, regardless of their status as regards their property rights (owners or tenants). The representatives of Beli Bryag village clarified they had no mandate from the tenants to represent them in the mediation process but agreed for the measures negotiated in the dialogue to also be valid for them.”

Zhelyazko Zhelyazkov informed the meeting participants that he had personally contacted the tenants (the residents of Beli Bryag who had already sold their properties to MME EAD) and had provided them with information on each step of the negotiation process and would continue to do so in the future.

After the discussion on the said report, the Company representatives and the Community of Beli Bryag approved the report inclusive of the amendments as agreed.

Review of the implementation of the commitments undertaken so far by the participants and the PCM; Communication, contacts

A review of the commitments undertaken by all participants in the First Joint Meeting was made: MME EAD, the Community of Beli Bryag and the PCM team.

All tasks agreed upon had been successfully implemented.

Also, there was a discussion about the following text:

The parties are going to consider the possibility of reporting the First Joint Meeting in the public domain. Any information (i.e. joint statements, documents, images) should be discussed and coordinated by both parties before it is made public. The PCM mediation team stated once again that the PCM website is available for this purpose.

The community members proposed that the report be published on the PCM website for reasons referring to increasing the mediation process transparency and to improving the community feedback loop.

The Company representatives expressed reservations whether there was a need to publish every progress report. Their opinion was that only when there is some significant progress does it make sense to publish information using the various information channels. However, the company representatives undertook the task of reflecting on the community members' proposal and committed to share feedback at the third joint meeting.

Further to a Community proposal about setting-up clear channels for communication with the Company, it was answered that these are the channels that the Community knows and uses up to now, namely:

- by e-mail to the Company's official email,
- by regular mail at the Company's address, with a clear designation on each letter should contain in the subject "Regarding the Resettlement of Beli Bryag",
- through a box left in the Company's lobby and one at each of the three mines, which are designated specifically for questions and answers, related to Beli Bryag's resettlement.

For their part, the Community representatives stated the need for each document and letter to be sent to the following addresses:

- Zhelyazko Zhelyazkov, [REDACTED]
- Evelin Tenev Petkov, [REDACTED]
- Genady Kondarev – [REDACTED]
- Desislava Stoyanova – [REDACTED]
- Fidanka Bacheva-MacGrath – [REDACTED]

Availability of plots in Radnevo

Following the first joint meeting, a letter was sent to the Mayor of Radnevo Municipality asking about the availability of suitable plots on the territory of Radnevo Municipality to build on.

The written reply to this letter was presented at the meeting. According to the information provided, currently, there is land property № 61460.505.282 under the cadastral map of the town of Radnevo, which is suitable for construction of 10 plots for housing construction in the town, as well as municipal plots in: the village of Sarnevo – 5 plots, the village of Lyubenovo – 8 plots, the village of Bulgarene – 4 plots, the village of Trankovo – 8 plots and the village of Daskal Atanasovo – 9 plots.

The representatives of the Company expressed reservations about the possibility of real estate to be built as compensation under the Beli Bryag resettlement plan, for several reasons: 1) The value of a new property in the town of Radnevo is not equal to the value of a 50-60 year old property in the village of Beli Briag; 2) The company has no legal basis to pay for the properties it purchases a higher price than its market value; 3) this would be unfair to the rest of the villagers who already sold their real estates to the Company and did not have information about such a hypothetical compensation opportunity.

The Beli Bryag Community representatives drew attention to the fact that people who have already sold their real estate have done so voluntarily and these transactions were not part of compensation measures under the Resettlement Plan.

Presentation of the Resettlement Action Plan (RAP)

The company representatives undertook a presentation of the latest draft of the Resettlement Action Plan, focusing mostly on the updates and new measures that have been adopted and added to the previous draft.

Regarding the questions asked by the Community: **Which year the framework plan was created, and where it can be seen**, Mrs. Krassimira Ilieva explained that this was the document included in the first set of documents received by Mr. Zhelyazko Zhelyazkov and Mr. Evelin Petkov at the first meeting organized on 12 August 2016. The official approval was received by the EBRD in 2017.

