

CASE STUDY

Bulgaria: Maritsa East Mines

Partial Progress and Unresolved Resettlement Issues

Project Complaint Mechanism – European Bank for Reconstruction and Development.

SYNOPSIS

The Maritsa East Mines case highlights the challenges of addressing community grievances involving displacement, compensation, and cultural heritage. It underscores the need for government participation in resettlement—particularly where actions exceed the private sector’s mandate, such as relocating a cemetery that required municipal involvement. Despite the lack of full resolution, the Maritsa East Mines case advanced through several constructive approaches: a Framework Agreement that structured mediation, flexible engagement through joint and bilateral meetings, and socio-economic surveys that grounded dialogue in community realities. Thematic working groups and clearer communication on the Resettlement Action Plan further supported grievance resolution, transparency, and trust in a constrained environment.¹

BACKGROUND AND DESCRIPTION OF THE GRIEVANCE

In October 2017, the Project Complaint Mechanism (PCM) of the European Bank for Reconstruction and Development (EBRD) received a complaint regarding *Maritsa East Mines (MME)*, a subsidiary of Bulgarian Energy Holding (BEH). The complaint related to two EBRD-financed operations: a bond issue by BEH and an equipment upgrade funded through the Kozloduy International Decommissioning Support Fund (KIDSF).

Complainants raised serious concerns about the displacement of the village of *Beli Bryag*, including allegations of property damage, insufficient compensation, loss of livelihoods, deteriorating public services, and the absence of a plan for cemetery relocation. Although the EBRD maintained that bond proceeds were not directly used for resettlement activities, this claim was disputed by community members and civil society organizations.

PROBLEM-SOLVING PROCESS DESIGN AND FACILITATION APPROACH

After determining eligibility, both parties agreed to enter a **Problem-Solving Initiative**, facilitated by the PCM from December 2017 to July 2020. The process was designed to be structured, participatory, and adaptive—balancing formal mediation protocols with flexible engagement strategies to meet evolving needs. A foundational joint session in February 2018, facilitated by PCM, established the structure of the dialogue. The parties agreed on ground rules, meeting formats, and a prioritization of key issues. A Framework Agreement formalized the process, listing priority topics including:

- Property valuation methods;

¹ EBRD-PCM. 2020. Problem-solving completion report. https://www.ebrd.com/content/dam/ebird_xp/assets/pdfs/ipam/ipam-case-registry/2017/2017-09-maritsa-east-mines-beh-bond-issue/2017-09-Problem-Solving-Completion-Report-ENG-24-Aug-2020.pdf

- Compensation calculation (including full replacement value);
- Livelihood restoration;
- Moral damages; and
- Cemetery relocation.

The PCM adopted a multi-track model of engagement, combining formal mediation with targeted working sessions. Over 19 mediation sessions were held and the parties participated in:

- 5 joint meetings;
- 12 bilateral field visits; and
- 2 thematic working group meetings (on cemetery relocation and social support).

These were supplemented by ongoing email correspondence, phone calls, and remote consultations—especially during the COVID-19 pandemic.

To ground discussions in evidence, PCM commissioned two independent socio-economic surveys to assess community needs and vulnerabilities. These insights helped address information asymmetries and inform more realistic and effective negotiation options.

Thematic working groups, composed of company and community representatives, focused on technical issues too complex for plenary discussions. Although these sessions did not produce binding agreements, they helped clarify stakeholder positions, build trust, and identify institutional constraints impeding progress.

NEGOTIATIONS ON THE ISSUES

A key point of contention was property valuation. MME maintained that compensation should be calculated by independent, state-authorized appraisers in line with the Resettlement Action Plan (RAP). Complainants argued that the valuations did not reflect the actual cost of relocation or the restoration of pre-displacement living standards. They feared that inadequate compensation would force residents to rely on personal or external financing to rebuild their lives.

