

ROȘIA MONTANĂ GOLD CORPORATION

**MANAGEMENT OF SOCIAL IMPACTS:
RESETTLEMENT AND RELOCATION ACTION PLAN**

VOLUME 1: MAIN REPORT

Prepared for:

S.C. Roșia Montană Gold Corporation S.A.
Strada Pietii nr. 321
3385 Roșia Montană
Jud. Albă, Romania

Prepared by:

Stantec
361 Southgate Drive
Guelph Ontario
Canada
And:
Frédéric Giovannetti
6 Rue François Mauriac
F- 84000 Avignon
France

TABLE OF CONTENTS

0. INTRODUCTION	1
KEY DEFINITIONS	1
1. SUMMARY DESCRIPTION OF THE PROPOSED PROJECT.....	7
PROJECT LOCATION AND DESCRIPTION	7
PROJECT LOCATION	7
PROJECT DESCRIPTION.....	7
TIME FRAME FOR CONSTRUCTION AND OPERATION OF THE PROJECT	8
CONSTRUCTION	8
2. SOCIAL, CULTURAL AND ECONOMIC CONTEXT	9
METHODOLOGY OF THE BASELINE SOCIO-ECONOMIC STUDIES	9
OVERVIEW	9
RMGC 2002 SOCIO-ECONOMIC SURVEY	10
ICCV SOCIO-ECONOMIC SURVEY	10
SURVEY OF BUSINESSES IN THE PROJECT-AFFECTED AREA.....	11
THE PROJECT AREA – A SOCIO-ECONOMIC OVERVIEW	12
SUMMARY AND IMPLICATIONS FOR THE RRAP	12
GEOGRAPHICAL AND ADMINISTRATIVE SITUATION	12
HISTORY – ETHNIC GROUPS - RELIGIONS	15
DEMOGRAPHICS.....	15
OCCUPATIONS AND LIVELIHOODS.....	16
HEALTH	16
CIVIL SOCIETY.....	16
LOCAL POPULATION’S PERCEPTIONS AND EXPECTATIONS	17
3. INSTITUTIONAL AND LEGAL FRAMEWORK OF RESETTLEMENT AND COMPENSATION	19
GENERAL LEGAL FRAMEWORK.....	19
OVERVIEW	19
THE CONSTITUTION OF ROMANIA.....	19
THE MINING LAW	20
THE ENVIRONMENTAL PROTECTION LAW NO. 137/1995	21
GENERAL URBAN REGULATION DECISION NO. 525/1996: PUG & PUZ	21
GENERAL INSTITUTIONAL FRAMEWORK	22
OVERVIEW OF GOVERNMENT ORGANIZATION IN ROMANIA	22
CENTRAL GOVERNMENT ORGANIZATIONS POTENTIALLY INVOLVED IN RESETTLEMENT	22
LOCAL GOVERNMENT ORGANIZATION	23
LAND TENURE – REAL ESTATE TRANSACTIONS.....	24
LAND TENURE IN ROMANIA.....	24

REAL ESTATE TRANSACTIONS	25
EXPROPRIATION.....	25
OTHER RELEVANT LEGISLATION/REGULATIONS.....	27
CONSTRUCTION AND DEMOLITION	27
THE MINING CONCESSION	27
WORLD BANK GROUP SAFEGUARD POLICIES AND GUIDELINES	27
PRACTICAL IMPLICATIONS OF THE LEGAL CONTEXT FOR THE RMGC PROJECT.....	27
COMPARISON OF ROMANIAN LAW AND WORLD BANK GROUP REQUIREMENTS.....	27
PRINCIPLES FOR LAND ACQUISITION	28
4. IMPACTS ON LAND, STRUCTURES AND PEOPLE.....	29
IMPACTS SUMMARY	29
PROJECT-AFFECTED COMMUNITIES.....	29
PROJECT-AFFECTED RESIDENCES.....	31
PUBLIC STRUCTURES AND FACILITIES.....	31
SCHOOLS	31
AFFECTED WATER, POWER, AND TELECOMMUNICATION NETWORKS	33
AFFECTED CHURCHES AND CEMETERIES.....	33
PROJECT-AFFECTED BUSINESSES	35
5. COMPENSATION, RESETTLEMENT AND RELOCATION STRATEGY.....	35
BACKGROUND OF FINAL RRAP	35
PRINCIPLES	35
KEY PRINCIPLES OF THE RRAP	35
SUMMARY OF ENTITLEMENTS.....	37
CALCULATION OF COMPENSATION.....	41
COMPENSATION FOR STRUCTURES.....	41
COMPENSATION FOR FOREST LAND.....	44
COMPENSATION FOR LAND (OTHER THAN FOREST).....	44
COMPENSATION FOR PERENNIAL CROPS (FRUIT TREES).....	46
CASE OF PEOPLE COMPENSATED ACCORDING TO PREVIOUS POLICIES	47
RELOCATION	47
OVERVIEW	47
TRANSPORTATION ASSISTANCE.....	47
HARVEST	47
SALVAGING ASSISTANCE.....	47
RESETTLEMENT.....	48
PRINCIPLES	48
RESETTLEMENT SITES	48
RESETTLEMENT PACKAGE	49
PRICING MATRIX	50

ADDITIONAL ASSISTANCE TO RESETTLERS	59
REPLACEMENT OF AGRICULTURAL LAND	59
PUBLIC INFRASTRUCTURE AND PUBLIC SERVICES IN THE RESETTLEMENT SITES	60
CHURCHES & CEMETERIES	60
LIVELIHOOD RESTORATION	61
BUSINESS RE-ESTABLISHMENT PACKAGE	61
SKILL ENHANCEMENT FUND	61
SMALL BUSINESS ENHANCEMENT ASSISTANCE	62
LINKAGES WITH OTHER SOCIAL PLANS PREPARED BY RMGC	62
ASSISTANCE TO VULNERABLE PERSONS	63
GOVERNMENT ASSISTANCE TO VULNERABLE PEOPLE	63
VULNERABILITY IN THE PROJECT-AFFECTED AREA	64
POTENTIAL IMPACTS OF THE DISPLACEMENT ON VULNERABLE PEOPLE	64
PROPOSED ASSISTANCE MEASURES	65
6. IMPLEMENTATION	67
ORGANISATIONAL FRAMEWORK	67
OVERVIEW	67
RMGC ORGANIZATION FOR THE IMPLEMENTATION OF THE RAP	67
GOVERNMENT INVOLVEMENT	68
MANAGEMENT OF GRIEVANCES AND DISPUTES	68
FIRST INSTANCE MECHANISM	68
SECOND INSTANCE MECHANISM	69
COURT ACTION	69
INFORMATION AND CONSULTATION	69
INFORMATION	69
CONSULTATION ON THE REVISED RRAP AND DISCLOSURE	69
MONITORING AND EVALUATION – CHANGE MANAGEMENT	70
GENERAL OBJECTIVES OF MONITORING AND EVALUATION	70
MONITORING	70
RESPONSIBILITIES	71
EVALUATION	71
CHANGE MANAGEMENT AND ASSOCIATED CONSULTATION	72
IMPLEMENTATION SCHEDULE	73
IMPLEMENTATION BUDGET	73

LIST OF ANNEXES (In Volume 2)

ANNEX 1 – HISTORICAL ELEMENTS

ANNEX 2 – DEMOGRAPHICS

ANNEX 3 - LIVELIHOODS

ANNEX 4 – BUSINESSES

ANNEX 5 – HEALTH DATA

**ANNEX 6 – NON GOVERNMENTAL ORGANIZATIONS AND
COMMUNITY-BASED ORGANIZATIONS**

ANNEX 7 – RESULTS OF FOCUS GROUP DISCUSSIONS

ANNEX 8 – FOCUS GROUP DISCUSSIONS METHODOLOGY

ANNEX 9 – EXAMPLES OF FOCUS GROUP DISCUSSION SUMMARIES

ANNEX 10 – LAND USE IN THE PROJECT AFFECTED AREA

ANNEX 11 – PRESENT HOUSING IN THE AFFECTED AREA

ANNEX 12 – PUBLIC NETWORKS

ANNEX 13 – WORLD BANK GROUP SAFEGUARD POLICIES

**ANNEX 14 – COMPENSATION RATES FOR BUILDING SPECIAL
FEATURES**

ANNEX 15 – ANALYSIS OF ALTERNATIVE RESETTLEMENT SITES

**ANNEX 16 – ROMANIAN LEGISLATION IN FAVOUR OF VULNERABLE
PEOPLE**

ANNEX 17 -2006 RRAP EVOLUTION REPORT

LIST OF TABLES

Table 1: Description of the Different Socio-Economic Surveys Undertaken for the Project	9
Table 2: Comparison of Romanian Law and World Bank Group Requirements	28
Table 3: Summary of Project Impacts	29
Table 4: Entitlement matrix.....	38
Table 5: Categorization of Houses and Values of U_p For Each Category	42
Table 6: Supplement to U_p Related with the Type and Quality of the Roof Cover	42
Table 7: Influence of the Exterior Plaster on U_p	42
Table 8: Household Functionality Factor A	43
Table 9: Compensation for water and sanitation in the house.....	44
Table 10: Compensation Rates for Land in Euros	46
Table 11: Compensation Rates for Fruit Trees in Euros	46
Table 12: Characteristics of the Resettlement Houses	50
Table 13: Resettlement Packages (House + Plot) – Estimated Pricing Matrix	55
Table 14: Agricultural Land Available in the Vicinity of Resettlement Sites	59
Table 15: Summary RRAP Budget	74

LIST OF FIGURES

Figure 1: Project Location in Romania.....	2
Figure2 : Project Location.....	3
Figure 3 : Project Lay-out.....	4
Figure 4: The Project-Impacted Area.....	31
Figure 5 : Location of Public Buildings.....	33
Figure 6 : Location of cemeteries and churches.....	35
Figure 7a : Piatra Alba-Resettlement Site– Examples.....	54
Figure 7b : Piatra Alba-Resettlement Site – Examples.....	55
Figure 7c : Piatra Alba-Resettlement Site – Examples.....	56
Figure 7d : Piatra Alba-Resettlement Site– Examples.....	57
Figure 8 Implementation schedule.....	79
Photographs 1 :Settlement Patterns.....	14

0. INTRODUCTION

SCOPE OF THIS DOCUMENT

0.1 Roșia Montană Gold Corporation S.A. (RMGC) is proposing to develop a gold and silver mine at Roșia Montană in Romania. Figure 1 shows the location of the Project. RMGC is a Joint Venture between Gabriel Resources Limited (Canada) and the Romanian state owned company Minvest S.A. A summary description of the Project is presented in the Background Part (Part A) of this Document.

0.2 RMGC's Project requires the acquisition of about 1,663,89 hectares of land, and the physical displacement of about 974 households, most of whom currently reside in the localities of Roșia Montană (circa 577 households and 136 apartments), Corna (ca. 150 households), and Gura Corneii (ca. 111 households). Figure 2 shows the situation of these localities.

0.3 RMGC has decided to acquire land on a “willing seller / willing buyer” basis, and to avoid, as far as practical, the use of expropriation. It is RMGC's intention to comply with Romanian law and internationally recognized safeguards, such as EU regulations and the Equator Principles. As far as resettlement is concerned, RMGC will apply the World Bank Group's Operational Directive on Involuntary Resettlement (OD 4.30). This directive provides that where land acquisition impacts people and livelihoods, a Resettlement Action Plan must be prepared and consulted upon, regardless of the land acquisition process used.

0.4 RMGC has been acquiring land since 2002. Earlier versions of the RRAP were prepared in 2002 and 2003 by RMGC and publicly disclosed in Romanian and in English, both locally and internationally. In recognition of the need to change certain aspects of the land acquisition policies contained in these earlier versions, RMGC has stopped acquiring land since mid-2004, and has revised these policies, leading to this new version of the RRAP.

0.5 The Community Sustainable Development Plan (CSDP) is a social plan that, has broader developmental objectives and targets a wider zone, including but not limited to the Project-affected area.

KEY DEFINITIONS

0.6 **Project:** A project to expand the existing mining operations to develop identified gold and silver deposits within the Roșia Montană area. The Project includes the mine, the ore treatment plant, the tailings dam, and all developments required for their construction and operation, such as waste rock dumps, staging areas, access roads, quarries or borrow pits, power lines, pipe lines. The Project also includes the resettlement sites, together with access roads to these sites and all ancillary facilities required to develop them that are constructed by or paid for by RMGC.

0.7 **Project-Impacted Area:** An area which is subject to a change in use as a result of the construction or operation of the Project and which has therefore to be acquired by RMGC. This area is delineated in the Urbanism Certificate that RMGC applied for in March 2006 and in the amendment to the PUZ for the industrial zone, currently under progress.

Figure 1: Project Location Within Romania

Figure 2: Project Location

Figure 3 Project Lay-out

0.8 **Buffer Zone(s)**: A strip around some elements of the Project provided that this area of the buffer zone(s) is subject to ongoing review as part of the environmental approval process. These zones are defined by the industrial area urbanism documents which are developed by RMGC following the Urbanism Certificate applied for in March 2006.

0.9 **Protected Zone**: A zone inside Roşia Montană locality designated for protection of cultural patrimony, where buildings, churches, and access to ancient and more recent mine workings are declared as having architectural or historical merit.

0.10 **Project-Affected Person (PAP)**: Any person who, as a result of the implementation of the Project, loses the right to own, use, or otherwise benefit from a built structure, land (residential, agricultural, or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily. Not all PAPs need to move due to the Project. PAPs may include:

- Physically Displaced People, ie people subject to Physical Displacement as defined hereunder,
- Economically Displaced People, ie people subject to Economic Displacement as defined hereunder.

0.11 **Physical Displacement**: Loss of shelter and assets resulting from the acquisition of land associated with the Project that requires the affected person(s) to move to another location.

0.12 **Economic Displacement**: Loss of income streams or means of livelihood resulting from land acquisition or obstructed access to resources (land, water or forest) caused by the construction or operation of the Project or its associated facilities. Not all economically displaced people need to relocate due to the Project.

0.13 **Project-Affected Household (PAH)**: A PAH is a household that loses assets and/or usage rights and/or income generation capacities because these assets/rights/capacities are located in the Project-Impacted Area. A PAH will usually include a head of household, his/her spouse and their children, but may also include other dependents living in the same dwelling or set of dwellings, like close relatives (e.g., parents, grandchildren).

0.14 **Land-Owner** means an individual/ household/ institution recognized by Romanian law as owning land and having a valid ownership title.

0.15 **Tenant** means an individual/institution/household occupying real estate under a private agreement with the owner whereby occupancy is paid for in cash or otherwise to the owner.

0.16 **Resettlers**: Project-Affected Households that are entitled to and choose to move to a new resettlement area and have their house replaced for them by RMGC on one of the resettlement sites.

0.17 **Relocatees**: Project-Affected Households that are entitled to and choose to accept cash compensation for their assets and move to a location of their choice.

0.18 **Compensation**: Payment in cash or in kind at replacement value for an asset or a resource that is acquired or affected by the Project at the time the assets need to be replaced.

0.19 **Resettlement Assistance**: Support provided to people who are physically displaced by the Project. Assistance may include transportation, and social or other services that are provided to affected people during their relocation. Assistance may also include cash allowances that compensate affected people for the inconvenience associated with resettlement and defray the expenses of a transition to a new locale, such as moving expenses and lost work days.

0.20 **Replacement Value**: The rate of compensation for lost assets must be calculated at full replacement value, that is, the market value of the assets plus transaction costs. The replacement value must reflect the cost at the time the item must be replaced. With regard to land and structures, “replacement value” is defined as follows:

- Agricultural land: the market value of land of equal productive use or potential located in the vicinity of the affected land, plus the cost of preparation to levels similar to or better than those of the affected land, plus the cost of any registration and transfer taxes;
- Land in urban areas: the market value of land of equal size and use, with similar or improved public infrastructure facilities and services, preferably located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
- Household and public structures: the cost of purchasing or building a new structure, with an area and quality similar to or better than those of the affected structure, or of repairing a partially affected structure, including labour and contractors' fees and any registration and transfer taxes.

In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of the benefits to be derived from the Project deducted from the valuation of an affected asset.

0.21 ***Vulnerable Groups***: People who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.

0.22 ***Community Relations Department***: the department of RMGC responsible for the administration, design and implementation of the community development, resettlement and relocation components of the Project.

1. SUMMARY DESCRIPTION OF THE PROPOSED PROJECT

PROJECT LOCATION AND DESCRIPTION

Project Location

1.1 Roșia Montană Gold Corporation S.A. (RMGC) is proposing to modernize a gold and silver mine at Roșia Montană in Romania. The Project lies near the village of Roșia Montană in the *comuna* (commune) of Roșia Montană in Alba County, approximately 80 km northwest of the regional capital of Alba Iulia, and 85 km north-northeast of the City of Deva in west-central Romania (Figure 1). It is within the Roșia Montană mining district located immediately northeast of the town of Abrud, as shown in Figure 2. The Project is located in a region known as the Golden Quadrilateral in the Apuseni and Metaliferi Mountains of Transylvania. The Golden Quadrilateral has been an important gold producing region in Europe for over 2000 years.

Project Description

1.2 The site has had extensive underground and surface historical mining for over 2,000 years prior to RMGC involvement. The site now lies within a mining exploitation concession licensed to RMGC, one of several mineral concessions maintained by the company in this region.

1.3 Through its Joint Venture Terms with the Romanian state owned company Minvest S.A., Gabriel Resources Limited (Canada) holds an 80% interest in the Roșia Montană Project through RMGC, its majority owned Romanian subsidiary. Minvest's ownership interest is 19.3%, while minority shareholders hold 0.7%.