This plan can currently be viewed on the website of the Company, on EBRD's site; copies of it are available at the Beli Bryag Mayor's premises in the village of Beli Bryag, at the premises of MME's management and at the premises of Radnevo's Mayor.

Ms. Krassimira Ilieva noted that the process of voluntary purchase and sale of real estate (as it has been so far) will continue until the end of 2019. Then, a process of expropriation will begin. In 2023, the resettlement process must be completed under the current mining development plan presented by MME's Chief Engineer of Minproekt at one of the previous meetings in Beli Bryag, because due to the proximity of mining, the conditions in the village will not be good for living.

It was pointed out that six new Community measures have been prepared and adopted by the Board of Directors of MME, in addition to previously adopted and approved more than 20 such measures, which are included in the RAP at the request of the Community. Many of the issues involved in these decisions were raised by the Community before MME's representatives in the latest survey conducted by MME at the end of November 2017.

A clarification was made that there was full replacement value involved and the definition of this term was explained.

It was emphasized that an option remained to have individual contracts on the resettlement with each separate resident of the village of Beli Bryag as previously practiced.

Some of the updates in the RAP mentioned were:

- The costs of the transactions related to the acquisition of new property by the affected persons will be borne by MME (under 2 conditions);
- The possibility of replacing a property in Beli Bryag with apartments, owned by MME EAD in the towns of Radnevo and Galabovo;
- A final date is set for suspending voluntary purchase by the end of 2019 and transition to expropriation;
- Increasing the grace period for vulnerable people from 2 to 3 years upon their written request;
- Compensation for the physical movement and compliance with the specific reported needs of each family;
- Availability or free training or retraining courses; better opportunities to apply for a job;
- Removal of the two texts concerning the agricultural cooperative.

It was also explained that the RAP is flexible enough and other measures tailored to the specific needs of each household may be negotiated if necessary.

Concerning the clarification of the **compensation method** applied, Ms. Daniela Zheleva explained that several methods adopted in the business valuation theory and practice for determining the fair market value of the real estate is applied. The assessment of real estate is based on the applicable law, which constitutes the legal framework of the Privatization Agency and post-privatization control.

The methods used by the licensed appraisers are:

1. Cost approach
2. Market (Comparative)

The Cost Approach means the current price minus amortization = residual value. Market Method – what the price of the property would be now. The arithmetic mean between the Market Value and the Cost Value is taken. In order to obtain a higher valuation of the property, MME EAD has eliminated one of the methods.

The valuation also includes the value of the future fruiting of permanent crops.

The representatives of the Community stated that they would need to consult with lawyers and economists. Accordingly, they will provide comments and opinions at the next meetings, as well as the meeting with Green Partners for which the IMI insisted

The Company and the Community representatives agreed to have a separate discussion on the evaluation methodology. The company underscored that there was maximum transparency in the numbers.

In answer to the questions: **How the Company's grievance mechanism works, how many grievances they have dealt with so far, e.g. from Beli Bryag or from the other villages**, Ms Ilieva replied that there were grievances filed. The grievance mechanism is set out in point 9 of the RAP, where it is explained step by step how it works. The possible channels that can be used for filing complaints are also mentioned: by phone, fax, e-mail, in paper at the premises of MME. In addition, there are four mailboxes (one in each mine and one in the management building), where only complaints, inquiries, problems, etc. related to the resettlement process can be filed.

There was a brief discussion about the role of the Mayor of the village of Beli Bryag. The Company explained that they had provided the signed Framework Agreement to the Mayor's office assuming that he was an official representative of the Community. Moreover, he, as a property owner, enjoyed rights to be represented in the process.

The community representatives having signed the Framework Agreement underlined that they had an explicit mandate from owners of property of the village of Beli Bryag to represent them in this dialogue process, and that it was right for all documents and letters to be provided to them. The second original of signed Framework Agreement was provided to the Community and MME agreed to send PCM a scanned copy of it. The parties agreed all the documentation under this process to be handed over to the representatives participating in this dialogue as agreed above regarding communication channels and contacts.

