

Ministerul Mediului si Dezvoltare Durabile
CAT Committee – Rosia Montana EIA Report
12 Libertatii Boulevard,
Sector 5
Bucharest
Fax: 021 316 0421
Email:angela.filipas@mmediu.ro
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Contestation

To The Technical Analysis Committee for the Assessment of the Rosia Montana EIA Report

RE: Reply to the contestation submitted by Sorana Toma

We had begun our contestation by deploring the fact that the RRAP is not an official document. By that, we didn't argue about its legitimate character or its reason to exist; on the contrary, we expressed our conviction that such a document *should* be part of the assessment process leading to the granting or the denial of an authorization to start the mining project. We believe that the consequences of the project and of the resettlement process it involves upon the livelihood of the people living in the affected zone should be taken most seriously.

A proof of such seriousness should be an examination of the RRAP by an independent committee who has the power to reject the project on the basis of an inadequate and faulty Resettlement Plan. Not only should the commission condition the granting of the permit on the accuracy and feasibility of the Plan, but it should also assure a supervising function, should the project start. Until the RMGC is not bound by an independent legal power to respect its commitments as stated in the RRAP, or, in other words, **until the RRAP does not become a legally binding document, it cannot be fully considered and evaluated.**

The response of the RMGC to our observation was that the RRAP is legitimate and public because a) developed in accordance with World Bank guidelines and b) involving the community in the decision making process. First, we must underline that this was not our comment: what is legitimate and public may not be legally binding. Second, its legitimate character is what needs to be proven.

Interesting to observe is also the Company's understanding of "community involvement". In the first lines it is said that the community has been involved in all the decisions regarding its future. Further on, the authors state: "the community *is informed* regarding each change occurred, through newspapers, announcements and public consultations". Also: "*some decisions taken are also discussed* in meetings with the chosen representatives of the community". **We conclude that the involvement of the community in the decisions making process is limited to public information and discussions, regarding some of the decisions, with community representatives. Our understanding of the people's participation was somewhat broader.**

Another point of our contestation was the necessity, as stipulated by the WB guidelines (O.P 4.12 Para11), to go beyond compensation in the case of rural populations and to replace land with land. The response of RMGC was that their strategy is in complete accordance with this

principle as they compensate lost property at full replacement value – market value of land of equal size and (productive) use - plus land preparation, transport and other costs or taxes.

However, we consider that our contestation has not been fully understood, thus revealing a potential confusion within the Company. **RMGC strategy is a financial reparation strategy which involves paying cash to people in order for them to acquire similar properties elsewhere** - it involves the payment of a „relocation package”. Or, the „land-for-land strategy” means resettling the community (or part of it) in a different location, thus replacing lost property (land or houses) with similar ones. There is no financial disbursement, but a replacement „in nature”.

Recommendations for such a strategy were triggered by the results revealed by several studies of resettlement cases, showing the inefficiency of the financial retribution. Often, speculations or simply the enhanced demand for land artificially inflate the land prices near major development projects, creating a gap between the received compensation and the actual replacement cost. Even more often, people do not find the amount of agricultural land they used to own in the vicinity of their new location. Many studies have also recorded how cash compensation is depleted by oustees in short periods, by fraud, for repayment of old debt or in conspicuous consumption.

All these arguments plead for a viable land for land strategy – a resettlement strategy – and it was this one that we considered faulty in the RRAP. Our argument, and we are bound to repeat ourselves, is that the Company does not actually offer the Rosia Montana community the option of resettling together, as a community or part of it, in a new location. The resettlement site at Piatra Alba is not a viable alternative since its surface is 10 times smaller than the one the Company will have to acquire from the community. We do not see how in a surface of 100 hectares (in Piatra Alba) the Company will not only reconstitute a community that holds lands 10 times larger but also include “areas for social gatherings” and all the public interest buildings (including a football ground and a skating rink) they promise to include.

Therefore, the inhabitants of Rosia Montana will not have the possibility of rebuilding their community elsewhere; each household will move independently. But the breaking down of the community also means the loss of an important social capital, not without some economic value. This social capital acts as an important safety net for the individuals, but is rarely recognized as an asset to be compensated for. It is important to learn from previous experiences, and that is how the World Bank has come to favor a land for land strategy. Unfortunately, the RRAP does not provide a viable resettlement option, concentrating only on a rather narrow financial retribution principle.

We reassert our statement that given that RMGC has claimed to have the support of the majority of the community for the proposed project, it was to be expected that a large part of it would opt for the resettlement pack and move into the new village at Piatra Alba, to benefit from all the advantages to ensue from this process. Although you state in your reply to our contestation that 73 individuals have signed a firm contract for resettlement, they are for the resettlement in Alba Iulia and not in Rosia Montana (Piatra Alba). According to your figures with which you provided us in your reply to our contestation “at this moment in time (April 2007) there are 30 requests for Piatra Alba out of which 14 are firm contracts”. It seems absurd to us that you can claim that you are proposing a mining project aimed to develop the region wherein only 14 of the 1000 families wish to remain. Even if the optimistic figure- 30 families- is considered, it remains ever so ludicrous in the present context for you maintain that the mining project stands for the reinvigoration of the area and will be an impulse for its further development. It is very obvious when comparing the figures you present that the

locals do not want to partake in the mining project: from the total of approximately 1000 families impacted by the resettlement and relocation process, only 160 have opted for resettlement and out of these only 14 wish to move to a location close to the project area. These numbers are not a reflection of a community relishing the new opportunity but rather a community under tremendous stress whose members have chosen to move as far away from 'the development project' proposed by RMGC as possible.

The breakdown of the community is thus one of the “traumatizing” aspects of the relocation process, but often only becomes apparent at a later stage. It is difficult to anticipate all the consequences of relocation and resettlement, and that is why people who haven't lived through this experience embrace such projects too carelessly in the beginning. They may come to regret it when it is too late. Indeed, most studies have shown that the majority of the people going through resettlement are impoverished following this experience and some never regain their previous status (Fernandes, Das, and Rao, 1989). The concerned population is not prepared by the Company to the potential difficulties it might encounter. Some inhabitants thus easily embrace the convincing discourse of RMGC which prefers to concentrate on presenting the project as the unique solution for improving their livelihood.

The Company's response to our contestation also details on the question of support programs designed to assist the relocated/resettled families in the restoration of their livelihood. It is indeed a crucial dimension for the success of any resettlement project and we are happy that they are included among the planned measures. However, although several families have already been relocated, we are left with the impression that these measures are still at the design level. **Neither the RRAP nor the response of the Company to our contestation suggests that these measures have been put into practice.** Should they have been applied, we would normally have expected some concrete evaluations of the readjustment processes of the relocated families. But the Company seems unwilling to share any such information, which would be the best proof of its capacity to keep its promises. Therefore, we find the absence of any such information to be quite worrying.

In as far as the project titleholder's attempt is concerned, to convince us that tourism and agriculture will coexist side by side with open-cast mining using cyanides, we feel we are entitled to doubt there is any realistic basis for this statement and to consequently restate that the future of the area is not with industrial tourism neither in the strategies for regional development nor in the mindset of the community. Rosia Montana is in line with the development trend the Centre Region has undergone in spite of all the project titleholder's attempts to convince us of the contrary.

Sorana Toma

Ion Campineanu 20A, ap 41

Bucuresti

0040 722388466

stoma@gwu.edu

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