1.4 Initially, the Project consisted of one exploitation concession (the License) held by RMGC covering approximately 4282 ha. Under the terms of the license, RMGC has the exclusive right to conduct mining operations for an initial term of 20 years, with the option to renew its license for successive 5-year terms. In 2004 the exploitation concession (the License) held by RMGC has been amended and covers 2388 ha.

1.5 The project includes the mining and processing of a gold-silver ore, at the nominal production rate of 13 million tons per year (MT/a). Based on current estimates and valuation, project life will be approximately 16 years, with potential to extend this life should additional existing resources become economically viable.

1.6 The proposed Roșia Montană Project includes the following principal elements:

- Conventional open pit mining;
- Ore production at a nominal rate of 13 Mt/a;
- Removal and stockpiling of overburden, soil and waste rock (rock which does not contain gold or silver);
- Processing of gold-silver ore using conventional gold process plant techniques;
- Recovery of gold and silver metal;
- Deposition of process tailings to a tailings management facility (TMF) designed to contain at least 250 Mt of wastes;
- Management of site water, including historically contaminated run-off and seepage in Roșia Montană Valley by development of a water catchment dam and then pumping of the water to a treatment plant, for treatment and discharge;
- Operation of associated infrastructure including: process water supply pipeline, power lines, electrical substations, mine roads, offices, workshops, sludge holding pond, and wastewater treatment plant;

- Protection, excavation and preservation of important cultural heritage resources;
- Regional economic and social development benefits;
- Closure plan and sustainable development activities.

1.7 Details on the Project Description can be found in the relevant section of the Environmental Impact Assessment.

TIME FRAME FOR CONSTRUCTION AND OPERATION OF THE PROJECT

Construction

1.8 The proposed construction period for development of the Roşia Montană Project is approximately 2 years, starting in (late) 2007. The workforce for construction of the Project is expected to average at 1,200 persons peaking at over 3,000 at the height of construction.

1.9 An operational period of 16 years is anticipated for the Project. The processing rates are based on an average ore feed rate to the process plant of approximately 13 Mt/a through the 16 years of processing are. On average 28,6 million tonnes of material (ore and waste) are expected to be mined over the 13 years of mining sequence would be to begin mining of the two larger pits, Carnic and Cetate and after that, Orlea and Jig.

2. SOCIAL, CULTURAL AND ECONOMIC CONTEXT

METHODOLOGY OF THE BASELINE SOCIO-ECONOMIC STUDIES

Overview

2.1 The Project organized several campaigns aimed at gathering social and economic baseline information on the affected population:

- Physical and cadastral survey of buildings, land, and census of affected households (first round of field work in 2000 by Strajan Planning Office (SPO), updated in 2002 by RMGC);
- Household socio-economic surveys carried out in 2002 by RMGC, including the administration of a questionnaire used for 247 households representing about 25% of affected households, and the use of qualitative instruments (including focus group discussions and key leader surveys);
- Qualitative socio-economic surveys done in late 2002 by the Research Institute on Quality of Life [ICCV (¹)] for RMGC, including the administration of a detailed questionnaire on livelihoods, incomes, and household expenses to 30 potentially affected households, and Focus Group Discussions in localities around the Project;
- Survey of potentially affected businesses, carried out in 2002.

2.2 Table 1 presents the summary description of each of these campaigns, with details on the RMGC socio-economic survey, the ICCV livelihood detailed survey and the business survey in the following paragraphs.

Table 1: Description of the Different Socio-Economic Surveys Undertaken for the Project

	Period	Carried out by	Objectives	Instruments
Physical & cadastral survey – Census of affected household	2002	SPO (Strajan Planning Office) then RMGC (internal)	Establish a baseline of physical assets, prepare cadastral map, identify ownership, ascertain eligibility	Topographic survey of affected plots, census of household members
Socio-economic survey	Mid-2002	RMGC (internal)	Establish a socio-economic baseline in view of the development of the first version of the RRAP	Questionnaire (see hereunder) administered to a stratified sample of 247 households Key-informant surveys
Detailed survey on livelihoods Focus groups on expectations vis-à-vis RMGC's project	End 2002	ICCV (external)	Obtain detailed information about income streams, survival strategies	Detailed questionnaire administered to 30 households Focus group discussions

¹ Institutul de Cercetare a Calitatii Vietii (ICCV), a public Romanian research institute linked to the University of Bucharest.

RMGC 2002 Socio-Economic Survey

2.3 The sample of 247 interviews (or about 25% of the total number of Project-Affected Households) was stratified to select households from the various groups in the affected communities, including the following:

- men and women on an equal percentage basis,
- resettlers, relocatees and undecided households (50%, 30%, 20% respectively),
- 10% elderly and 20% female-headed households,
- As much as possible, the sampled households were distributed across the different affected communities, i.e. Roşia Montană , Gura Cornii, Corna, Bunta, Tarina, etc.

2.4 The questionnaire addressed the following aspects:

- Households composition,
- Employment,
- Skills, education, sources of information,
- Income and livelihoods, including seasonality and variability,
- Durable assets,
- Agricultural production,
- Water, sanitation, energy,
- Health and vulnerability.

2.5 Interviews took place mostly at the homes of respondents and were conducted over a six week period in July and August 2002.

2.6 In addition, 31 leaders were interviewed, using a qualitative questionnaire. These leaders included elected community leaders, and professionals such as clergy, union leaders, teachers, health authorities and local government representatives.

2.7 Focus group discussions were also used by RMGC’ teams in 2002 to gather and verify socio-economic information as follows:

- Two focus-group sets of youth, women and elderly of between 10 and 12 people (for a total of 6 focus groups or approximately 60 people).
- One men’s focus group of approximately 10-12.

2.8 The sessions aimed to get these groups to discuss and agree on livelihood and/or coping strategies of the affected communities using “historical time line” and “seasonal calendar” diagrams.

2.9 In the historical time line exercise, focus group participants were asked to mark on a time line, the major events in the community, starting with the year of the oldest person in the group and ending with the current RMGC Project. Participants were then asked to distinguish between good events and crisis events. Further to this, each crisis event, its effects and the coping strategies people used were discussed and noted using various charts and diagrams.

2.10 The seasonal calendar exercise involved having focus group participants discuss and record all livelihood and other activities by season. These activities were further analysed, again using diagrams, for gender divisions of labour and whether they constituted in-kind or cash activities.

ICCV Socio-Economic Survey

2.11 This study was carried out independently of RMGC by the ICCV, a public research institution attached to the University of Bucharest. It was carried out in the field in November 2002 and included the following components:

- Questionnaire survey on 30 households aimed at gathering additional qualitative and quantitative information on livelihoods in the affected area,
 - Qualitative instruments (17 Focus Groups Discussions and a number of face to face interviews with key leaders), that were directed at gathering information and measuring perceptions outside of the affected area.
- 2.12 The specific objectives of this study were to determine the following:
- the respective contributions of monetary income versus subsistence, identifying the value of non-cash activities in the overall survival strategy of the household,
 - expenses associated with housing, as well as other expenses,
 - whether households are able to balance their family budget,
 - coping strategies in the event of a crisis.
- 2.13 A sample of 30 households using information acquired from the first 247 questionnaire exercise was drawn up according to the following principles:
- Sample including households from both Roşia Montană valley and Corna valley;
 - Stratification according to incomes as assessed during the first exercise.
- 2.14 In addition, a total of 17 group discussions (focus group discussions – FGD) were conducted to address the following themes:
- Information regarding the RMGC Project (information level, sources, trust vis-à-vis these sources, information content);
 - General perception of RMGC’s project (perception of the existing state of environmental and social issues, perception of RMGC as a company);
 - Expectations regarding RMGC’s project / company activities (environmental and social issues);
 - Suggestions regarding RMGC Project.
- 2.15 FGDs were conducted with the following categories of persons:
- Adults, females and males, aged between 30 and 50 years;
 - Young adults, females and males, aged between 20 and 30 years;
 - Pensioners, aged more than 50 years;
 - Businesspersons;
 - Minvest workers.
- 2.16 14 semi-structured individual interviews with businesspersons and local entrepreneurs were also conducted.
- 2.17 The localities included in the study were Gura Rosiei, Daroaia (Roma community at Gura Rosiei), Abrud, Câmpeni and Alba Iulia.

Survey of Businesses in the Project-Affected Area

2.18 A survey of affected businesses was done in July and August 2002. Meetings with business owners were conducted in November of the same year to obtain missing details not provided in the first survey. Affected businesses were initially identified via the Tax Inspectorate’s Office in Abrud, which provided a list of registered businesses in the area of Roşia Montană and environs. Several businesses were also identified by word of mouth.

2.19 Each business was assessed to determine whether it was potentially affected by displacement. Once it was determined that a business was in fact affected by dislocation, a survey was conducted using a detailed questionnaire on business income and owners’ plans in the perspective of displacement, physical and economic.

THE PROJECT AREA – A SOCIO-ECONOMIC OVERVIEW

Summary and Implications for the RRAP

2.20 The main socio-economic characteristics of the Project-Affected Area can be summarized as follows:

- The population is ageing and decreasing,
- Jobs in the mining sector are the main source of cash in the local economy, but subsistence agriculture and gardens are critical as a safety net to the poorest in the community, particularly female pensioners,
- The general health situation is poor,
- The educational level is relatively high,
- A significant part of the population lives in poverty.

2.21 These characteristics have the following implications for the design of the Resettlement and Relocation Action Plan:

1. *Flexibility in the compensation options*

- Elderly people are not necessarily willing to resettle in the area; some of them would prefer to relocate in urban areas where they have children or relatives and would have easier access to healthcare;
- On the other hand, some old or vulnerable people may have no relatives in other areas, and may not have the ability to find a new residence themselves;
- This means that different compensation options need to be offered, including a full resettlement package with provision of a new residence in the vicinity of the present site, and a relocation option allowing people to choose their new residence in a different area;

2. *A comprehensive livelihood restoration package*

- Affected people and former Minvest workers must be given priority for mine jobs
- However, not all people will have access to mine jobs and alternative livelihoods must be supported, including agriculture and small businesses;

3. *Support to vulnerable people*

- Some people will have limited abilities to benefit from the Project and may end up in poverty after they have been relocated or resettled; these are addressed through a comprehensive policy to deal with vulnerable people.

Geographical and administrative situation

2.22 The Project is situated near the village of Roșia Montană (See Figure 3), approximately 80 km northwest of Albă Iulia the regional capital, and 85 km north-northeast of the city of Deva. The project is located in a region known as the Golden Quadrilateral in the Metaliferi Mountains, which belongs to a larger, regional mountain unit, called the Apuseni Mountains of Transylvania.

2.23 The Project area includes two different administrative entities, both contained within *Judet Alba* (Alba county):

- The *Comuna* (rural commune) of Roșia Montană, which has a surface of approximately 42 km², and includes 16 localities in total with a combined population of 3,865 people according to the 2002 census. The largest village in the *comuna* is Roșia Montană.
- The *Orasul* (urban commune) of Abrud, which includes, in addition to the town of Abrud, three more villages: Abrud Sat, Gura Cornei and Soharu, and contains a total population of 6,213 inhabitants (2002).

2.24 The location of human settlements in the area results from a combination of factors, mainly access to agricultural land, to water, and to mining galleries exploited in the past (see Photographs 1). Settlements concentrate in the three valleys of Roşia Montană, Corna and Abrud - Câmpeni (this latter not directly affected by the Project). The lower parts of the slopes are used for the extensive production of hay and the upper parts for pasture. Farmers have usually settled in the upper communities where their cattle get easier access to pasture lands.

Photographs 1

History – Ethnic Groups - Religions

2.25 The history of Roșia Montană is closely related to gold, with evidence of mining activity and settlement going back to the pre-Roman Dacian period. The Roman conquest of Dacia marked a new period with the creation of galleries, documented in Roșia Montană, then called Alburnus Maior. Mining developed during the Hungarian and Austro-Hungarian occupations, with settlers brought in from abroad. After World War I, mining activity developed again, with private concessionary companies, including a few foreign ones, that mined the deeper deposits, and individuals who dug the shallower ones. After the 1948 nationalization, the private exploitation of gold ore was forbidden. Roșia Montană mines are currently operated by Minvest, one of several Romanian state-owned companies. It mines an open pit at Cetate since the 1960s.

2.26 Annex 1 presents details on the history of the area.

2.27 Roșia Montană, as an industrial town, has been a “melting pot” of various populations originating from the whole Habsburg Empire, in addition to ethnic Romanians. Hungarians, Germans and Italians in-migrated to the area from the 12th century to the first half of the 20th century. Diverse ethnic groups had good relations and no geographic separation has ever occurred.

2.28 At present, about 90% of the population declare themselves as ethnic Romanians, about 2% as Hungarians (2.5%), and about 6% as Rroma (5.5%). Most Rroma reside in a locality called Daroaia, next to Gura Roșiei in the Abrud valley.

2.29 While there is a majority of Romanian Orthodox Christians as in the rest of Romania, several other Christian denominations can also be found: Greek Catholics, Roman Catholics, Protestants, Unitarian Christians, Baptists, Pentecostals.

Demographics

2.30 The population of the Roșia Montană *comuna* has been decreasing over the recent period (about -0.7% per year between 1992 and 2002), and in fact during the whole 20th century. A similar decrease pattern is observed in Abrud and Campeni, albeit to a lesser extent. The birth rate is low as in the rest of Romania, and the result is an ageing population with females largely predominant in the oldest categories (female widows). Several factors explain this trend: general rural depopulation over the 20th century, a succession of industrial crises having affected gold mining, and depressed economic conditions after the end of the communism.

2.31 The average size of households is for 3 individuals. Except for the oldest population, the educational status is usually high.

2.32 Annex 2 presents details on the demography of the area.

Occupations and Livelihoods

2.33 The Project-Affected Area has pre-modern industrial activities in a rural setting, and as a result livelihoods are derived from jobs in the mining sector or pensions, and from some small scale agricultural activities. Occupations in the mining sector are essential in global terms but subsistence-oriented agricultural activities are presently critical as a “safety net” to the poorest in the community, among which female pensioners are predominant, who are not engaged in the cash economy since they actually receive very little cash.

2.34 The two main employers in the Roșia Montană *comuna* are, by far, Minvest and RMGC: as an average, Minvest/Rosiamin employs about 400 individuals, which is scheduled close in september 2006, while RMGC employs 300-500 individuals subject to seasonal activities. The state and local governments are also significant employers, with in the local administration, schools.

2.35 About 15% of households declare themselves as primarily farmers. This proportion is higher in the Corna valley where about 25% of households are predominantly farmers. However, about three quarters of all households keep farm animals of various kinds in various quantities, and almost 90% have an agricultural production of variable magnitude.

2.36 Crops are mainly subsistence oriented, with little produce sold. The main crops are fruit trees, grown by 85% of households, vegetables (80%), hay (49%), and nut trees. 74% of households have poultry, 33% have cattle, 38% have pigs. However fewer than 10 households in the entire *comuna* mainly derive their livelihoods from animal husbandry. Milk is mainly self-consumed, as fresh milk or transformed into butter, cheese or sour cream. Many households are self-sufficient in dairy products and poultry. Wood is another source of income as it is sold for heating and cooking purposes, and for furniture production. More than 99% of households use wood for heating, and about 60% use wood for cooking.

2.37 Pensions contribute to the income of about 50% of households. Most pensions are in the order of USD 50 to 100 per month. Miners’ widows’ pensions can be as low as USD 25 per month.

2.38 The average monetary income has been found to be 653 USD per annum per capita in 2002, which is only one third of the average Romanian GDP per capita. 1% of people live on less than USD 1 per day, 7% on less than USD 2 per day.

2.39 There is a total of 34 local businesses in the Project-Affected Area. Most of them are groceries or general stores (16), bars (4), or a combination of those two (3). Businesses are small, with 66% with a turnover of less than USD 3.000.

2.40 Annex 3 presents details on livelihoods, and Annex 4 on local businesses.

Health

2.41 62% of households had one or more members who sought medical attention for serious illnesses in the past years. Causes of health problems could include occupational hazards (particularly mining), as well as a fatty diet, stress and alcoholism. Also, existing mining and ore processing facilities are in poor condition and pose safety hazards to workers and risks to the environment.

2.42 Annex 5 presents details on health.

Civil Society

2.43 Several small associations are active in Abrud or in Roșia Montană in the fields of social assistance, sport sponsoring, and environment. Most actions are rather small-scale and these organizations are perceived as highly dependent on their leader or founder. In addition to these, parents’ associations and religious congregations are active throughout the CSDP area.

2.44 Two organisations are currently active in Roșia Montană in reaction to RMGC’s project:

- *Alburnus Maior* was set up in Roşia Montană village in 2000 in reaction to the information delivered by RMGC, which was perceived as unfair by some citizens, and with the proposed intention to protect the rights (especially those related to real estate) of the affected inhabitants.
- The *Pro Roşia Montană* association appeared later as a reaction to *Alburnus Maior*, and represents, as the name suggests, the position supporting RMGC's Project. The members of this association are generally young people, some of them employed by Minvest or RMGC.

2.45 The *Employers' Association of Abrud and Roşia Montană* is a business persons' association. It aims at protecting and advocating for the business community from Abrud and Roşia Montană, in the perspective of the future opportunities in the area. Annex 6 presents details on NGOs and Community Based Organizations.

Local Population's Perceptions and Expectations

2.46 Focus group discussions were held in November 2002 by an independent organization (ICCV) in Gura Rosieii, Abrud, and Câmpeni, in order to assess local population's perceptions and expectations vis-à-vis RMGC's project. In October 2004, TNS/CSOP made another survey covering Rosia Montana and Abrud in regards with the amendment to the PUZ for the industrial area.