Mediation Agenda (Road Map)

The PCM mediation team presented the draft approach to the mediation process, listing the following seven stages or agenda items for mediation:

- (1) Structure of the resettlement process;
- (2) Agreeing the principles for resettlement;
- (3) Needs assessment (understanding the needs of both parties);
- (4a) "Social package";
- (4b) Options for resettlement;
- (5) Refine the resettlement process;
- (6) Capturing agreements;
- (7) Implementation.

The approach, or Mediation Agenda, or Road Map had been preliminarily discussed with the parties at the individual meetings held with them. The participants in the dialogue process agreed with the Mediation Agenda as drafted.

The Company representatives and the Community united around the idea of adding that this Road Map will be subject to the European and national legislation.

The community representatives said they were ready to start with the first 4 points.

A brief discussion was held on the scope and the process of assessing the needs of the residents of Beli Bryag. This information should be collected building on the basis of the Resettlement Action

Plan. MME presented the data from the last two surveys conducted in 2009 and 2016 among the Community and noted that the Company not only has information for the needs of the persons concerned but also periodically conducts meetings and discussions with them to update this information which largely renders meaningless the conduct of a new such study, since the latter was carried out very soon - from the end of November 2017. However, the objectives of the process are (1) to access up-to-date information as to what people consider as their needs and desires; (2) to improve the communication with the Community and information regarding the mediation; (3) to build the trust of the parties in the PCM facilitated dialogue process.

The parties agreed for this assessment to be carried out by a taskforce involving two representatives of the Company, two representatives of the Community and the PCM team.

The following members of this team were identified:

- On behalf of the Company – Krassimira Ilieva and Anna Turlakova;
- On behalf of the Community representatives – Zhelyazko Zhelyazkov and Desislava Stoyanova;
- On behalf of PCM – Albena Komitova.

It was agreed that the taskforce will take steps, as possible, before the third joint meeting when interim or final findings will be presented.

Next steps

The participants in the meeting considered the possibility of taking the following next steps:

The parties will think about the possibility to reflect the second joint meeting in the public space. Any information (i.e. joint statements, documents, pictures) should be discussed and agreed by both parties before being made public.

- The Community:
 - Will give feedback on the Resettlement Action Plan not later than on 20.03.2018.
- The Company:
 - Will come up with a position regarding the Community's proposal to publish the progress report of the first joint meeting on the PCM website;
 - Will share the email addresses and mailing addresses that will be used to seek information from the Community and the PCM.
- The PCM:
 - Will prepare a draft Progress Report and provide it to the Parties for comments prior to its finalization;
 - Will convene a Third Joint Meeting on 27 March 2018 at the same place with the following tentative agenda:
 - Structure and principles of the resettlement process;
 - Presentation of the findings from the needs assessment;
 - Feedback on the RAP by the Community;
 - Next steps.

Appendices

- Mediation Road Map

LIST OF PARTICIPANTS

1. **Irina Petrova Yovcheva** – Community of Beli Bryag;
2. **Evelin Tenev Petkov** – Community of Beli Bryag;
3. **Petar Ivanov Tenev** – Community of Beli Bryag;
4. **Dimitar Zhelev Dimitrov** – Community of Beli Bryag;
5. **Fidanka Bacheva-McGrath** – CEE Bankwatch Network;
6. **Genady Kondarev** – Za Zemiata NGO;
7. **Zhelyazko Zhelyazkov** – Community of Beli Bryag;
8. **Zhivko Zhelyazkov** – Head of Occupational Safety and Health Department, MME;
9. **Anna Turlakova** – Head of Secretariat and Communications Department, MME;
10. **Leonid Ganozliev** – Head of Investments Department, MME;
11. **Stefan Zhelev** – Chief Legal Adviser, Legal Department, MME;
12. **Daniela Zheleva** – Real Estate Trade Expert, Investments Department, MME;
13. **Krasimira Ilieva** – International Programmes and Projects Expert , EU-Funded Projects Unit, Investments Department;
14. **Erica Bach** – Project Complaint Mechanism (PCM) Officer;
15. **Albena Komitova** – PCM, Facilitator/Mediator;
16. **Constantin-Adi Gavrila** – PCM, facilitator.