While the parties agreed to use multiple valuation methodologies—including market-based and amortized restoration value—they could not agree on whether depreciation should be excluded from the calculations. This disagreement reflected a deeper dispute over what constituted “full replacement value”.

The cemetery relocation remained another unresolved issue. While both sides recognized the legal responsibility of the Municipality of Radnevo, the municipality’s absence from the process made progress impossible. Similarly, compensation for the local agricultural cooperative stalled due to insufficient data from both parties.

At the request of the community, MME provided sample resettlement agreements that included compensation terms and social support packages. While PCM facilitated dialogue around these documents, significant points of disagreement remained.

In early 2020, MME initiated expropriation proceedings for remaining properties. Although a draft RAP addendum was prepared detailing the expropriation process, it was not shared with PCM or the community, undermining transparency and trust. COVID-19 restrictions further limited in-person engagement, a key feature of PCM’s facilitation strategy.

OUTCOMES AND OUTSTANDING ISSUES

The Problem-Solving Initiative aimed to enable voluntary dialogue between MME and the *Beli Bryag* community regarding resettlement grievances. PCM acted as a neutral facilitator, enabling structured discussions without assigning blame. The process improved communication and fostered mutual understanding. Through joint and bilateral meetings, community members and company representatives were able to exchange views and better appreciate one another's perspectives and limitations. With the help of expert facilitation and field missions, community members gained a clearer understanding of the RAP, its legal framework, and the options available to them.

One tangible outcome was the facilitation of **28 additional voluntary resettlement agreements** during the complaint period. These case-by-case negotiations, supported by the PCM Expert, added to earlier resettlement efforts by MME—bringing the total to 172 out of 212 properties, or approximately 81%. The agreements covered homes, agricultural land, and uninhabited plots, and reflected a better understanding of entitlements under the RAP.

However, significant collective grievances remained unresolved, particularly:

- Disagreement over **compensation methodologies**, especially regarding depreciation;
- The company's legal inability to offer **moral damages**, despite willingness in principle;
- Divergent **interpretations of national law**;
- Persistent concerns about the EBRD's compliance with its own **Environmental and Social Policy**, particularly **Performance Requirement 5** (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) and **Performance Requirement 8** (Cultural Heritage); and
- The **absence of government authorities**, particularly the Municipality of Radnevo, which blocked progress on critical issues such as cemetery relocation.

CASE CLOSURE AND FILING FOR COMPLIANCE REVIEW

With MME initiating expropriation proceedings in July 2020 and no viable options remaining to bridge the outstanding gaps, the PCM Expert concluded that no further progress was possible. In accordance with PCM Rules of Procedure, the case was formally closed without follow-up monitoring or reporting. Subsequently, on 28 October 2021, six residents of Beli Bryag submitted a formal Request for Compliance Review to the EBRD's Independent Project Accountability Mechanism (IPAM). They alleged that the EBRD had failed to comply with its Environmental and Social Policy—specifically:

- Performance Requirement 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- Performance Requirement 8: Cultural Heritage.

After reviewing all submissions, relevant documentation, and responses from stakeholders, IPAM concluded that the case met the criteria for a compliance review. IPAM found reasonable grounds to believe that the projects may have caused material harm and that non-compliance with the Bank's Environmental and Social Policy may have occurred. As a result, IPAM recommended proceeding to a full Compliance Review,² which remains ongoing as of July 2025.³

² EBRD-IPAM, 2022. Compliance Assessment Report. Maritsa East Mines EBRD Project Number: KIDS Fund Grant N.54, 48556 and 50221 Case 2021/03. https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/ipam/ipam-case-registry/2021/2021-03-maritsa-east-mines/2021-03-Compliance-Assessment-Report-ENG-29-Apr-2022.pdf

³ EBRD-IPAM. n.d. Case registry Maritsa East Mines. <https://www.ebrd.com/home/what-we-do/projects/independent-project-accountability-mechanism/case-registry/maritsa-east-mines.html>