2.47 In general, the youths, the Rromas and the businesspersons are favourable to the Project. The Rromas are favourable to the Project if the company will employ a certain number of them (in this case, the environmental issues become of secondary importance to them). The youths - especially males – indicate that they are favourable to the Project if there is a “rational exploitation” of ore, in a long term perspective. They have high expectations from RMGC. They hope to obtain well-paid jobs, and are of the opinion that this area has no other development perspectives. Businesspersons consider RMGC Project as an opportunity in an area with otherwise few development perspectives and a poor business environment. They believe that the mining-related investments in this area could affect positively the business, mainly through the growth of locals' incomes and increased spending resulting from new, better paid jobs.

2.48 However, females tend to perceive RMGC's project in a more negative way than males, especially the loss of the historical patrimony and the local natural landscapes. Pensioners appear to be specifically concerned by environmental issues, and some of them also think that the State should keep the monopoly over the Roşia Montană's resources. The majority of people interviewed in focus groups are prepared to accept RMGC Project's environmental impacts, as long they are dealt with according to Romanian and international (EU) standards.

2.49 Regarding social impacts, and especially resettlement, people interviewed in focus groups are prepared to accept them as long as RMGC's Project otherwise brings benefits to them or their families. Most participants would prefer RMGC's Project to be staged in such a way that it could last longer (over 20 to 30 years).

2.50 The following suggestions to RMGC have been expressed by the participants in the FGDs:

- Continuous and truthful information by the company regarding Project development;
- Employment of the man-power from the neighbouring localities, with a transparent human resources policy, based on equity and abilities;
- Involvement in RMGC's Project, through public or personal benefits (sponsorships, jobs), of persons from the whole neighbouring localities (including Abrud and Câmpeni) and not only from Roşia Montană;
- Compliance with international environmental standards;
- RMGC should assist in the development of alternatives to the mining activities (agro-tourism is mentioned) to prepare the area for mine closure in about 20 years from now.

2.51 Annexes 7 to 9 present the methodology and results of Focus Group Discussions, as well as a few examples of FGD transcripts.

3. INSTITUTIONAL AND LEGAL FRAMEWORK OF RESETTLEMENT AND COMPENSATION

GENERAL LEGAL FRAMEWORK

Overview

3.1 Resettlement is not specifically addressed by the Romanian legislation. However, various provisions of the Romanian law are relevant to this Resettlement and Relocation Action Plan, such as:

- acquisition of land for mining,
- expropriation for public interest,
- guidelines for compensation,
- land tenures regimes, land titles, and real estate transactions,
- urban planning and zoning,
- permitting processes for urban developments, construction and demolition,
- resettlement of graveyards and churches,
- residential requirements.

3.2 Real estate ownership, in particular land, has gone through severe changes in the last fifty years: private ownership before 1950, nationalization, expropriation and eviction during the communist regime, and restitution after 1990. Cadastral records have also gone through changes (in Transylvania they were in Hungarian before 1920), while improvements to survey techniques result in differences between the current survey results and the real estate records. All these changes lead to a very complex process to legally clarify the ownership documents, as a first step in the compensation and resettlement process.

The Constitution of Romania

3.3 The present Constitution of Romania was adopted by referendum in December 1991, then modified and completed in October 2003 following another national referendum. It defines Romania as a Constitutional Republic and a “democratic and social state” governed by the rule of law. In conformance with the Universal Declaration of Human Rights, it recognizes, amongst others, equality of rights, freedom of conscience, presumption of innocence, freedom of expression, political pluralism, trade unions. It also recognizes (Article 6) the rights to identity of persons belonging to national minorities. The Constitution states that Romania is a free market economy.

3.4 With respect to property, the Constitution, in concordance with the Universal Declaration of Human Rights, recognizes the right to private property and to protection by the State of property, with Article 44 (²) stating that:

quote

- 1) The right to property (..) is guaranteed.
- 2) Private property³ shall be equally guaranteed and protected by the law, irrespective of its owner. Foreign and stateless persons shall only acquire the right to private property of land

² Non-official translation from the Romanian original text.

³ This paragraph is a modified version adopted in 2003, the previous version was much more restrictive to foreign owners.

under the terms resulting from Romania's accession to the European Union and other international treaties Romania is a party to, on a mutual basis, under the terms stipulated by an organic law, as well as a result of lawful inheritance.

- 3) No one may have their property expropriated, except on the grounds of public utility, established according to the law, and subject to fair compensation paid in advance.
- 3-1) The nationalisation⁴ or any other measures of forcible transfer of assets to public property based on the owners' social, ethnic, religious, political, or other discriminatory features are forbidden.
- 4) For projects of general interest, the public authorities are entitled to use the subsoil of any real estate with the obligation to pay compensation to its owner for the damages caused to the soil, plantation or buildings, as well as for other damages caused by these authorities.
- 5) Compensations provided under paragraphs 3) and 4) shall be agreed upon with the owner, or by the decision of the court when a settlement cannot be reached.
- 6) Legally acquired assets may not be confiscated. Legality of acquisition shall be presumed.

unquote

3.5 Article 136 of the Constitution (⁵) also states that:

quote

- 1) Property is public or private.
- 2) Public property is guaranteed and protected by the law, and belongs to the state or its local administrative units.
- 3) The mineral resources of public interest, the air, the waters with energy potential that can be used for national interests, the beaches, the territorial sea, the natural resources of the economic zone and the continental shelf, as well as other possessions established by the organic law, shall be public property exclusively.
- 4) Public property is inalienable. Under the terms of the organic law, the public property can be managed by autonomous régies or public institutions, or can be granted or leased; also, it can be transferred for free usage to public utility institutions.
- 5) Private property is inviolable, in accordance with the organic law

Unquote

The Mining Law

3.6 The Mining Law (Law 61/1998) was replaced by the new Mining Law no 85/18.03.2003. This new Mining Law provides that the titleholder of a mining license can obtain surface rights for the land necessary for the development of mining activities from the exploitation/exploration perimeter through several methods as follows (Article 6):

quote

- “(1) Access to the lands required to conduct mining activities shall be granted in accordance with the law, through:
- a. sale-purchase of the lands and, if the case may be, of the buildings located on them, through legal acts, at the prices agreed by the parties;

⁴ New paragraph added in 2003.

⁵ Revised in 2003.

- b. lands exchange, together with moving the affected owner and the reconstruction of the buildings on the new granted land, on the expenditure of the titleholder which benefits from the vacated land in accordance with an agreement concluded between parties;
- c. land rental for a determined period, establishing the usufruct based on contracts concluded between parties;
- d. expropriation for public interest, in accordance with the law;
- e. concession of lands declared public property;
- f. an association between the owner of the land and the titleholder of the license, through a social capital contribution equivalent to the value of the land;
- g. other procedures provided by the law.”

3.7 The Mining Law does not provide for any preferential mechanisms in obtaining access to surface rights, but conforms to generally applicable legal provisions in order to acquire these rights (i.e. conclusion of sale-purchase agreements, etc.). “Exchange of lands, together with moving the affected owner”, as referred to in the Mining Law (see above 3.6 b.), applies to resettlement.

The Environmental Protection Law no. 137/1995

3.8 The Environmental Protection Law was adopted in 1995 (and amended by the Emergency Government Ordinance no. 91/2002 and Law 294/2003) and provides the overall framework for environmental protection, including the right for the public to be informed and consulted in matters relating to environment and territory arrangement. Government Decision no. 918/2002 details the permitting procedure for economic and social activities having an environmental impact, including the procedure for environmental impact studies and the associated requirements for public consultation and involvement.

General Urban Regulation Decision no. 525/1996: PUG & PUZ

3.9 The General Urban Regulation Decision No. 525/1996 defines the urban plan and regulations, which Local Councils are required to prepare and update for the area within their jurisdiction. The Territorial Planning Plan (TPP) and the General Urban Plan (PUG) and the Regulations constitute the technical and legal basis for any modifications to the area. Collectively, they modify existing land usage in the *comuna* (commune) to incorporate and authorize new public utility projects or private ones such as mining. Both the Guide and the General Urban Regulations are part of the Ministry of Public Works and Land Order 80/N/1996. Additional urban plans and regulations include the Urban Zoning Plan (PUZ) and the Detailed Urban Plan (PUD).

3.10 PUGs are prepared by the relevant councils (i.e. city, town, borough), and follow a review/permitting process until they can be finally approved by the councils. The permitting process includes authorization of the PUGs by various authorities (i.e. ministries of environment, of public works, of internal affairs, of health, of culture, etc.).

3.11 The PUGs establish regulations as regards the destination of the land (i.e. farming, industrial, residential), *intravilan* (built up land) and *extravilan* (rural land outside built up land) areas, construction and demolition requirements - i.e. areas where certain types of constructions can be built; areas where certain constructions are restricted/prohibited; interdictions of demolition for certain constructions; restrictions on building at a certain distance from certain utilities; size of protected areas and construction/demolition regime in protected areas; construction/demolition regime, for residential/industrial purposes, within the buffer zones, etc.

3.12 The procedure for PUG’s approval includes a public debate, where members of the community have the opportunity to express their opinions, comments and concerns on whether the draft PUG observes the relevant regulations and the way in which such regulations have been applied.

3.13 An important aspect of the PUG and the regulations is that they may define areas in the territory on which are placed restrictions for development. Any proposals for building or development different

in type or location from that shown on the PUG, or in areas of restriction, require the approval of the Local Council.

GENERAL INSTITUTIONAL FRAMEWORK

Overview of Government Organization in Romania

3.14 Laws taken in 2001 ⁽⁶⁾ enact decentralization of the administrative decision-making process by putting forward the concepts of “local autonomy”, “decentralization of public services”, and “consultation of the citizens in the solving of local matters of particular interest” (Law No 215/2001, Article 2).

3.15 There are two levels of local governments that are being empowered by the current decentralization process:

- the *judet* (or county), where a locally-elected county council coexists with the decentralized offices representing the central Government,
- the *comuna* (rural borough) or *orasul* (town), which has its own elected local council.

Central Government Organizations Potentially Involved in Resettlement

3.16 The following Ministries are involved in various aspects related to compensation and resettlement and in associated aspects of the Project, either through their headquarters in Bucharest or their decentralized entities at county level:

- Ministry of Transport, Constructions and Tourism has, amongst others, authority over competencies in the domains of housing construction and roads, and reviews territory arrangement at local and county levels; it also regulates declarations of public interest and expropriation;
- the Ministry of Environment and Water Management is leading the EIA review process, and oversees water utilities;
- the Ministry of Economy & Commerce is the lead institution for permitting of industrial activities (such as mining developments); it also oversees public mining companies, and regulates the energy sector and associated public or privatized utilities;
- other Ministries, such as the Ministry of Education and Research and the Ministry of Health are involved in administering associated public services at local level, while the Ministry of Culture and Cults has competencies in the domain of religious congregations and their properties such as churches and graveyards in the domain of historical and archaeological patrimony.

⁶ Law No 215/2001 on local public administration, Law No 326/2001 on the public services of local administration, and Law No 350/2001 on town and country planning and the city planning.

Local Government Organization

Comuna/Orasul Level

3.17 The lowest level of local government in Romania is the *Comuna* in rural areas, and the *Orasul* (town) in urban areas. The Project-Affected Area impacts part of Roşia Montană Comuna and a very limited neighbourhood of Abrud.

3.18 Both the *Comuna* and the *Orasul* are administered by an elected Mayor and Local Council. The Mayor is directly elected, and local Councillors are elected on the basis of votes received by political parties that they represent rather than geographic areas within the *Comuna*. The Deputy Mayor is elected from among local Councillors. Municipal elections are held every four years, with the last ones held in June 2004, at which time a new Mayor and 13 Councillors were elected in Roşia Montană.

3.19 The Mayor and Deputy Mayor are full-time, paid positions. Councillors receive a monthly stipend, contingent on attending meetings, and most possess other forms of employment, concurrent with their work as Councillors. General Council meetings are held on a monthly basis. There are also Council committees, which are responsible for specific issues and meet on a monthly basis. These committees make recommendations to the Council. All decisions taken by Council are posted at the Mayor's Hall.

3.20 Employees are hired to support the work of the Mayor, Deputy Mayor and Council, and appointed Secretary. In Roşia Montană *comuna*, approximately 15 individuals work as civic employees. Major areas of local council jurisdiction include road and building repair and maintenance, construction, and land use issues.

County Level

3.21 The Project is in Alba County, with the County Administration headquartered in Alba Iulia town. At County level, two levels of administration coexist:

- The County Prefect is the appointed representative of the Government; he is assisted by one Deputy Prefect; the Prefect supervises activities of Local and County Councils in his area of jurisdiction (for instance he/she checks the legality of their acts and proceedings), ensures the observance of the Constitution and laws, and manages decentralized offices of the ministries;
- The elected County Council (with a President as its chair), is the equivalent at County level of the Local Council, with its specific attributions stated by the law.

3.22 One of the many roles devoted to the County Councils by the 2001 decentralization laws is related to regional development, as follows: “adopt strategies, prognoses and economic-social development programs of the county or of certain zones within it, on the basis of the proposals received from the local councils, order, approve and follow up, in co-operation with the interested communal and town local public administration authorities, the necessary measures, including those of financial order, for their implementation” (Law No 215/2001, Article 104). County Councils are also responsible for roads of county interest.

3.23 The County Council is headed by a President and two Vice-Presidents, all elected, while an appointed Secretary General heads the civil servants of the Council.

3.24 The County Consultative Commission associates both the elected County Council and the appointed Prefect with the mayors of urban *orasul* and rural *comuna*, as well as with the chiefs of the decentralized offices of the ministries, the commanding officers of military institutions, the managers of national companies and their subsidiaries.

3.25 The County Commission (155 members in *judet* Alba) is a consultative body which debates the Economic and Social Guideline Program of the County as well as the activities that are to be undertaken by the county public institutions in order to implement the Government program.

LAND TENURE – REAL ESTATE TRANSACTIONS

Land Tenure in Romania

Ownership

3.26 Prior to 1990 during the communist era, most land in Romania was state-owned, in the form of community property and the property of state-owned entities. Individuals owned only limited areas of farmland and residential land. Since 1991, land ownership and use has been regulated by the Constitution and the Land Fund Law (Law 18/1991). This law reinstated land and property rights in areas which had been collectivized. Subsequent to this law, there have been other laws passed to allow restitution of land mainly for situations not regulated by the Land Fund Law (i.e. forestry land, etc.).

3.27 By July 1997, almost 70% of the 4.3 million applicants who had applied under Law 18/1991 for restitution of land and property from the former collective farms had been issued with *titluri de proprietate* (ownership titles), the certificates that confirm the transfer of land into private ownership. Similarly, nearly all the occupiers of residential apartments have acquired their ownership titles.

3.28 The Law on General Cadastre and Real Estate Publicity (Law 7/1996) has unified the publicity systems for real estate properties. This law recognizes the Real Estate Register system, a system that registers properties rather than transactions. Therefore, existence of a legally valid title for both land and buildings is generally confirmed if they are registered with the Real Estate Register.

3.29 The Constitution and other legislation initially limit for land ownership by non-Romanian natural or legal persons. The law no. 312/2005 regarding the acquiring of private ownership right by foreign citizens, stateless persons and foreign entities creates the legal transactions framework. Usufruct and Tenancy

3.30 The usufruct right is regulated by the Civil Code, as a right granted by an owner of a property to another person to use that property, with the condition of conserving its substance. Such a right can be granted free of charge or subject to a fee. In order to be opposable towards third parties, such right has to be registered with the Real Estate Register. The usufruct right ceases in the following situations: at the death of the beneficiary of such right, at the expiry of its term (if any), when the property over which the right is granted is completely destroyed, if the beneficiary of the right renounces, etc. The sale of the property does not represent a case of termination for a usufruct right over such property.

3.31 The Civil Code provides the general rules regarding tenants' rights and obligations, as well as the landlords' rights and obligations towards tenants. Tenant rights are established based on rental agreements concluded by the owner of the property and the tenant. In order to be enforceable against third parties (i.e. new owner of the property, in case of sale), rental agreements with a duration of up to 3 years must be given a certified date (by a notary), while rental agreements with a duration of more than 3 years must be registered with the Real Estate Register.

3.32 In practice, rental agreements are generally concluded for a limited period of time. They can be terminated earlier by the mutual agreement of the parties, or at the initiative of either of the parties subject to a certain prior notice. The specific cases of early termination would normally be expressly provided by the rental agreement. However, there are also some minimum legal requirements in this respect provided by the Civil Code and Law 114/1996 (Dwelling Law).

3.33 Law 114/1996 specifies that the minimum notice term, in case the tenant asks for early termination, is 60 days but does not provide a minimum or a maximum notice term in cases where termination is asked for by the landlord.

Rights-of-Way

3.34 According to the Civil Code, the owner of a land without access way (i.e. road, path), can claim a right of way from the owners of the neighbouring land. The right of way has to be established so that it creates the minimum disturbance for the owners who grant such right of way. The right of way could

be granted free of charge or subject to a fee, which is to be negotiated between the two parties (i.e. the owner who claims/requires the right of way and the owner who grants the right of way). In order to be valid in respect of third parties, rights of way have to be registered with the Real Estate Register. In case the property on which a right of way is granted is sold, the new owner has to observe such right.

Real Estate Transactions

3.35 Basic rules regarding real estate transactions and contracts in general, are included in the Civil Code. After 1990, there have been special laws passed to regulate transfers of titles over real estate properties:

- Law regarding the legal transfer of titles over land (54/1998),
- Ordinance regarding the legal transfer of titles over forestry land (226/2000),
- Law on General Cadastre and Real Estate Publicity (Law 7/1996).

3.36 The following new legal elements need to be considered:

- Law 54/1998 and GEO 226/2000 were repealed;
- Law 7/1996 was modified by Law 247/2005;
- the matters regulated by Law 54/1998 and GEO 226/2000 are now regulated by Title X “The legal transfer of lands” of the Law 247/2005.

3.37 According to these laws, transfers of titles over real estate properties can be legally done through common types of transactions: donation, sale-purchase, exchange of titles. Titles can also be contributed in kind to the share capital of a company (Company Law - Law 31/1990).

3.38 In practice, the most common type of transaction is sale-purchase. As provided by the relevant laws, a sale-purchase of a real estate property has to be done through an authenticated (notarized) sale-purchase agreement, which is then registered with the Real Estate Register. Sale-purchase agreements can be concluded in an authenticated form only in cases when the ownership titles of the sellers are legally clear and valid. This means that the seller should have acquired the title in a legally valid way, and the title so acquired should have been registered with the Real Estate Register. The Civil Code also includes provisions regarding basic requirements for the validity of contracts.

3.39 With respect to the price, the Civil Code provides that parties are free to determine the price, but also requires the price to be “sincere and serious”, without providing criteria for determining such a price.

3.40 Particular provisions apply to specific transactions:

- the seller of forestry land has to grant a 30 day pre-emption right to the State;
- sellers of buildings/constructions classified as historical monuments have to grant a 30 day pre-emption right to the Ministry of Culture, and then if the Ministry of Culture chooses not to use this right or declines the offer, a 15 day pre-emption right to local public authorities;
- *extravilan* land can only be sold after granting by the seller of a 45 day pre-emption right to co-owners, neighbours, tenants.

Expropriation

3.41 RMGC’s policy is to purchase properties in the Project – Impacted Area on a “willing buyer – willing seller” basis, and RMGC has therefore no intention to use expropriation. As expropriation may be used as a last resort in a small number of cases where no agreement can be reached, this RRAP presents the requisites and procedures applicable to expropriation in Romania.

Legal Framework

3.42 Law 33/1994 regarding expropriation for causes of public interest provides the legal framework for expropriation of private properties. This Law specifically refers to geological exploration and

exploitation of mineral resources as potentially being of public interest. The Mining Law no. 85/2003 also mentions expropriation as one of the ways that a mining license holder can use to obtain surface rights.

Overview of the Process

3.43 Expropriation is subject to a declaration of public interest. This act will determine, amongst others, which Government entity will act as the “Expropriation Agent” (perform the expropriation). According to Romanian law, the process is essentially based on the interaction of this Expropriation Agent, acting on behalf of the Romanian State, with an Expropriation Commission deemed to protect the interests of the affected owners. Where no agreement can be reached between these two parties, the process is transferred to Court for judicial settlement.

Public Interest

3.44 Public interest can be established for national interest works or for regional interest works. Public Interest is normally established through a Government decree for national interest works and by the County Council for local interest works. For projects with impact on monuments or on entire localities, Public Interest may require a law to be submitted by the Government to the Parliament. A Commission is to check whether Public Interest actually applies to the proposed project.

3.45 This Commission is formed by representatives of various authorities:

- The ministry coordinating the field of activity for which the expropriation is proposed (for mining, the Ministry of Economy and Commerce),
- The Ministry of Transport Construction and Tourism,
- The Ministry of Public Finance,
- The President of the county council and the chiefs of relevant County-level departments,
- The mayors of the concerned *comuna* and *orasul*.

3.46 The declaration of national public interest is to be publicly released by posting it at the relevant local council’s head office and by publishing in the Official Monitor of Romania, whereas a declaration of local public interest is to be publicly released by posting it at the relevant local council’s head office and by publishing in a local newspaper.

Expropriation: Amicable Procedure

3.47 The first step in the procedure is a survey by the Expropriation Agent of all properties to be expropriated, including land and structures. This inventory is then publicly released at the County headquarters, and affected owners have 45 days to contest it.

3.48 The Government then officially forms in each concerned *comuna/orasul* an Expropriation Commission that includes:

- 3 experts from the field of activity for which the public interest is declared,
- 3 owners of properties situated in the town/borough where the properties proposed for expropriation are situated (randomly selected from a list including at least 25 such owners),
- The mayor of the town/borough,
- A representative of the Government, who chairs the Commission.

3.49 The Expropriation Agent then proposes compensation values for each property to the Expropriation Commission. If the compensation proposal is rejected by the Commission, the Expropriation Agent can prepare and submit a new proposal. If the second proposal is rejected as well, the decision of the Commission is appealed in Court (following the administrative court proceedings regulations). The Expropriation Agent has to initiate the judicial expropriation procedure, before the County court competent for the area where the property is situated.

Expropriation: Judicial Procedure

3.50 Once the expropriation dossier is transferred before Court, the Court will check whether the conditions provided by law for expropriation are met, and if the compensation offered is fair. In order to decide on the compensation value, the Court will appoint experts who will ascertain a compensation value which they consider fair. This value will be determined taking into consideration the market value in the area and the damages caused to the owner.

3.51 The Court will then compare the value determined by the experts with that offered by the Expropriation Agent and with the value (if any) requested by the owner, and will decide on the compensation value to be used. If the parties agree on this compensation value, then the court will take note of such agreement and will issue a definitive decision accordingly.

Finalization of the Expropriation Process

3.52 The ownership right over the property is transferred as soon as the terms of the court decision are fulfilled. The actual taking of possession is subject to a decision passed by the Court ascertaining the fulfillment of the terms provided by the expropriation court decision. Such decision is passed no later than 30 days from the date when the compensation has been paid.

OTHER RELEVANT LEGISLATION/REGULATIONS

Construction and Demolition

3.53 Before starting any construction, an urbanism certificate and a construction authorization complying with the provisions of the General Urban Plan must be obtained from the Local Council. The file must include a large number of permits and approvals from departments and utilities as well as the land title. Buildings in Romania must meet regulations, norms, and/or technical standards, with respect to materials, lighting, resistance to weather conditions, electricity, environmental impact, dimensions, and/or utilities (electricity, gas, water).

3.54 Demolition of constructions also requires an authorization to be obtained in advance, according to the same procedure as the one for construction authorization.

The Mining Concession

3.55 The Project consists of one exploitation concession (the License) held by RMGC covering approximately 2,388 hectares. Under the terms of the license, RMGC has the exclusive right to conduct mining operations for an initial term of 20 years, with the option to renew its license for successive 5-year terms.

World Bank Group Safeguard Policies and Guidelines

3.56 Annex 13 presents details on the World Bank Group safeguard policies and guidelines. This reference framework is internationally acknowledged as one of the most comprehensive and efficient with respect to the protection of the affected people's rights. As mentioned above, it is RMGC's policy to comply with Romanian law and World Bank Group guidelines.

PRACTICAL IMPLICATIONS OF THE LEGAL CONTEXT FOR THE RMGC PROJECT

Comparison of Romanian Law and World Bank Group Requirements

3.57 The main difference between Romanian law and World Bank Group policy is that Romanian law is "asset-oriented", while WBG policy is "livelihood oriented.": Asset orientation focuses on compensation for lost assets and "livelihood orientation" on restoring displaced people's ability to restore or improve their livelihood base. In the latter, a project cannot cause affected people to become "worse off". They should preferably be better off than they were before displacement. Emphasis, thus, is placed on a combination of compensation and on other kinds of assistance that help people restore incomes and restore or improve their standard of living (such as helping people become competitive for

employment or other income opportunities, improving agricultural output or providing access to natural resources like wood or pasture.

3.58 Table 2 hereunder compares Romanian law and World Bank Group requirements.

Table 2: Comparison of Romanian Law and World Bank Group Requirements

Category of Project Affected People and type of lost assets	Romanian Law	WB/IFC Requirements
OWNERS – Productive Land	Cash compensation equal to 25 to 30 years of agricultural income based upon “efficiency method”	Compensation should be at “full replacement cost” Generally recommend land-for-land compensation (resettlement), depending on circumstances and wishes of affected people.
OWNERS –Structures	Cash compensation based valuation of structure by certified valuer; calculation is based upon typical rates per sqm (Govt. Decree), updated and depreciated to account for economic situation and wear coefficients	Require either resettlement or cash compensation at full replacement cost, recommend that people be given the option
TENANTS – Productive Land or Structures	No compensation	Are to be compensated for those immovable assets that belong to them, such as improvements to their residences or to land, and assisted to find a new residence.
BUSINESS PERSONS	No compensation of lost income. Real estate and other immovable assets are addressed through the valuation & cash compensation provisions	Are to be compensated for immovable assets Are to be assisted in accessing similar business opportunities

Principles for Land Acquisition

3.59 RMGC has decided not to use expropriation as it must be up to the community to determine if they want the project. Instead, RMGC considers real estate transactions between willing sellers and willing buyers to be the first choice option, though expropriation might be considered in the future as a last resort in situations where no amicable agreement can be reached.

4. IMPACTS ON LAND, STRUCTURES AND PEOPLE

IMPACTS SUMMARY

4.1 The following table summarizes the different impacts to people, land, and structures as they are estimated as of February 2006:

Table 3: Summary of Project Impacts

Number of Affected People	2,096 individuals
Surface of Impacted Land	1,663.89 Hectares of land in total, including: <ul style="list-style-type: none"> • Project footprint: 1,599.91 hectares; • Various Project features outside of the main footprint (access roads and others): 63.98 hectares
Number of Impacted Properties	974 residential properties, 401 already acquired by RMGC 1,947 non residential properties (most of them agricultural), 483 already acquired by RMGC
Number of Impacted Residential Structures	974(838 residential homesteads+ 136 apartments) , usually including at least one residential building, a yard and non residential annexes,101 residential homesteads were demolated
Impacted Public Facilities	Town hall of Roşia Montană 3 schools 1 health centre Public water, sanitation and power distribution networks Police station
Impacted Churches and cemeteries	2 churches and 2 prayer houses are affected 6 cemeteries are affected
Impacted Businesses	34 small and medium businesses

PROJECT-AFFECTED COMMUNITIES

4.2 Within the Roşia Montană *comuna*, the following four localities are totally or partially affected: Roşia Montană and Tarina in the Roşia Montana valley, Corna and Bunta in the Corna valley. A temporary impact will be registered in Carpinis area along the main water pipeline.

4.3 In the adjacent *orasul* of Abrud the only localities that will be impacted by the Project are Gura Corneii, the village at the “mouth” of the Corna valley.

4.4 Figure 4 hereunder shows the commune limits, the villages and the Project-Impacted Area.

Figure 4: The Project-Impacted Area

PROJECT-AFFECTED RESIDENCES

- 4.5 Affected homesteads typically include residential structures, their non-residential annexes, a yard and possibly a garden.
- 4.6 In addition to homesteads located on a private parcel of land, affected residences also include apartments located within an apartment block.
- 4.7 The total numbers of affected residential structures are as follows:
- Roşia Montană *comuna*: 863
 - Abrud *orasul*: 111
 - Total: 974
- 4.8 Details on affected residential structures are provided in Annex 11.
- 4.9 The centre of Roşia Montană includes a number of buildings presenting historical interest. Most of these buildings date back from the 19th century and represent diverse periods or influences in Austro-Hungarian architecture. These buildings have been inventoried and described in detail by specialists, as part as a culture preservation effort initiated by RMGC. Their characteristics and interest together with the specific preservation measures considered by RMGC in cooperation with the relevant Government authorities are addressed in a separate Cultural Properties Management Plan. RMGC is considering preserving certain historical buildings in Roşia Montană locality and is developing a specific plan in this purpose (See Cultural Heritage Management Plan).

PUBLIC STRUCTURES AND FACILITIES

Schools

- 4.10 There are three schools in the Project-Impacted Area (see Figure 5):
- The Simeon Balint School in Roşia Montană is the largest with a kindergarten of about 40 pupils, the primary section (4 classes) and the elementary section (4 classes); it includes the public library (23,000 books).
 - The Gura Minei School in Roşia Montană has also a kindergarten section with about 20 children, and a primary section with about 40 pupils.
 - The primary school in Corna had 4 classes.
- 4.11 Roşia Montană *comuna* also has schools outside of the Project-Impacted Area: one in Gura Rosiei and one in Vartop.

Other Affected Local Public Facilities

- 4.12 The following public facilities are also affected (See Figure 5):
- The city hall and the police station,
 - The football field in Roşia Montană,
 - Cultural facilities operated by Minvest SA operates: community centre (Camin Cultural), the Roşia Montană Mining Museum and the Club Muncitoresc (Workers' Club).

Figure 5: Location of Public Buildings

Affected Water, Power, and Telecommunication Networks

4.13 Water, power and telephone networks will be affected, as follows:

- Roșia Montană *comuna* operates two separate water networks, both built and maintained by the public mining company. These public networks serve about 600 households, in the Roșia Montană valley. Water originates from springs and is chlorinated. Several localities of the comuna are not served, notably in Corna valley, and houses have their own water supply, usually from springs or wells.
- The majority of the households in Roșia Montană use pit latrines. There is a small sewerage system serving some of the apartment blocks (next to the stadium and the town hall). The effluent is emptied by a vacuum tanker service from Abrud.
- Roșia Montană *comuna* is connected to the national electrical grid operated by Electrica SA. Power is distributed from several transformer stations at 110 kV and 20 kV. The distribution lines include 35 kV, 20 kV and 6 kV and all consumers are metered. All the localities are electrified.
- Many households in Roșia Montană are connected to the national telephone network through conventional lines.

4.14 Annex 12 provides details on public networks.

Affected Churches and Cemeteries

4.15 2 churches in Corna, 2 prayer houses in Corna and 6 cemeteries are affected by the Project. The majority of the churches (5) and 6 cemeteries are not physically affected (some of these remaining churches and cemeteries are located in the Protected Zone.), while the company has redesigned the project to avoid churches and historical monument outside of the protectual area.

4.16 Figure 6 presents the situation of these churches and cemeteries.

PROJECT-AFFECTED BUSINESSES

4.17 34 small businesses are affected by the Project (See also Annex 4). Out of these 34 businesses, 13 are Physical Persons (PF), 9 include Family Associations (AF), and 12 are Registered Limited Companies (SRL). Most of the affected businesses are groceries or general stores (16), bars (4), or a combination of those two (3). Other retail and service-based activities are locksmith, hairdresser, car repair, shoe repair, doctor's practice, second hand clothes store, funeral wreaths, musicians and transportation. Businesses in processing, production and manufacturing include protective work clothing, fish farming, roof tiles and wood plank processing.

Figure 6: Churches\$cemeteries

5. COMPENSATION, RESETTLEMENT AND RELOCATION STRATEGY

BACKGROUND OF FINAL RRAP

5.1 About 42% of affected dwellings have already been purchased by RMGC, between the end of 2002 and June 2004, when the company stopped purchasing properties to reconsider its resettlement / relocation strategy. A first resettlement and compensation strategy was developed by RMGC in 2002 and documented in a preliminary Resettlement and Relocation Action Plan, which was released to the public in early 2003. This strategy was consistently applied until June 2004. At that time, RMGC evaluated the approach and identified the need for changes.

5.2 The compensation method for buildings applied by RMGC in the past caused discontent within the community as it was perceived as unfair. The original strategy based house compensation, regardless of the actual surface of the building, on the surface they should have lived in according to the Romanian minimum dwelling standard – for example, a household of 4 should live in 115 sqm, thus compensation would be calculated for a surface of 115 sqm. This approach awarded high compensation to people with small dwellings, a fact resented by people who had large dwellings. This also led to some people fraudulently maximizing compensation by dividing their houses between several artificially created households or bringing in new household members who did not live in the community before.

5.3 The new approach considers the need to:

- adjust compensation to address several economic changes including the recent application of VAT to real estate constructions, the change from the US Dollar to the Euro as the reference currency of the National Bank of Romania, cash brought into the country by Romanian citizens working abroad, the introduction of mortgaged credit, the perspective of EU adhesion, and the changes to Constitution securing private property,
- update consultation with community representatives, with support from external consultation specialists.
- revise compensation bases and resettlement assistance.

5.4 RMGC initiated specialist studies on the evolution of the real estate market within a 250 km radius around Rosia Montana. Agricultural experts and authorized evaluators in the mean time contributed to reanalyze the compensation principles for land, crops and fruit trees. These were refined during the course of year 2004, and the whole compensation and resettlement package was eventually revisited, in terms of eligibility criteria, compensation amounts, and resettlement assistance. This RRAP is based on these revisited principles.

PRINCIPLES

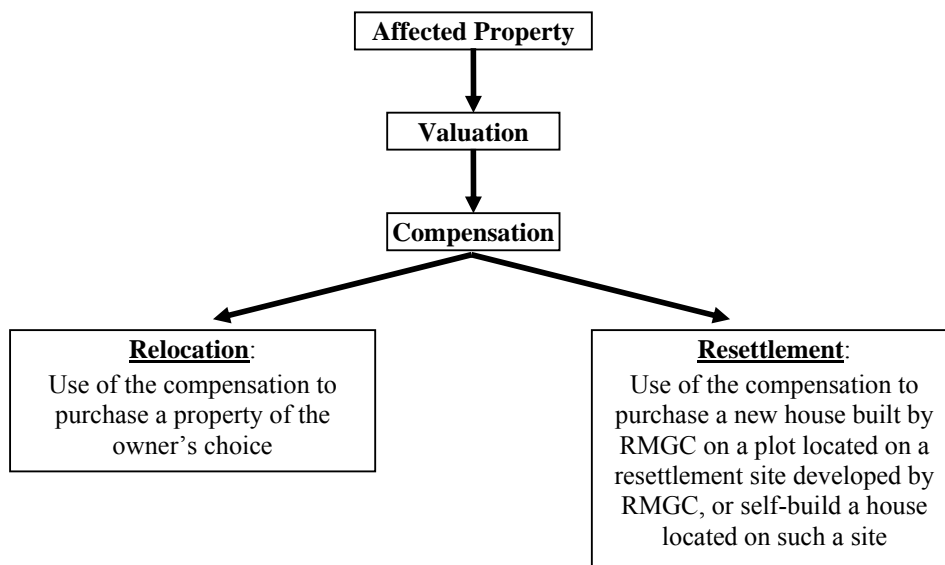
Key Principles of the RRAP

5.5 The guiding principles of the Resettlement and Relocation Action Plan are the following:

- The Plan complies with Romanian applicable laws and regulations and with the World Bank Group Operational Directive 4.30 on Involuntary Resettlement;
- Persons who provide evidence of ownership of properties located within the Project-Impacted Area as defined in the Urbanism Certificate requested by RMGC in March 2006 are eligible for compensation of properties that they may use either to relocate or to resettle. Additionally, the properties that fall under the PUZ Amendments for the industrial area will be eligible.

- Owners of properties located in this area are eligible to compensation;
- RMGC is purchasing properties on a “willing seller / willing buyer” basis; expropriation may be used as a last resort only where agreement cannot be reached;
- Eligible Project-Affected People receive compensation against the replacement value of their affected property, at a level intended to allow them to replace their property with a similar one, an obligatory condition for projects compliant with Equator Principles;
- Eligible Project-Affected People can either use this compensation to resettle on a resettlement site developed by RMGC in Piatra Alba (in Roşia Montană *comuna*) or in Alba Iulia, or receive the compensation in cash and relocate by purchasing themselves a replacement property in a location of their choice;
- The property of Eligible Project-Affected People is valued and compensated following the same rules whether they choose to resettle or to relocate. Those who choose to relocate use their compensation to purchase themselves a property in a location of their choice, while those who choose to resettle use their compensation to purchase a property on a resettlement site developed by RMGC;
- Resettlers have an option to build their replacement housing themselves on the designated resettlement sites;
- The community of Roşia Montană, including affected municipal infrastructure and other public facilities, will be re-established on the Piatra Alba resettlement site;
- Different types of resettlement houses are proposed;
- RMGC will provide various types of assistance and training to help affected people restore their livelihoods in their new locations;
- Businesses are compensated for lost income during the period required for their re-establishment, and assisted in re-establishment, whether concerned business persons opt for resettlement or relocation;
- The project will implement a thorough grievance and complaint system.

5.6 The following sketch shows the mechanism of compensation and of its use either for relocation or resettlement:



SUMMARY OF ENTITLEMENTS

5.7 The following table summarizes entitlements related with types of lost assets.

Table 4: Entitlement matrix

Category of PAPs	Impact	Eligibility Criteria	Compensation Entitlement	Options available to PAPs	Other entitlements
Property Owners	Loss of residential structure	Ownership title pertaining to property situated in the Project-Impacted Area	Compensation of lost residential property at full replacement value according to calculation method and rates detailed in § 5.8 and further	The affected owner can choose between relocation and resettlement	<ul style="list-style-type: none"> • Moving assistance (see § 5.36) • Salvaging (see § 5.38) • Monitoring for potential hardship after relocation or resettlement • Specific monitoring of vulnerable people after relocation or resettlement and specific assistance if needed • Access to the Skills Enhancement Fund (see § 5.82) • Access to the Small business fund (see § 5.88)
	Loss of courtyard land	Ownership title pertaining to property situated in the Project-Impacted Area	Compensation of lost courtyard land at full replacement value according to method and rates detailed in § 5.21 and further: <ul style="list-style-type: none"> • Built-in land: 8,33 Euro/sqm per m² based on the analysis of recent transactions in the area • Garden land: 8,33 Euro/sqm as above + compensation for potentially lost garden crop based on lost income for one harvest of cabbage, equal to Euro 0,599/sqm 	The affected owner can choose between relocation and resettlement	<ul style="list-style-type: none"> • Harvest of standing crops (see § 5.37) • Salvaging (see § 5.38)
	Loss of agricultural land	Ownership title pertaining to property situated in the Project-Impacted Area	Compensation of lost agricultural land at full replacement value according to method and rates detailed in § 5.21 and further: <ul style="list-style-type: none"> • Arable agricultural land: Euro 9410 per hectare (both garden and open field) • Pasture land Euro 1280/ha • Unproductive land: Euro 110/ha In addition, compensation of potentially lost annual crops based on: <ul style="list-style-type: none"> • Garden: lost income for one harvest of cabbage, equal to Euro 0,599 /sqm. • Open field: lost income for one harvest of potato, equal to Euro 	Relocation, or resettlement if the affected owner also owns an impacted residential property, with possibility to provide an	<ul style="list-style-type: none"> • Harvest of standing crops (see § 5.37)

Category of PAPs	Impact	Eligibility Criteria	Compensation Entitlement	Options available to PAPs	Other entitlements
			4040 per hectare <ul style="list-style-type: none"> • Hay: lost income for one year of hay production, equal to Euro 570per hectare 	agricultural plot of similar potential	
	Loss of forest land	Ownership title pertaining to property situated in the Project-Impacted Area	Compensation of lost forest land including lost timber at full replacement value according to rates detailed in § 5.21 and further	Relocation, or resettlement if the affected owner also owns an impacted residential property	<ul style="list-style-type: none"> • Harvest of firewood (see § 5.37)
Users of Agricultural Land	Loss of annual crops	Ascertained ownership of annual crops in the Project-Impacted Area	Compensation for annual crops is included in the rates for agricultural land (see above “Loss of Agricultural Land” and Table 10). In case compensation for such crops needs to be paid to a different individual than the owner, the rates shown in Table 5 for crop compensation and crop re-establishment are applied separately from those related with bare land. Compensation for annual crops is at full replacement value based on the market value of produce for the most profitable crops for gardens (cabbages) and for open fields (potatoes) and for hay for hayland	Relocation, or resettlement if the affected owner also owns an impacted residential property	<ul style="list-style-type: none"> • Harvest of standing crops (see § 5.37)
	Loss of perennial crops	Ascertained ownership of perennial crops in the Project-Impacted Area	Compensation for perennial crops at full replacement value, including the value of the lost crop, the expenses potentially incurred during the re-establishment period, and the potentially lost income during the re-establishment period, according to calculation methods and rates detailed in § 5.31 and further		<ul style="list-style-type: none"> • Harvest of standing crops and firewood (see § 5.37)
Tenants	Loss of rented residence	Ascertained occupancy of a dwelling situated in the Project-Impacted Area	No compensation	Relocation	<ul style="list-style-type: none"> • Moving assistance (see § 5.36) • Monitoring for potential hardship after relocation or resettlement • Specific monitoring of vulnerable people after relocation and specific assistance if needed

Category of PAPs	Impact	Eligibility Criteria	Compensation Entitlement	Options available to PAPs	Other entitlements
Businesspeople	Loss of business	Ascertained ownership of business situated in the Project-Impacted Area	Compensation for loss of income as detailed in § 5.79	Compensation or assistance to retirement for older businesspersons	<ul style="list-style-type: none"> • Access to the Skills Enhancement Fund (see § 5.82) • Access to the Small business fund (see § 5.88)
	Loss of employment in small business	Employment in an impacted business	Compensation for loss of income in the amount of three months of salary (in average) or based on a case-by-case assessment	N/A	<ul style="list-style-type: none"> • Access to the Skills Enhancement Fund (see § 5.82) • Access to the Small business fund (see § 5.88)
	Loss of immoveable assets related with a business	Ascertained ownership of immoveable asset related with a business situated in the Project-Impacted Area	Compensation at full replacement value: <ul style="list-style-type: none"> • Structures: same principles (including methods and rates where applicable) as those applicable to residential structures and annexes • Other immoveable assets: case by case valuation 	N/A	-
Public entities	Loss of public buildings	Public building situated in the Project-Impacted Area	Reconstruction of buildings of similar or better functionalities in the resettlement site at Piatra Alba according to details presented in § 5.68 and further	N/A	-
Religious congregations	Loss of churches	Church situated in the Project-Impacted Area	Reconstruction in the Piatra Alba resettlement site or compensation at full replacement cost to the relevant congregation	Reconstruction or compensation	-
	Loss of cemetery	Cemetery situated in the Project-Impacted Area	Reconstruction in the Piatra Alba resettlement site and relocation of graves in conformance with applicable Romanian regulations, or relocation of graves in existing cemeteries	Resettlement or relocation	-

CALCULATION OF COMPENSATION

Compensation for Structures

Principles

5.8 In accordance with the “full replacement value” principle, compensation rates are based on reconstruction costs, as evaluated by RMGC from contractors’ quotations.

5.9 Compensation methods and rates for structures are based on the following principles:

- A categorization of buildings according to their general standard and condition, in 4 classes;
- The application of a formula taking into consideration:
 - A unit rate per square meter for each of the four classes above,
 - A supplemental factor to the unit rate per square meter, considering type of the roof cover, which is a significant factor of the overall cost of the house,
 - A supplemental factor considering the number of household members,
 - A supplemental factor considering the “household functionality”, dealing with situations where several households are living in the same house.
- Within each of the four classes, the plaster condition influences the valuation,
- The household’s connection to the water supply is separately evaluated, as well as sanitary utilities inside the house,
- The sanitary utilities inside the house are separately evaluated,
- Specific features and finishes are separately evaluated.

5.10 Multiple simulations indicated that this method achieved an adequate balance between fairness to people with large houses and assistance to those with numerous households.

5.11 The compensation calculation formula is:

$$C = S \cdot U_p + A + B \cdot N_p$$

Where:

- C is the compensation for the house, in Euros,
- S is the total surface of the house, in square meters,
- U_p is the unit rate for each of the four categories of house, in Euros per square meter (see hereunder § 5.13),
- A is an amount in Euros linked to the household functionality score (see hereunder § 5.16),
- B is a re-establishment allowance, in Euros per person (see § 5.19),
- N_p is the number of household members actually residing in the house.

5.12 Supplemental indoor or outdoor features (such as fences, staircases, floor tiling, etc..) are taken into consideration separately. Annex 14 provides a list of these special features with the compensation rates applicable to each of them.

Unit Rate U_p and House Categories

5.13 The unit rates per square meter for each category of building are shown in the following table:

Table 5: Categorization of Houses and Values of U_p For Each Category

House Category	Description	U_p in Euros per m ²
1	Wood structure, generally one level in addition to the basement and attic, irregular exterior aspect, irregular walls, asphalted cardboard roof	195
2	Wood structure, generally one level in addition to the basement and attic, irregular exterior aspect general condition better than category 1, including regular walls and shapes, eternit or asbestos/cement or metallic roof	250
3	Wood or masonry structure, one or two levels in addition to the basement and attic, good condition, eternit or asbestos/cement or metallic roof	310
4	Villa type with two inhabitable levels in addition to the basement and attic, masonry structure, very good condition, eternit or asbestos/cement or metallic roof	375
Apartment	Any apartment located in one of the apartment blocks	250

5.14 In addition to the rates presented in the table above, account is also taken of the type and quality of the roof cover, as follows:

Table 6: Supplement to U_p Related with the Type and Quality of the Roof Cover

House Category	Base Roofing	Supplemental features	Supplement to U_p in Euros per m ²
1	Asphalted cardboard	Eternit or asbestos/cement or metallic	+ 8
1	Asphalted cardboard	Tiles	+ 17
2	Eternit or asbestos/cement or metallic	Tiles	+ 8
3	Eternit or asbestos/cement or metallic	Tiles	+8
4	Eternit or asbestos/cement or metallic	Tiles	+ 8

5.15 Account is also taken of the quality of the exterior plaster, as follows:

Table 7: Influence of the Exterior Plaster on U_p

Poor quality exterior plaster	U_p is diminished by 2%
No exterior plaster	U_p is diminished by 3%

Household Functionality Score

5.16 The maximum score is 100, corresponding to a maximum supplement of Euros 10,000. If the household scores a portion of the total, they will receive an equivalent proportion of the maximum Euros 10,000⁷.

Table 8: Household Functionality Factor A

Elements of Household Functionality	Score
Separate entrances in the courtyard	5
Clear physic limits between households in the courtyard	5
Separate/individual electricity(18p) and water(8p), telephone (3p), cable (1p)	30
Separate/individual sets of annexes	10
Separate/individual toilettes	10
Separate equipped kitchens	25
Separate entrances to the dwelling, without disturbance to the other households occupying the house	15
MAXIMUM TOTAL	100

Water Supply and Sanitation

5.17 Water supply and sanitation are compensated as follows:

- The basic rates mentioned in Table 7 above include compensation for a private water supply pipeline from the water source to the house of a length of 70 meters or less;
- In the case where the pipeline to the house is longer than 70 meters:
 - There is no additional compensation if the pipeline has been paid by the water company,
 - If it has been paid by the owner, it is compensated (if it has been paid by several owners, it is compensated to the different owners),
- Special features such as individual wells or tanks are compensated on a case by case basis,
- The standard rates Up of Table 7 assume that water is only available in the courtyard, and in-house connections are compensated in addition to the house value as per Table 11.

⁷ A household scoring 70 would receive a supplement of Euros 7,000.

Table 9: Compensation for water and sanitation in the house

1	Water available only in the courtyard	No supplement
2	Connection of the house bathroom to water supply and sanitation	House value + 600Euro
3	Connection of the house kitchen to water supply and sanitation	House value + 250 Euros
4	Septic tank	Additional compensation
5	No water in the courtyard	House value price less 750Euros

Annexes and Special Features

5.18 Annexes and special features such as fences, chimneys, special floor materials etc. are compensated on the basis of specific compensation rates applied per square meter or per unit. These compensation rates are presented in Annex 14.

Re-Establishment Allowance

5.19 The re-establishment allowance is Euro 500 per person actually residing in the affected dwelling. This is intended cover expenses such as the cost of the new water, electricity and telephone subscriptions needed in the relocation or resettlement locations, the cost of updating identity and other documents, of registering children in a new school, etc...

Compensation for Forest Land

5.20 Compensation for forest land will be as follows:

- The forest is paid up to Euro 0,72 per square meter
- If a given plot has an afforested part and a non afforested part, the non afforested part is compensated at the agricultural land type identified.

Compensation for Land (Other than Forest)*Categorization of Non-Forest Land*

5.21 Land other than forest land is categorized as follows:

- Courtyard land (land located within the homestead), including:
 - Built-in land,
 - Garden land (non built-in land within the homestead),
- Agricultural land (land located outside of the homesteads), including:
 - Arable land (arable agricultural land),
 - Hay land (non arable agricultural land mowed for hay on a regular basis),
 - Pasture land (non arable agricultural land and without potential for hay),
 - Unproductive land.

Compensation Calculation Principles

5.22 The compensation value for non forest land includes:

- the replacement value of the land itself,

- the replacement value of non-perennial crops lost as a result of the displacement (hay, vegetables, etc...), including the market value of the lost harvest and the cost of re-establishing the crops in a new location.

5.23 Compensation for non forest land has been recalculated in 2004 and 2005 based on a survey carried out by professional evaluators in a radius of 250 km around the Project area. Land transactions have been investigated for 14 towns⁸, both in the center and in the periphery for land categorized either as “intravilan” (urban) or as “extravilan” (not urban), and the minimums, maximums and averages have been recorded for each of these towns.

5.24 This analysis shows that a compensation value of 8,33 EEuro per square meter will allow affected people to replace built-in land by “intravilan” land in most localities in the area (including Campeni, Abrud, Zlatna, Turda, Alba Iulia, Sebes, Cugir, Aiud, Deva, Campia Turzii), with the exception of Cluj-Napoca, a much bigger and more expensive town.

Built-In Courtyard Land

5.25 A uniform value of 8,33 EEuro/sqm is used as replacement value for built-in courtyard land (see § 5.24).

Garden Courtyard Land

5.26 The compensation for garden courtyard land is based on the same land replacement value of 8,932 Euros/m², but also includes in addition to the compensation for land itself the following two supplements:

- Compensation for lost crops, based upon the lost income for the most profitable garden crop in the area, ie cabbage;
- Compensation of the cost of re-establishing the same garden in another location, based on an estimate of the cost of labour and other inputs required.

Agricultural Land (Arable and Hay)

5.27 For agricultural land located outside the courtyard and not pasture or unproductive land, a uniform replacement value of 0.5 Euro per square meter is applied.

5.28 Depending on the use of this agricultural land (garden, arable or hay), supplements to this compensation will be given for:

- Lost annual garden crops, calculated on the basis of one year cabbage production
- For arable land, based on the basis of one year potato production
- For hay land, based on the value of one year hay production.

Pasture and Unproductive Land

5.29 The replacement value of pasture land and unproductive land has been extrapolated from transactions in the broader Project zone (as detailed above), respectively at Euro 0,128/sqm and Euro 0,011/sqm.

Summary: Compensation Rates for Non-Forest Land

5.30 The following table summarizes the compensation rates for non-forest land.

⁸ Campeni, Abrud, Zlatna, Turda, Cluj-Napoca, Alba Iulia, Sebes, Cugir, Aiud, Deva, Campa Turzii, Arad, Hunedoara, Sibiu.

Table 10: Compensation Rates for Land in EUROS

Category	Unit	Land replacement value including crop compensation (EUROS)
Courtyard – Built-in	m ²	8,33
Courtyard - Garden	m ²	8,93
Agricultural - Garden	m ²	1,098
Agricultural - Arable	m ²	0,941
Agricultural - Hay	m ²	0,557
Agricultural - Pasture	m ²	0,128
Unproductive	m ²	0,011

Compensation for Perennial Crops (Fruit Trees)

5.31 Compensation for fully productive fruit bearing fruit trees includes the following elements:

- The cost of re-establishing the tree,
- The expenses incurred to maintain the replacement tree until it is fully productive (including both the period until the tree is able to bear fruit and the subsequent period until it is fully productive),
- The loss of income during the period of re-establishment of the replacement tree until it is fully productive.

5.32 For newly planted trees, the compensation includes the cost of re-establishing the tree and the expenses incurred to maintain the affected tree until it is compensated for.

5.33 Compensation rates arrived at using this method for fruit trees are shown in Table 11.

Table 11: Compensation Rates for Fruit Trees in Euros

Type	Rate in Euros for fruit-bearing trees	Minimum height in meters for compensation of fruit-bearing trees	Rate in Euros for non fruit-bearing trees above the minimum height
Plum-tree, per tree	35	1.2	4
Apple-tree, per tree	44	1.	4,5
Pear-tree, per tree	50	1.	4,5
Nut-tree, per tree	135	1,5	6
Cherry-tree, per tree	40	1,5	4

Case of People Compensated According to Previous Policies

5.34 For people who were compensated in 2002, 2003 and early 2004 according to previously applicable policies, no recalculation of compensation will be made. Comparisons carried out by RMGC show that, at the time when compensation was paid and given the economic conditions of that time, these people suffered no loss, and monitoring done since indicates that they were able to relocate in locations of their preference.

RELOCATION

Overview

5.35 In addition to compensation for land calculated according to the rules detailed in the paragraphs above, Project-Affected Households who elect to relocate will receive the following assistance:

- Transportation assistance
- Salvaging
- Harvesting

Transportation Assistance

5.36 RMGC will provide a maximum of two trips with a suitable vehicle in respect of each family that needs to move and has an eligible property/ies. This is in order to enable the owners of said properties to move resident family members, personal belongings, livestock, and harvested and salvaged items from the acquired property/ies to either their new house built by the Company at the chosen resettlement site or to the location where the person relocates to, up to a maximum distance of 250 kilometres. RMGC may consider providing more trips, subject to a case-by-case assessment, to those people who would need more belongings to be moved, or one longer trip up to a distance of 500km.

Harvest

5.37 In addition to being paid compensation, people will, for a limited period of a maximum of ten days until the transfer of possession of the property to the Company, be allowed to harvest their existing crops and firewood from trees that they own, provided that this is in accordance with the law and the trees are not in a protected forest area. No additional payments will be made to people who cannot harvest crops or trees for any reason.

Salvaging Assistance

5.38 In addition to receiving new buildings if they resettle or compensation if they relocate, affected property owners will, for a limited period of a maximum of ten days until the transfer of possession of the property to the Company, be allowed to salvage materials from their acquired buildings and structures, should they wish to do so. However, this shall be subject to the following:

- “Salvaging” shall cover only the limited removal of items like doors, windows, wooden floors and external roof protection materials and no other construction materials. The salvaging of other materials and items, like house walls, will not be authorized.
- Salvaging will not be allowed for buildings/ structures that are national patrimony protected buildings, and people who cannot salvage for this reason protected building will not receive additional compensation.
- RMGC will inform the owner in writing when it prohibits salvaging from a building it requires for operational purposes. In lieu of salvaging, RMGC will pay an additional amount of 2% of the value of the structure to an owner who agrees not to salvage.

- If a person salvages items from a building or structure that the Company does require, then the additional 2% of the value of the building or structure will not be paid by the Company and salvaging and transport assistance will not be provided with respect to these items.
- During the ten day salvage period the Company will provide a crew to assist people to salvage. During this five day period, this crew will also load items onto the transport vehicle and then unload them at the point of destination.

RESETTLEMENT

Principles

5.39 As mentioned above, the property of Eligible Project-Affected People who elect to resettle is valued and compensated following the same rules applied to those who choose to relocate. They then use their compensation to purchase a property, including a plot and a newly built house, on a resettlement site developed by RMGC. They can also, if such is their preference, choose to build their house themselves on a plot located within the resettlement site.

5.40 Only those Project-Affected Households who actually live in the affected property are eligible to resettlement.

5.41 The definition of the entitlement for Eligible Project-Affected Households who choose resettlement will be based on the following process:

- Calculation of the compensation for their land, trees and structures,
- Selection by the Project–Affected Household of the resettlement site (two sites are proposed, one in Roşia Montană , the other one in Alba Iulia),
- Selection by the Project–Affected Household of their resettlement package (house design / plot size / interior finish),
- Calculation, following a pricing matrix, of the cost of the resettlement package and comparison with the compensation to which the household is entitled,
- The balance between the cost of the resettlement package and the compensation can be refunded to the household if it is positive, or paid by the household if it is negative.

5.42 Eligible Project-Affected Households will have a choice of 8 house designs ranging from 65 m² to 149 m² in surface. For each of these 8 house designs, a choice of 3 plot sizes will be available. Each house design will be available with a minimal interior finish, and supplemental finish features may be added if the resettler household pays for them. Each combination [house design / plot size / interior finish] will be priced according to the pricing matrix mentioned above.

5.43 Eligible Project-Affected Households will also have the option to build their house themselves on a plot developed and provided by RMGC on one of the resettlement sites. RMGC will in this case take care of the construction licence.

5.44 Situations of shared ownership pose a specific problem: the person actually residing in the displaced property may not be entitled to a resettlement house because his/her share of the compensation would not be sufficient to purchase a resettlement house. These situations will be assessed on a case-by-case basis. In principle, those persons should obtain the full usufruct of a resettlement house, the property of which would be shared according to the same distribution of shares as the displaced property. The company still retain the option make an offer to compensate various properties also by compensating the shares owned by various owners, when this is seen as appropriate.

Resettlement sites

Selection Process

5.45 Resettlement sites have been investigated early in the process of developing the Roşia Montană mining project. Annex 15 details the process followed, and the results of the technical evaluation and of the consultation with potential resettlers and the elected representatives for the concerned villages. The outcome of the site selection process described in Annex 15 is that 2 sites will be proposed to potential resettlers:

- Piatra Alba in Roşia Montană *comuna*, where the public functions of Roşia Montană administration will be re-established, and resettlement houses will be built by RMGC for resettlers,
- Furcilor Hill in Alba Iulia town, where resettlement houses will be built by RMGC for resettlers.

5.46 “*Piatra Alba*” is a large area above Gura Rosieii on the hill between Roşia valley and the next valley to the north, Vartop valley. It is communal land and as such easy to acquire, with a mix of pasture and forest. No infrastructure is available in the vicinity, which will make this site costly to develop. The Municipal Council of Roşia Montană has strongly advocated the use of this site for the re-establishment of the community infrastructure and resettlement of households, although some potential resettlers would prefer to resettle at a flatter site.

5.47 “*Furcilor Hill*” is a large, level site close to all existing infrastructure and to the centre of the city of Alba Iulia.

Impact on the Host and Neighbouring Communities

5.48 None of the sites requires residential buildings to be moved prior to development, except for one house located on the route to the Piatra Alba site access road. This property has already been purchased. The Alba Iulia resettlement site is easily accessible using existing accesses.

Consultation with Host and Neighbouring Communities

5.49 Resettlement sites have been identified and investigated in cooperation with concerned local authorities in both resettlement locations. The proposed change in destination of these sites requires amendments to the PUGs, which will require that information be released to the public.

Resettlement Package

Process and Objectives

5.50 Project Alba, an Alba Iulia based architecture and urban planning company, initially prepared six generic house designs. Subsequently, these were developed to the point of final design and outline specifications and were presented to local and national builders in order for RMGC to determine potential housing prices. At the same time, the designs were reviewed with local residents and RMGC staff responsible for the survey of existing houses.

The current layout of the Piatra Alba development is currently under a massive life-quality driven revision process, using specialised architects for mountain villages planning. The improvement is meant to use the advantages of the local geography in the benefit of the constructions that will be built in the area.

5.51 As a result of this review, the Project architects from Project Alba and Planning Alliance⁹ prepared revised designs based on two separate typologies – one single-storey and the other double-storey. Construction constraints were also taken into consideration, the range of houses was eventually simplified and a last round of consultation took place in November 2002 on the generic plans.

⁹ Planning Alliance, a Canadian consulting firm, provided assistance to RMGC in the early stages of the Project planning and preparation.

House Design

5.52 House design aims to:

- Provide a range of designs that match the range existing amongst current buildings, in terms of size and finish,
- Standardize construction,
- Allow for future expansion and the erection of rear annexes,
- Improve energy efficiency in order to reduce heating costs,
- Ensure a high quality in construction.

5.53 The following table summarizes house characteristics:

Table 12: Characteristics of the Resettlement Houses

House type	Rooms	Stories	Surface (m2)	Common characteristics	Common Minimal Interior Finish
1SS1	1	1	65	<ul style="list-style-type: none"> • Cellular concrete block walls, • Concrete floor slabs, • Coloured rock dust exterior finish, • Stone plating for foundation walls, • Concrete foundations, • Red tile roof, • Galvanized metal eaves and downspouts, • Wooden railings. 	<ul style="list-style-type: none"> • Simple paint with lime for walls and ceiling, • Oil based paint for bath and kitchen up to 1.5m height, • Oil paints for woodwork (windows & doorframes), • Wood plank flooring (rooms and halls), • Mosaic flooring (kitchen, bath, pantry) • Washed cement flooring (cellar), • Aluminium frame windows, • Wood Doors with wood frame, • Mosaic floor in balcony & terrace
1SS2	1	1	88		
2SS1	2	1	88		
2SS2	2	1	107		
3SS1	3	1	111		
3SS2	3	1	120		
3TS1	3	2	139		
4TS1	4	2	149		

5.54 Figure 7 shows some of the proposed designs.

5.55 New houses in Piatra Alba (Roşia Montană) will be provided with wood-burning systems for space and hot water heating. Houses in Alba Iulia will have the option to use gas for space and hot water heating.

Pricing Matrix

5.56 The proposed pricing matrix for resettlement houses and plots is presented in Table 13. A price is established for each combination [House + Plot], as well as for plots without a house intended for resettlers who would prefer to build their house themselves. This matrix will be used for each resettler to compare, with RMGC's assistance, the price of the different packages with the compensation he/she is entitled to for the old property. The prices are estimated based on the basic construction with minimum finishes.

Figure 7a: Design of Resettlement Houses – Examples

Figure 7b: Design of Resettlement Houses – Examples

Figure 7c Design of Resettlement Houses – Examples

Figure 7d Design of Resettlement Houses – Examples

Table 13: Resettlement Packages (House + Plot) – Estimated Pricing Matrix

Piatra Alba/Type of house	Footage sqm	Price with minimum finishes Euro	Cellar sqm	Cellar price Euro	Price with minimum finishes and cellar without land Euro	Price with minimum finishes, cellar and 400sqm plot at replacement value Euro	Price with minimum finishes, cellar and 600sqm plot at replacement value Euro	Price with minimum finishes, cellar and 800sqm plot at replacement value Euro
1SS1	65	13780	25	3500	17280	20612	22278	23944
1SS2	88	18656	25	3500	22156	25488	27154	28820
2SS1	88	18656	25	3500	22156	25488	27154	28820
2SS2	107	22684	30	4200	26884	30216	31882	33548
3SS1	111	23532	26	3640	27172	N/A	32170	33836
3SS2	120	25440	29	4060	29500	N/A	34498	36164
3TS1	139	29468	26	3640	33108	36440	38106	39772
4TS1	149	31588	30	4200	35788	39120	40786	42452

Alba lulia/Ttype of house	Footage sqm	Price with minimum finishes Euro	Cellar sqm	Cellar price Euro	Price with minimum finishes and cellar without land Euro	Price with minimum finishes, cellar and 400sqm plot at replacement value Euro	Price with minimum finishes, cellar and 600sqm plot at replacement value Euro	Price with minimum finishes, cellar and 800sqm plot at replacement value Euro
1SS1	65	13780	25	3500	17280	20612	22278	23944
1SS2	88	18656	25	3500	22156	25488	27154	28820
2SS1	88	18656	25	3500	22156	25488	27154	28820
2SS2	107	22684	30	4200	26884	30216	31882	33548
3SS1	111	23532	26	3640	27172	N/A	32170	33836
3SS2	120	25440	29	4060	29500	N/A	34498	36164
3TS1	139	29468	26	3640	33108	36440	38106	39772
4TS1	149	31588	40	5600	37188	40520	42186	43852

Principles
Self built option available for Piatra Alba
If the compensation value is not enough for a new house, the owner may choose a smaller house, for which the company can get construction licence
Three options of plot size
Based on payable items list an additional sheet is made for special features
Resettlement entitlement reserved to resident owners. Non resident owners
are not entitled to resettlement housing. Look at the case of non-owner residents
(especially usufruct Aries of shared ownership). Principle should be that they are entitled
to the full usufruct of a resettlement house, while the ownership of the house would remain with the indivise shared ownership.
Minimum finishes package – on both locations
Simple paint with lime for walls and ceiling
Oil based paint for bath and kitchen up to 1.5 m height
Oil paints for woodwork (doorframes)
Wood plank flooring (rooms and halls)
Mosaic flooring (kitchen, bath, pantry & terrace)
Washed cement flooring (cellar)
Aluminiu frame windows
Wood doors / wood frame

Mosaic floor in kitchen, bathroom, balcony, store room
Teracotta heating
Other finishes as per payable items list

Heating systems sqm	65	88	107	111	120	139	149
Piatra Alba wood heating system cost Euros	1300	1400	1500	1600	1700	1800	1900
Alba Iulia methan gas heating system cost Euros	1100	1200	1300	1400	1500	1600	1700

Additional Assistance to Resettlers

Transportation Assistance

5.57 RMGC will provide a maximum of two trips with a suitable vehicle in respect of each resettler family. RMGC will consider providing more trips, subject to a case-by-case assessment, to those people who would need more belongings to be moved. The same principles and conditions applicable to relocatees also apply to resettlers .

Harvesting Period

5.58 Resettlers will be allowed to harvest their existing crops. The same principles and conditions applicable to relocatees also apply to resettlers .

Salvaging Assistance

5.59 Resettlers will be allowed to salvage materials. The same principles and conditions applicable to relocatees also apply to resettlers .

Replacement of Agricultural Land

Background

5.60 Consultation with local residents indicates that affected people would be prepared to travel up to 2.5 kilometres to work their pasture or hay land, and up to 6 kilometres to harvest forested land. Forested land requires less frequent visits and so the extra distance is acceptable.

5.61 Many affected owners have indicated that they would prefer to “cash” some of their agricultural land in, rather than retaining all of it.

5.62 The socio-economic surveys show that small scale gardening, usually done on a small plot close to the dwelling, is a source of livelihood. The surface of homestead plots offered in some cases may be insufficient for gardening, thus additional land will need to be made available in the vicinity of the homestead.

Availability of Agricultural Land in the Vicinity of Resettlement Sites

5.63 Agricultural land in significant surfaces is available in a 2.5 km radius around the resettlement sites as shown by table 14, which also shows forest land that could be available in a 6 km radius:

Table 14: Agricultural Land Available in the Vicinity of Resettlement Sites

Resettlement Site	Pasture (Council Land)	Arable/Hay (Private Land)	Forest (Council Land)
Roşia Montană	50 ha	50 ha	162 ha
Alba Iulia	Exact details to be determined as needed,		

Policy

5.64 Agricultural land will be replaced either in cash or in land, at the resettlers’ option. The entitlement will be calculated based on rates shown in table 5. The resettler household may use a part of the compensation to “purchase” a replacement agricultural land, and be refunded the remainder in cash.

5.65 To the extent possible, the following will apply to the location of replacement agricultural plots:

- Open-field, hay, and pasture land will be located at less than 2.5 km distance of the resettlement site;
- Forest land will be located at less than 6 km distance of the resettlement site;

- Garden plots adjacent to the resettlement site will be available to those resettlers who presently have a larger garden than the homestead plot they will be provided with.

Public Infrastructure and Public Services in the Resettlement Sites

Road Infrastructure

5.66 Access roads to the resettlement sites will be constructed (Piatra Alba) or upgraded (Alba Iulia) in accordance with applicable Romanian standards.

5.67 Primary roads in the new Resettlement Areas will be asphalt-surfaced to accommodate year-round transportation and public transit; secondary roads will be gravel surfaced.

Schools, Local Government and Public Services

5.68 A school will be constructed at Piatra Alba. It will include a kindergarten, a primary school from grades one to eight, and a gymnasium. The built surface will meet the needs of the growing community living in Piatra Alba .

5.69 Schoolchildren of households resettling in Alba Iulia will have access to existing Government schools in the vicinity of the resettlement site.

5.70 Local Government and public services facilities presently available in Roșia Montană, including the Town Hall, the Police Station, the Post Office, the Cultural House, the Medical Center, and the public plaza will be rebuilt in Piatra Albă.

Water, Sanitation and Power

5.71 Every plot will have piped water and waterborne sewerage. For resettlers in Piatra Alba, the water supply will be from the existing system of springs on Vartop, which now supply the existing plant at Gura Roseii, together with Gura Roseii and surrounding villages. A new transmission main will be laid and a new reservoir will be constructed to the Piatra Alba site. The reservoir is designed to provide fire flow. In Alba Iulia, Furcilor Hill site, the resettlers will be directly connected to the town water supply mains.

5.72 In Piatra Alba, those residents preferring to have a pit latrine, as they do now, will be allowed to do so. Those residents preferring an indoor waterborne system will be connected to the sewage collection system. The sewage will be treated at a package waste water treatment plant at the base of the hill, adjacent to the main Campeni – Abrud road, and the treated effluent will be discharged to the Abrud river. In the Alba Iulia Furcilor Hill site, the resettlers will connect to the existing sewage collection system.

5.73 Low voltage electricity lines are adjacent to or nearby the two resettlement sites. An electricity supply will be provided in all resettlement sites and houses will be connected to the service. RomTelecom will replace the telephone network.

Churches & Cemeteries

5.74 Consultation with representatives of each congregation having property in the Project-Affected Area has started and is on-going. RMGC will either compensate for churches and other church property, or reconstruct them in Piatra Alba depending on the results of the consultation and on the numbers of congregants being resettled in Piatra Alba. In Alba Iulia, there are adequate existing church facilities and cemeteries that can accommodate the slight increase in population that will result from resettlement. More information about these are available in the Heritage Management Plan, produced by the company.

5.75 Prominent sites have been planned in Piatra Alba for some new churches. Land has been secured at the Piatra Alba site for cemeteries, which is adequate both to replace cemeteries in Roșia Montană impacted by the new Mine and to fulfill the requirements of cemeteries for a *comuna* of the

size of Roşia Montană. Graves will be resettled according to applicable Romanian legislation (Order 351982 and Order 235/2002).

LIVELIHOOD RESTORATION

Business Re-Establishment Package

Principles

5.76 RMGC's aim is to assist eligible businesses to re-establish themselves in a new location. Compensation for immovable physical assets will be managed separately, in accordance with the guidelines set out in this RRAP for the compensation of structures. Baseline information on the 34 affected businesses is presented in Annex 4.

Eligibility

5.77 Eligibility criteria are the following:

- The business is physically located within and is currently operating within the Project-Impacted Area;
- The business is legally licensed to conduct business at its current location and is actively conducting business.

5.78 Employees losing their jobs as a result of the business stopping operation will be compensated on a case – by – case basis. In average, they should receive the equivalent of three month salary.

Compensation Options

5.79 Businesses will not be purchased by RMGC, but will receive a compensation for lost income during the disturbance period. In practice, they will be able to choose the highest amount resulting from one of the following three options:

- An Euro 3000 lump sum; or
- The sum of one year's turnover as reported to the fiscal authorities for 2001-2002 *PLUS* twenty percent; or
- Five times gross profits as reported to the fiscal authorities for 2001-2002 *PLUS* twenty percent.

Due to the longer duration of the project than expected, the amounts still to be compensated (not paid yet) will be increased by 50% to cover the lost income during the time passed from the first down payment made as part of this commercial compensation. The compensation will be paid in RON at the day exchange rate of RON\EURO.

5.80 Business owners over the age of 60 may not want to or may not be able to re-establish their business effectively before they wish to retire. Business owners in this position and choosing to close their business will be able to choose their best outcome from the three compensation options and then apply to receive one and a half times that amount.

5.81 Businesses that meet the above qualifying criteria and are primarily based in the mine impacted area, but derive some or all of their income from clients or markets outside the mine impacted area will receive compensation based on their overall business turnover. The newly registered small businesses starting 2003 be analysed also from the economical impact produced by the project.

Skill Enhancement Fund

5.82 RMGC has created a Skills Enhancement Fund, as part of an education and training programme for displaced people from the Project-Impacted area. This fund is meant to help the restoration of livelihood for relocated and resettled persons whose productive skills may be less applicable in their new situation. The objectives of the RMGC Skills Enhancement Fund is to provide affected household

members with education and training support to improve their socio-economic opportunities, help them participate in RMGC's small business finance fund, and to improve vocational skills.

5.83 RMGC assigns to each relocated or resettled household an amount of up to a maximum 800 Euro (1000 US\$) towards the cost of one or more designated family members undertaking an education or vocational training course of their choice.

5.84 To increase the opportunities for local people to be selected for employment in the new plant and mine, the company has organised free open courses for computer skills and English language training for inhabitants of the Project Impacted area who are interested in improving their knowledge in these fields. Attendees of the computer skills training course will receive a certificate that is consistent with certification demands of certain employers.

5.85 The above training and grant programmes are designed to be a stimulus to relocatees and resettled persons to undertake small business enhancement and to benefit from the RMGC financial programme designed for this purpose.

5.86 The financial support for skills enhancement program will be available only for individuals or families resident of household, owners of properties (households) in the Project Impacted Area who have signed sell/purchase/agreement with the RMGC for all their properties existing in the Project Impacted Area, whether they elect to relocate or resettle.

5.87 The implementation of the Skill Enhancement component started in June 2004 and 45 relocated families have already accessed this fund.

Small Business Enhancement Assistance

5.88 A loans programme is being implemented to provide micro-finance and small business development through loans that will be arranged for approved proposals. The loans programme is designed to assist income restoration and economic growth for eligible people displaced by the project who wish to create new businesses or to develop existing businesses.

5.89 These measures are intended to provide sufficient resources to help displaced persons to start a business, or develop an existing one in the new location area, or access larger funds from local and international financial markets. Assistance given to resettlers and relocatees will be directed at improving former levels of production, income earning capacity and living standards, or at least at restoring them to the levels they would have been at without the project. In this respect, the Company has set aside funds that will be available for micro loans financing through a revolving credit scheme. The lending program will be supported by training in managing credits, for running small businesses, and for learning to access larger grants and loans from financial institutions. The program will also provide business advocacy and financial consultancy.

Linkages With Other Social Plans Prepared by RMGC

Community Sustainable Development Plan

5.90 RMGC has developed a management plan to deal with the RMP's *indirect* impacts and associated social and economic issues, namely the Community Sustainable Development Plan (CSDP).

The CSDP has been prepared as part of the Environmental Impact Assessment (EIA). The RRAP focuses on the acquisition of surface rights and mitigating associated socio-economic impacts concerning physical and economic displacement because of the RMP. Whereas, the CSDP targets a wider geographical area and aims to mitigate a range of measure and to maximise the socio-economic benefits of the RMP.

5.91 In summary, the principle differences between the RRAP and CSDP are described below:

- RRAP regards direct impacts related with land acquisition, physical and economic displacement.
- CSDP regards indirect impacts, such as influx of job-seekers, disruption to the social fabric, restrictions of access resulting from mine construction or operation activities, and economic impacts such as inflation.
- In addition, the CSDP provides a framework to promote ongoing and sustainable economic and social development of the Community. These efforts will supplement measures committed by RMGC in the RRAP. The CSDP contains a range of measures, instruments, tools and initiatives to help local communities deal with less direct impacts, as well as to strengthen the areas' social and economic condition.

Hiring Policy

5.92 Through its Hiring Policy RMGC aims at minimizing the influx of non-Community job-seekers and maximizing job opportunities for local community members. This hiring policy will give preference in order of priority for workers with equal capacities and qualifications to:

1. Those persons resident in the Project-Affected Area in 2004;
2. Rosiamin and RMGC employees resident in the Comuna of Roşia Montană or the Orasul of Abrud;
3. Rosiamin and RMGC employees resident elsewhere in Alba County;
4. Other persons resident in Alba County;
5. Other persons resident in Hunedoara County;
6. Persons non-resident in Alba or Hunedoara Counties.

The hiring policy, RRAP and the CSDP also contain additional measures to assist local people to gain employment with the RMP or partake in associated economic development in the Community via skills enhancement, training and educational opportunities, and small business assistance.

Procurement Policy

5.93 RMGC also has a procurement policy committing RMGC, its EPC contractors and sub-contractors to procure goods and services as much as is feasible from locally- and regionally-based firms. The provisions of the procurement policy are intended to maximize opportunities for local and regional businesses with regard to the RMP.

ASSISTANCE TO VULNERABLE PERSONS

Government Assistance to Vulnerable People

5.94 Romanian legislation provides several assistance packages intended for vulnerable people:

- The Minimum Guaranteed Income (Law 416/2001) is currently 3630 000 Lei/month for single people and 1 660 000 Lei/month assistance for a two-person family below it, etc... About 50 people receive this grant in 2002 in the *comuna* of Roşia Montană, and a total of 155 for both Roşia Montană and Abrud, with more applying during winter;

- The State Grant for Children (Law 61/1993) is currently 200, 000 Lei/month;
- The Social Assistance for the Elderly (Law 17/2000) includes various services (temporary or permanent care at home or in a variety of social institutions) and other provisions;
- The Housing Law (Law 114/1996) includes a local government responsibility regarding social housing. Social housing is defined as subsidized rented housing for persons or families whose living standard is low and who cannot afford a private or rented dwelling under free market conditions. A social dwelling can involve construction of new or rehabilitation of old housing. Social housing can be rented cheaply to families whose net monthly income over the previous twelve months was 20% below the Minimum Guaranteed Income.

5.95 Annex 16 provides details on the legislation applicable to assistance to vulnerable people.

Vulnerability in the Project-Affected Area

Poor Elderly

5.96 Poor elderly, and particularly poor single elderly people, are a key category of potentially vulnerable people. They rely on established informal support networks for assistance. The type of assistance could include household chores they are no longer able to perform themselves, e.g. chopping wood, bathing, preparing meals, life chores such as getting to a clinic to see a doctor, emotional support, etc.

5.97 Those who are strong enough are engaged in subsistence activities or marginal income generation, such as some gardening activities, tending poultry or other small animals, and childcare.

5.98 The poor elderly survive on a small old age pension (if they saved during their working life) or the Minimum Guaranteed Income (if they did not save). In most cases, they do not own real estate and live in nationalized housing, social housing, low rental accommodation, or by some informal arrangement live in rent free accommodation from which they may benefit no longer after displacement.

Poor Single Female-Headed Households

5.99 This category refers specifically to the poorest among single female heads of households. Like the poor elderly, poor single female heads of households will likely rely on informal support networks for a range of assistance such as child care (enabling mothers to work), credit, marginal income generation activities tied to these networks, etc.

5.100 Poor single female household heads rely on the Minimum Guaranteed Income, as well as the Child Support Grant for meeting their household needs. They do not own real estate and live in cheap accommodation.

Poor Handicapped or Chronically Ill

5.101 Poor handicapped (mentally and physically) and their primary care-givers rely on informal network supports as well as income generation activities dependent on the former. The poor handicapped survive on the Minimum Guaranteed Income.

5.102 The same applies to the chronically ill (mentally and physically). Moreover, those who are chronically ill with heart disease, high blood pressure and other stress sensitive illnesses may have special difficulties during the moving and transition periods.

Potential Impacts of the Displacement on Vulnerable People

5.103 Physical displacement could result in the following impacts to vulnerable people:

- Loss of accommodation, particularly for those who do not own property (tenants) and are therefore not eligible to compensation for properties, or for residents in a house held by multiple owners (see above)
- Loss of source of livelihood, particularly for those engaged in gardening and similar activities,
- Weakening or loss of support networks.

Proposed Assistance Measures

Principles

5.104 RMGC’s policy for vulnerable people aims to complement the provisions of Romanian legislation and the responsibilities of the Local Councils of Roşia Montană and Abrud, where they are either non-existent or inadequate and where persons or households are at risk to be further impoverished or made more vulnerable by displacement. RMGC is not responsible for providing for vulnerable persons *per se*, but will provide assistance in relation to vulnerability that is created or exacerbated by the Project.

5.105 RMGC’s vulnerable people policy will include assisting the responsible organizations in the following areas:

- Social housing,
- Access to employment,
- Access to existing assistance mechanisms,
- Services to different groups of vulnerable people as detailed hereunder. All these initiatives and actions are part of a program named GNP whose full description can be found in CSDP.

5.106 Vulnerable people will also be specifically monitored by RMGC.

Eligibility

5.107 RMGC’s policy on vulnerable people will apply to individuals who live within the boundaries of the Project-Impacted Area.

5.108 Vulnerable people entitled to RMGC’s vulnerable people assistance should meet the following criteria:

- Must be on Minimum Guaranteed Income support or on another Government income support equal to or less than the Minimum Guaranteed Income and
- The Local Council (ie. Roşia Montană or Abrud Local Council - whichever is applicable) advises after assessment that the person/household is eligible for assistance.

5.109 RMGC established a register of vulnerable people living in the Project-Impacted Area in liaison with both local councils of Roşia Montană and Abrud which is continuously updated.

Employment

5.110 RMGC signed a protocol with the Mayors of Roşia Montană and Abrud giving first preference for employment to persons from these areas. RMGC’s Human Resource Department will set up a registration and screening system for job applications. In particular, RMGC will fast track for special consideration all those persons on the list of vulnerable people who are employable. Hiring will remain subject to RMGC’s operational requirements. These employment policy elements are widely described in CSDP.

Housing

5.111 Local Councils are responsible for social housing for eligible persons under Law 114/1996. Currently, a social housing unit in Roşia Montană *comuna is being built..*

5.112 A number of people in the Project-Impacted Area who are not property owners live in what is termed “nationalized” housing. However, they are in the process of receiving title to their residences from the State and will be compensated as such. A second group of people potentially requiring housing assistance are those who do not own property but have been living rent-free in an affected dwelling, are very poor and have nowhere else to go. A third group are very poor tenants who have prior longstanding low rental rates with landlords that they will not be likely to get elsewhere, but to date this is a very small group composed of only three cases.

5.113 Building social housing or making it available to vulnerable people is a Local Council responsibility under the Social Housing law. However, in the event where no social housing solution is found for vulnerable people after they are displaced, RMGC will cover their relocation expenses, including the rent of an appropriate dwelling until persons or households in need can secure social housing from their Local Council or elsewhere, and the cost of moving.

Location of Resettlement Housing and Moving Assistance

5.114 Every effort will be made to locate vulnerable people in more convenient central parts of the new resettlement sites (if they wish) or to move them where possible at the same time and to the same place as their neighbours (if they wish) so that they can maintain as far as possible their informal support network. RMGC will also provide moving assistance to vulnerable people who need it.

Services to the Poor Elderly and Poor Handicapped

5.115 Some elderly or handicapped people might find themselves without their usual informal support networks as a result of neighbours or family moving. These support networks could include providing homecare assistance such as cutting wood, cleaning the house, cooking, bathing, etc. Under Romanian law, elderly and handicapped people are entitled to such services from the government. The provision of these services is a Local Council responsibility.

5.116 RMGC will endeavour, as much as possible, to ensure that elderly or handicapped people (and other vulnerable persons) are moved and clustered as near as possible to their current neighbours, relatives and other people who form part of their informal support networks. The RMGC resettlement planning team will conduct interviews with elderly (and other vulnerable people) who wish to resettle to find out where they want to be in relation to their support networks.

5.117 In the event where displaced elderly people are observed to experience specific hardship after they are displaced, RMGC monitors them and supports services to them (wood collection, housekeeping, etc...). More elements are mentioned in the CSDP at GNP description.

Services to Poor Single Women Household Heads

5.118 Poor single women heads of households with young children will also be supported as much as possible with job opportunities. Specific support for child care may be provided to women with young children on a case by case basis, to give them the opportunity to take up employment.

6. IMPLEMENTATION

ORGANISATIONAL FRAMEWORK

Overview

6.1 RMGC is responsible of the implementation of the Resettlement and Relocation Action Plan, and implements it with its own staff and consultants where needed. The implementation of the RRAP requires cooperation between RMGC on the one hand, central and local Government institutions and organizations representing the community on the other.

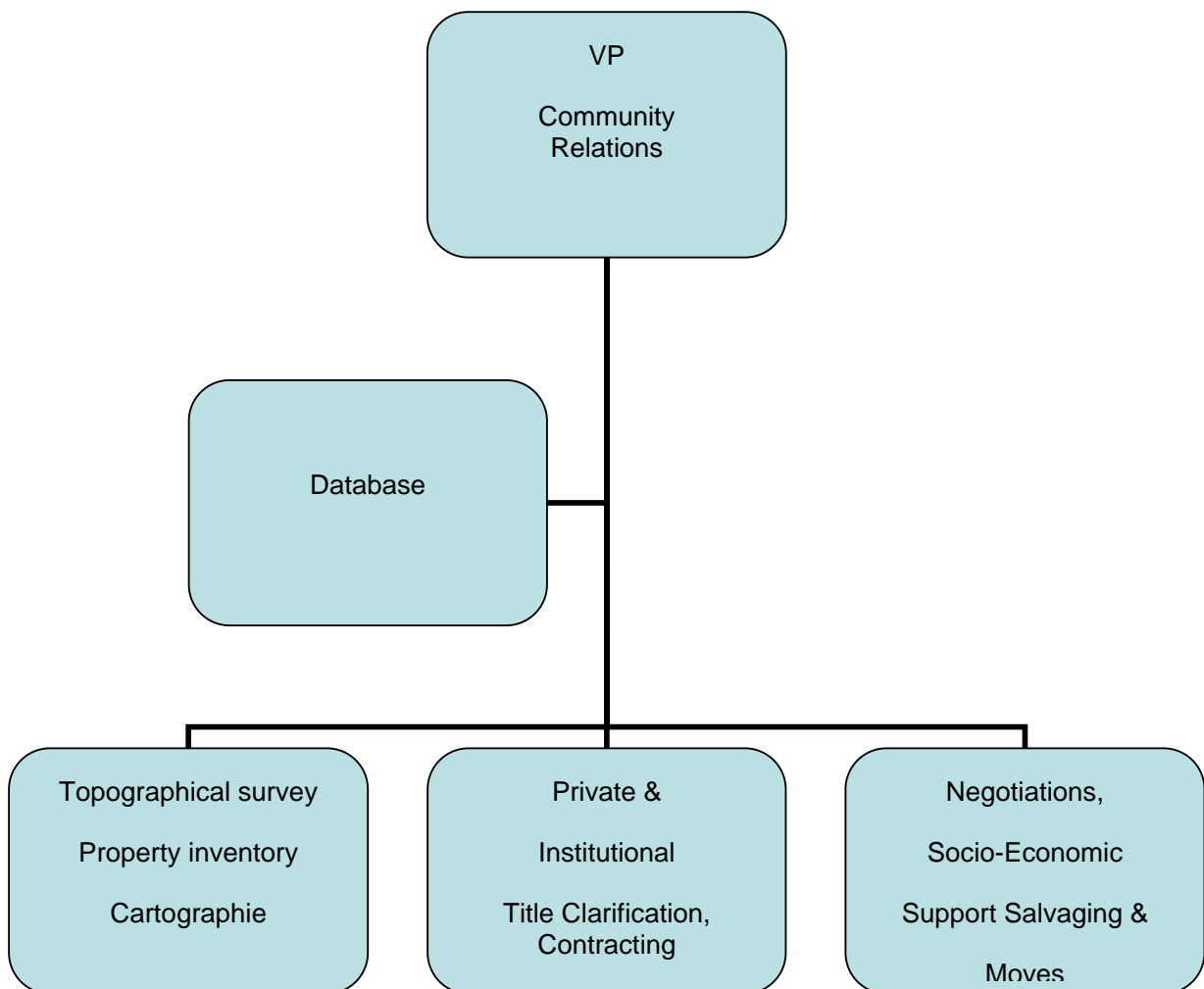
RMGC Organization for the Implementation of the RAP

Responsibilities and tasks

6.2 RMGC’s Community Relations Department is in charge of the implementation of the Resettlement and Relocation Action Plan and other plans developed from the RRAP. Senior positions in the Community Relations Department are occupied by qualified Romanian experts. The manager of the CRD is based in Roşia Montană and reports to the General Manager of RMGC.

6.3 The permitting and construction of resettlement sites is under the responsibility of the Project Vice President of the Company.

6.4 The following graph shows the organization of the CRD.



6.5 The total staff and consultants (full-time and part-time) of the Community Relations Department is about 50 individuals.

6.6 Staff capacity is developed on a continuous basis, through the involvement of Romanian and international specialists in areas such as:

- Social dynamics and sociology,
- Public consultation and communication,
- Resettlement policies,
- Asset valuation (land – agricultural experts, houses – real estate experts),
- Social development, livelihood restoration, social and economic monitoring,
- Legal issues related with negotiation, sale and purchase of real estate, compensation and reconstruction of public facilities.

Office Space and Equipment

6.7 The Community Relations Department has office space in downtown Roşia Montană, accessible to the general public at all times.

Liaison with RMGC's Other Teams

6.8 The CRD manager reports to RMGC in-country manager. The CRD is to liaise with the Project Department within RMGC, which at the present stage supervises the permitting process, and will later take care of resettlement sites development and housing construction.

Government Involvement

6.9 Government institutions are involved through the different permitting procedures required by the resettlement and compensation process, mainly the following:

- Development and update as needed of the PUGs and PUZs, both for the affected area and the resettlement sites (the PUGs and PUZs are reviewed at county level before approval by the relevant town councils);
- Construction Authorizations for the different components involved in the resettlement, both infrastructure (access road and primary roads inside the resettlement sites), and buildings (houses and institutional buildings).

6.10 RMGC will liaise as needed with all central and local Government institutions involved.

6.11 RMGC liaises on a daily and weekly basis with the concerned councils of the *comuna* of Roşia Montană and the *orasul* of Abrud, and will continue to do so throughout the whole implementation of the RRAP.

MANAGEMENT OF GRIEVANCES AND DISPUTES

First Instance Mechanism

6.12 The Community Relations Department will appoint a part-time grievance officer. His/her name, office location and reception hours will be publicly released through the company's gazette. This officer will screen grievances for further consideration by RMGC. A registry of grievances will be opened where the date of the grievance submission will be registered together with the name and signature of the aggrieved individual. Grievances can also be submitted in writing. Aggrieved persons will be requested to provide supporting documentation as needed, and can be heard by a representative of RMGC senior management if deemed necessary by either party. Aggrieved persons can be assisted by a counsel of their choice.

6.13 Any grievance submitted following the above-mentioned procedure will be responded to in writing by a senior official of RMGC within a maximum of one month. Except in complex cases where

additional investigation or involvement of third parties is required, this response will in general include a settlement proposal.

Second Instance Mechanism

Ombudsman

6.14 RMGC will hire an independent ombudsman to serve as an independent observer and mediator in grievances. This ombudsman should ideally be a highly regarded lawyer or other suitable person familiar with the area and human rights and/or social issues. He/she will be available to the public on a part time basis (for example one day every month) in Roşia Montană.

6.15 The ombudsman will be hired following a transparent advertising process through the Romanian press. The terms of reference for the ombudsman’s services will be made public. The final selection will associate both concerned mayors (Roşia Montană and Abrud).

6.16 RMGC will provide facilitation to the ombudsman as follows:

- Secretarial services and office,
- Unrestricted access to compensation files.

For more details on the mechanisms, please see RRAP Evolution Report Annex

Process

6.17 Any grievance that has received a negative answer or unsatisfactory settlement proposal from RMGC can be submitted by the aggrieved person to the ombudsman.

6.18 After hearing both parties independently, the ombudsman will mediate between them and attempt to find a settlement acceptable to both.

6.19 The ombudsman will independently prepare a quarterly report that will be available to the public in Roşia Montană information centre and on the Project web site.

Court Action

6.20 Any citizen has access to court action in conformance with applicable laws. This applies also to RMGC as a Romanian legal person.

INFORMATION AND CONSULTATION

Information

6.21 RMGC has developed a Project Gazette, about 14 issues of which have already been released and distributed to each household living in the Project-Affected Area. This gazette has proven a useful tool for disseminating information about the Project progress, and compensation, resettlement and relocation policies. RMGC will continue using this channel of information during the implementation of the RRAP.

6.22 RMGC is in regular contact with Mayors and Municipal Councils of both Roşia Montană and Abrud, about general issues of compensation, resettlement and relocation, and more specifically about the reconstruction of communal infrastructure at Piatra Alba and permitting issues.

6.23 RMGC operates a Public Information Centre in Roşia Montană, which is open to the general public to obtain information and to read documentation.

6.24 A lot of RMGC’s employees reside within the community, and this constitutes another channel of non formal, albeit valuable, information.

Consultation on the Revised RRAP and Disclosure

6.25 Consultation on the revised RRAP will be organized as follows and in the following order:

- Revised compensation policies were presented to the municipal councils in both Roşia Montană and Abrud,
- Revised compensation policies were released in writing using the Project Gazette,
- The complete compensation methods in Romanian are being made available to the local public in the Public Information Centre. The full revised RRAP will be made available publicly in both Romanian and English on the web site of the company .
- A few days after the gazettes were released, several public meetings were organized (at least Roşia Montană , Abrud, Corna) to clarify information and to obtain a first set of reactions from the affected communities,
- A series of Group Discussions were organized to obtain more precise reactions and suggestions to the proposed compensation policies,
- These reactions and suggestions were reviewed by RMGC, and the RRAP is amended to reflect them.

The compensation principles and revised compensation rates have been presented in advance during the implementation phase of the Options Program started by the company on 01/12/2005. For more details see the Annex RRAP Evolution Report

6.26 Once consulted upon locally and registered as part of the EIA application, the final 2006 RRAP will be disclosed to the international public through RMGC’s web site.

MONITORING AND EVALUATION – CHANGE MANAGEMENT

General Objectives of Monitoring and Evaluation

6.27 Evaluation and monitoring are key components of the Resettlement and Relocation Action Plan, and as such are part of RMGC’s commitments. RMGC will be operating the Roşia Montană mine for about 16 years, and perhaps longer should additional existing resources prove economical. Various evaluation and monitoring activities will be undertaken over this period of time.

6.28 Monitoring and evaluation have the following general objectives:

- Monitoring of specific situations or difficulties arising from the implementation, and of the compliance of the implementation with objectives and methods as set out in the Resettlement and Relocation Action Plan;
- Evaluation of the mid-and long-term impacts of the Resettlement and Relocation Action Plan on affected households’ livelihood, environment, local capacities, on economic development and settlement;

6.29 Monitoring aims at correcting implementation methods during the course of the program, as required, while evaluation is intended at providing lessons learnt for amending strategies and implementation in a longer term perspective. Monitoring will be essentially internal whereas evaluation will be external.

Monitoring

Scope and Content

6.30 Monitoring will address the following aspects:

- Negotiation process and conclusion of agreements;
- Social and economic monitoring: follow-up of the economic and social status of relocatees and resettlers, access to employment, cost of housing in the area, re-establishment of agriculture, actions targeting vulnerable people;

- Technical monitoring: supervision of infrastructure and housing construction, commissioning and testing of the technical components of the resettlement housing;
- Implementation organization: adequacy of staff and means vis-à-vis the tasks;
- Grievances and grievance management system;
- Assistance in livelihood restoration: business re-establishment and assistance, skills enhancement and small loans component;

6.31 RMGC keeps the following statistics on a monthly basis, together with all useful material to give a proper picture of the implementation:

- Negotiation/acquisition/resettlement option: Pre-contracts, sale-purchase agreements, payments of compensation or resettlement options finalized;
- Relocation: number of relocatees moved, their destination, and to the extent possible, how they are accommodated in their new location (definitive/temporary, standard, cost);
- Resettlement: number of resettlers moved;
- Construction: indicators relevant to the works being carried out;
- Implementation Organization: staff and changes compared with previous quarters;

6.32 A monitoring report will be developed internally by RMGC, posted on the Project’s website in Romanian and English, and made available in Romanian at the information centre in Roşia Montană. This monitoring report will be done when the acquisitions will approach 50% of the total number of people (see RRAP Evolution Report Annex)

Responsibilities

6.33 Monitoring will be undertaken internally under the responsibility of the Community Relations Department. So far, the Community Relations Department has collected information on a number of 334 families already relocated.

Evaluation

Evaluation Objectives

6.34 Reference documentation for the evaluation will be the following:

- This Resettlement and Relocation Action Plan;
- The Romanian laws and regulations as described above;
- The applicable WBG Safeguard Policies, i.e. OD 4.30 “Involuntary Resettlement”.

6.35 The evaluation has the following specific objectives:

- General assessment of the compliance of the implementation of the Resettlement and Relocation Action Plan with objectives and methods as set out in this document;
- Assessment of the compliance of the implementation of the Resettlement and Relocation Action Plan with laws, regulations and safeguard policies as stated above;
- Assessment of resettlement and relocation procedures as they have been implemented;
- Evaluation of the impact of the resettlement and relocation programme on incomes and standard of living, with focus on the “no worse-off if not better-off” requirement;
- Identification of actions to take as part of the on-going monitoring to improve the positive impacts of the programme and mitigate its possible negative impacts, if any.

Evaluation Indicators and Methodology

6.36 As part of the preparation of this program, RMGC has set up a comprehensive database of Project-Affected People. This will form the baseline for evaluation against which future evolution will be assessed.

6.37 At an appropriate time, the same sample of about 250 Project Affected Households will be administered the same questionnaire that was used in July 2002. The sample will be checked for adequate representation of both resettlers and relocatees, and may be complemented if required, but it is necessary that the core of the initial sample be investigated again. People who benefit from the specific assistance packages offered by RMGC (Vulnerable People, Skill Enhancement, Small Business Loans) will be targeted as a separate group.

6.38 The key leader survey that was undertaken in July 2002 will be redone using a similar questionnaire and targeting the same individuals.

6.39 The resettlement component will be specifically evaluated against the following indicators, applied to all two resettlement sites:

- Technical factors related to housing: durability of materials, maintenance requirements and cost;
- Architectural and usability factors related to housing: convenience, satisfaction of inhabitants of both sexes;
- Socio-economic factors: access to employment, livelihood restoration, agriculture.

6.40 In addition, identified vulnerable people will be put into specific focus, and the methods for assisting them will be assessed. A sample of people identified as vulnerable will be addressed by a specific survey.

6.41 The grievance management system will also be evaluated, taking into consideration the company's perspective, as well as the ombudsman's and some sampled aggrieved individuals.

Auditor

6.42 The auditor will be an independent consultant or NGO with experience in RAPP design and practical implementation, and with no previous involvement in the Project. The detailed terms of reference for the evaluation will be prepared by RMGC and publicly released.

6.43 RMGC will offer unrestricted access to its internal documentation to the evaluator.

Process

6.44 The evaluation reports will be publicly released.

6.45 The independent evaluation of the RAPP implementation will take place in two successive stages:

- Within one year after the number of resettlers or relocatees will approach 50% of the impacted population: 1st mission of evaluation;
- 2 years after full completion of the implementation: 2nd mission of evaluation.

6.46 Both evaluations will be carried out following similar methodologies and using the same indicators.

Change Management and Associated Consultation

6.47 In the event where significant changes to policies and/or procedures are deemed necessary, RMGC will proceed as follows:

- Use of the Project Gazette to advise of a potential change in certain aspects of policies or procedures;
- Public meeting to explain the details of the proposed change and the rationale;

- Focus Group Meetings if required by the extent of the proposed change;
- Public release of the finalized amendments to policies and/or procedures.

IMPLEMENTATION SCHEDULE

6.48 The implementation schedule is presented in Figure 8 hereunder.

IMPLEMENTATION BUDGET

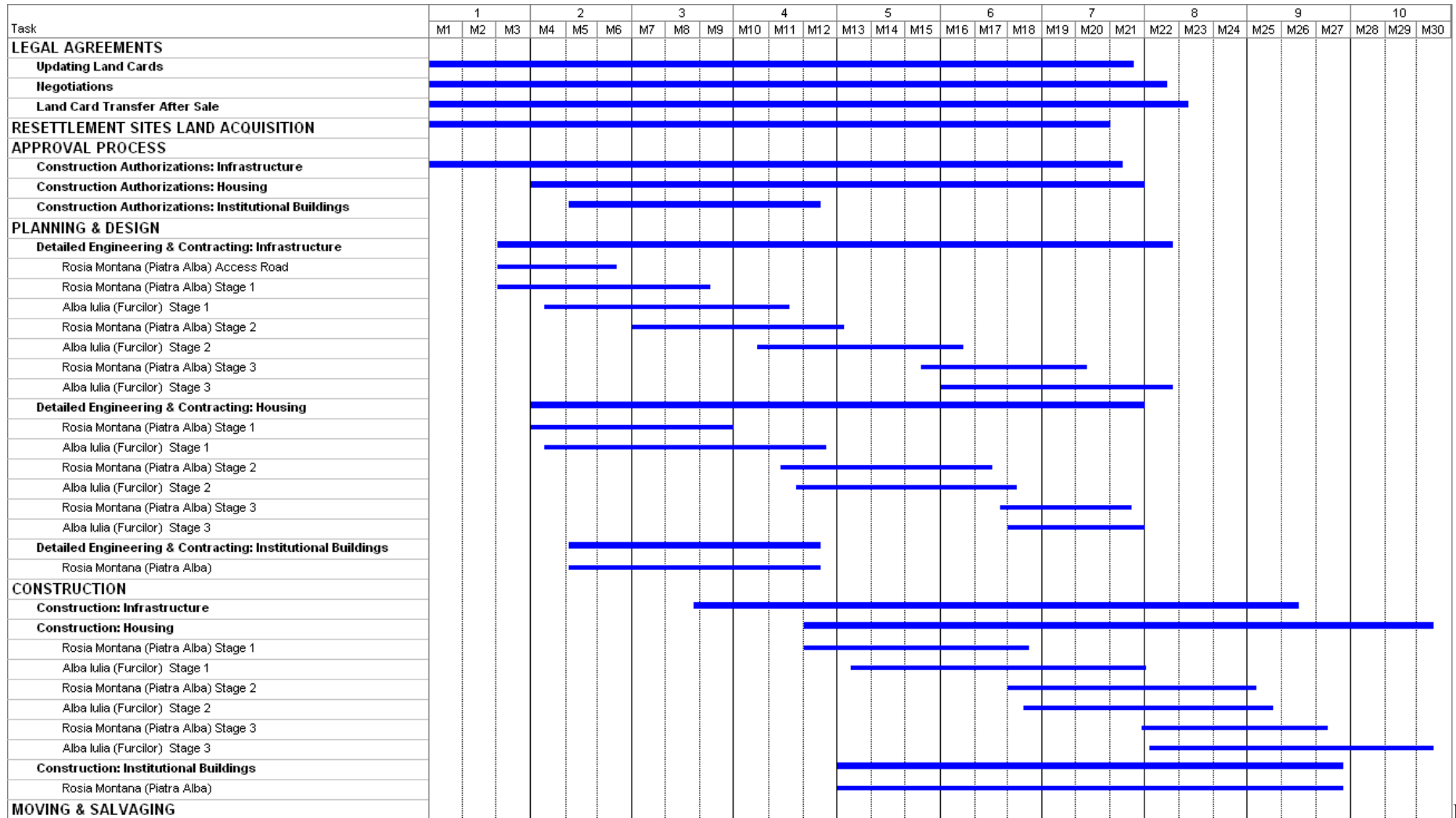
6.49 The implementation budget is presented in Table 15 hereunder.

Table 15: Summary RRAP Budget

#	Item	Cost - Euro
1	Compensation private properties	57800000
2	Resettlement Piatra Alba and Alba Iulia infrastructure development	2700000
3	Institutional and congregation	7700000
4	Livelihood restoration	1950000
5	Implementation	1250000
	GRAND-TOTAL	71400000

Figure 8 – Implementation schedule

M1: January 2006



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